S. HRG. 105–374

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

## HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

FIRST SESSION

ON

## H.R. 2107

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1998, AND FOR OTHER PURPOSES

**Department of Agriculture**
**Department of Energy**
**Department of the Interior**
**National Endowment for the Arts**
**National Endowment for the Humanities**
**Nondepartmental witnesses**

Printed for the use of the Committee on Appropriations

Available via the World Wide Web: http://www.access.gpo.gov/congress/senate

U.S. GOVERNMENT PRINTING OFFICE

39–858 cc WASHINGTON : 1998

For sale by the U.S. Government Printing Office
Superintendent of Documents, Congressional Sales Office, Washington, DC 20402
ISBN 0–16–056253–8

## COMMITTEE ON APPROPRIATIONS

TED STEVENS, Alaska, *Chairman*

THAD COCHRAN, Mississippi
ARLEN SPECTER, Pennsylvania
PETE V. DOMENICI, New Mexico
CHRISTOPHER S. BOND, Missouri
SLADE GORTON, Washington
MITCH McCONNELL, Kentucky
CONRAD BURNS, Montana
RICHARD C. SHELBY, Alabama
JUDD GREGG, New Hampshire
ROBERT F. BENNETT, Utah
BEN NIGHTHORSE CAMPBELL, Colorado
LARRY CRAIG, Idaho
LAUCH FAIRCLOTH, North Carolina
KAY BAILEY HUTCHISON, Texas

ROBERT C. BYRD, West Virginia
DANIEL K. INOUYE, Hawaii
ERNEST F. HOLLINGS, South Carolina
PATRICK J. LEAHY, Vermont
DALE BUMPERS, Arkansas
FRANK R. LAUTENBERG, New Jersey
TOM HARKIN, Iowa
BARBARA A. MIKULSKI, Maryland
HARRY REID, Nevada
HERB KOHL, Wisconsin
PATTY MURRAY, Washington
BYRON DORGAN, North Dakota
BARBARA BOXER, California

STEVEN J. CORTESE, *Staff Director*
LISA SUTHERLAND, *Deputy Staff Director*
JAMES H. ENGLISH, *Minority Staff Director*

---

## SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

SLADE GORTON, Washington, *Chairman*

TED STEVENS, Alaska
THAD COCHRAN, Mississippi
PETE V. DOMENICI, New Mexico
CONRAD BURNS, Montana
ROBERT F. BENNETT, Utah
JUDD GREGG, New Hampshire
BEN NIGHTHORSE CAMPBELL, Colorado

ROBERT C. BYRD, West Virginia
PATRICK J. LEAHY, Vermont
DALE BUMPERS, Arkansas
ERNEST F. HOLLINGS, South Carolina
HARRY REID, Nevada
BYRON DORGAN, North Dakota
BARBARA BOXER, California

*Professional Staff*
BRUCE EVANS
GINNY JAMES
ANNE MCINERNEY
KEVIN JOHNSON

# CONTENTS

THURSDAY, MARCH 13, 1997

| | Page |
|---|---|
| Department of Energy: Office of the Secretary | 1 |

THURSDAY, APRIL 10, 1997

| | |
|---|---|
| Department of the Interior: Bureau of Indian Affairs | 111 |

THURSDAY, APRIL 17, 1997

| | |
|---|---|
| Department of Agriculture: Forest Service | 177 |

THURSDAY, APRIL 24, 1997

| | |
|---|---|
| National Endowment for the Arts | 321 |
| National Endowment for the Humanities | 371 |

TUESDAY, MAY 20, 1997

| | |
|---|---|
| Department of the Interior: Office of the Secretary | 409 |
| Nondepartmental witnesses | 673 |

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

**THURSDAY, MARCH 13, 1997**

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

The subcommittee met at 2:35 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Ben Nighthorse Campbell, presiding.

Present: Senators Gorton, Domenici, Campbell, Byrd, and Dorgan.

## DEPARTMENT OF ENERGY

### OFFICE OF THE SECRETARY

**STATEMENT OF FEDERICO F. PEÑA, SECRETARY OF ENERGY**

**ACCOMPANIED BY:**

**ROBERT S. KRIPOWICZ, PRINCIPAL DEPUTY ASSISTANT SECRETARY, OFFICE OF FOSSIL ENERGY**

**JOSEPH J. ROMM, PRINCIPAL DEPUTY ASSISTANT SECRETARY, OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY**

**ELIZABETH E. SMEDLEY, ACTING CHIEF FINANCIAL OFFICER**

OPENING STATEMENT OF SENATOR CAMPBELL

Senator CAMPBELL. The Appropriations Subcommittee on the Interior will be in order. Senator Gorton is detained on the floor for a little while longer, so I will go ahead and start the proceedings, and I certainly want to welcome my friend and colleague for so many years and the new Secretary to our hearing today. I personally am very pleased at that opportunity. Federico and I go way back. I know his leadership is invaluable in a time when we have so many important issues to deal with at the Department of Energy.

Certainly this administration has sent him to the committee to justify the request of budget authority of $19 billion. That is an increase of almost $3 billion over fiscal year 1997. The budget says that a significant portion of that comes from, we are told, a change in the financing of construction projects. I am a little bit skeptical. Although this change seems sound from an accounting perspective, I do worry that it will also be used to mask some of the questionable spending changes as well.

Although it is not the subject of your testimony today, Mr. Secretary, I want to point out that Rocky Flats, that you know very

well and I do, too, is an example of items that really do concern me and all of us in Colorado because you are familiar with that.

The administration proposes funding for well under what most people, both sides of the aisle, think is necessary to contain and manage the plutonium and restore the site in a meaningful timeframe, and if you care to venture into that in your testimony, I would also appreciate that.

But before we start, I would like to defer to my colleague and a man that has been my mentor in many respects, Senator Byrd.

Senator BYRD. Thank you, Senator. I have a good many questions, and if you have to leave soon, perhaps you better go ahead with your questions.

Senator CAMPBELL. I can wait a while. Would you just rather go to the Secretary's testimony before you ask questions?

Senator BYRD. Yes; let us let him speak first. Thank you.

Senator CAMPBELL. Mr. Secretary, please proceed.

SUMMARY STATEMENT OF HON. FEDERICO PEÑA

Secretary PEÑA. Thank you very much, Mr. Chairman, Senator Byrd and members of the subcommittee. Let me thank you for giving me the opportunity to testify on behalf of the Department of Energy's fiscal year 1998 budget. Having just been confirmed I think less than 24 hours ago, I am especially pleased to be here.

Let me introduce the two gentlemen who are with me today. I think they are well known to you already. To my left or to your right is Robert Kripowicz, who is the Principal Deputy Assistant Secretary for Fossil Energy. In the event that there are some highly technical questions, Mr. Kripowicz will be able to assist me in that.

To my right or to your left is Dr. Joseph Romm who is the Principal Deputy Assistant Secretary for Energy Efficiency. I want to thank them very much for their hard work in preparing me in a relatively short period of time to be here this afternoon.

Mr. Chairman, it is appropriate that my first hearing be before this subcommittee, which has been such a crucial partner in the delivery of the Department's energy mission. Although the subcommittee is directly concerned with a portion of the Department's missions, this subcommittee is a key partner in the objective that we list at the very top, and that is the enhancement of our national energy security and the development and deployment of clean energy.

Each day Americans depend on the benefits of energy, usually without considering the role that it plays in our quality of life, but as this subcommittee well knows, when energy supplies are disrupted, every American feels it. There have been three major oil disruptions in the past 23 years, each causing substantial domestic and international turmoil.

In the next 15 years the United States net oil imports will grow to 60 percent of domestic consumption. Persian Gulf oil-producing nations will increase their oil exports to surpass their peak of 67 percent of global oil exports in the embargo year of 1974, and this is, frankly, unacceptable.

The budget that we present to you advances national energy objectives in two broad ways. First, it emphasizes energy supply solu-

tions through increased domestic energy production, expanded use of natural gas, diversification of oil supply options, development of alternative transportation fuels, and maintenance of the strategic petroleum reserve to ensure economic stability in the event oil supply disruption should occur in the future.

Second, it emphasizes energy use solutions promoting the increased efficiency of energy used in all sectors of the economy and enhanced competitiveness of the electric utility industry and other sectors of the energy industry.

For energy efficiency programs we are requesting $707 million, a $137.9 million increase or 24 percent above the fiscal year 1997 comparable appropriations.

Why should we request such a large increase? We believe it is a smart investment. Improved efficiency is not only achievable, it is essential if we are to avoid serious risk in the future. Moreover, it is a proven way to reduce the demand for energy while enhancing our standard of living and our environmental quality.

For example, EIA's 1997 annual energy outlook forecasts that in 2015 the average home will be 4 percent larger and will rely more on electricity-based technologies. Annual per capita personal highway and air travel, something that I'm familiar with from my former position, are expected to be 12 and 59 percent higher, respectively.

Despite this growth, the forecast report indicates that energy intensity per capita will remain essentially static. The reason—EIA forecasts that improvements in energy efficiency will provide higher levels of service without significant increases in energy use per capita. So energy efficiency products and improvements are built into these forecasts to at least keep per capita energy use stable for the next 10 or 15 years.

So our budget request is part of this energy efficiency strategy to deliver and design cars of the future, improve efficiency in energy-intensive industries, develop energy efficient buildings in communities for the 21st century and increase the use of proven efficiency measures by consumers in Federal, State, and local governments as well as low-income households.

This request also recognizes that nearly 85 percent of the Nation's energy is supplied by fossil fuels and that this percentage is expected to increase to 88 percent by the year 2015.

This budget includes $346 million for fossil energy research and development. This is a 5-percent reduction from the fiscal year 1997 level because many supported gas and coal fuel power system projects are entering their final phase of development. At this level, the Department will continue its support for technologies that develop the clean, highly efficient powerplant for the 21st century, boost the Nation's production of natural gas and oil, and provide a new option to supplement our country's liquid fuels.

The Department does not propose to sell any oil from the strategic petroleum reserve to finance operations for this fiscal year. The Department proposes to return approximately $153 million of Clean Coal Technology Program funds to the Treasury in fiscal year 1998 and defer $133 million that will not be required until fiscal year 1999.

The proposed rescission does not impact, and I want to emphasize that, does not impact ongoing projects and returns to the Treasury, only funding that becomes available from canceled or restructured projects. We believe that this proposal honors our commitment to fiscal discipline without jeopardizing the already significant accomplishments of this program.

Mr. Chairman and members, the Clean Coal Technology Program began because of the foresight of this subcommittee. It is an excellent example of what is possible with Federal research and development assistance. The General Accounting Office, for example, cites this program as a model of public-private partnership.

One excellent success story concerns the development of low $NO_x$ burners. This technology now provides utility powerplants with a way to reduce nitrogen oxide emissions, which contributed smog and ozone buildup to a level that is 10 times lower than would have been available without the Federal investment.

Today almost 25 percent of coal-fired capacity is now using these cleaner burners. Sales have exceeded $750 million and will approach about $4 billion by the year 2000.

Again, in part due to this subcommittee's foresight, the program includes a recoupment provision that requires that the Government be paid back for its investment, and that the technologies are a commercial success, and we're beginning to see some of that repayment now in the early years. This provision is now beginning to see those repayments, approximately $400,000, to the Government.

Mr. Chairman and members, let me conclude my remarks with those very brief statements. Mr. Chairman, you asked me to make some comments about Rocky Flats, and there were some concerns about the proposed increase in the overall budget which addresses a new approach that we're using to try to facilitate the upfront funding of major programs for the Department in a way which I think will save us money in the long term.

PREPARED STATEMENT

I would be very pleased to respond to both those issues in my question-and-answer period, and of course respond to other questions that you and other members may have. Thank you very much for your courtesies.

[The statement follows:]

PREPARED STATEMENT OF HON. FEDERICO PEÑA

Mr. Chairman and members of the Subcommittee, I am pleased to appear before you today to discuss the fiscal year 1998 budget request for the Department of Energy.

The President, in his State of the Union message to the Congress, spoke about our nation's responsibility to keep its commitments and to provide for the future. An important commitment he spoke about was fiscal discipline, the duty we have to future generations to balance the budget. He also spoke of our duty to future generations to maintain and refresh our nation's capacity for scientific and technological innovation and thereby shape the future.

These themes, keeping commitments and providing for the future, are at the heart of the Department's missions. Our sense of obligation to continue investments that ensure the nation's security, competitiveness, and improved environmental quality for generations to come drives our program objectives. Science, technology, research, and development are the common threads running throughout the Department's varied missions, providing the tools with which to shape our energy future.

## PRIORITIES FOR THE FUTURE

The Department of Energy has four key priorities:

(1) Enhancing our energy security by improving the energy efficiency of our economy and by developing and deploying clean and affordable energy supplies;

(2) Ensuring a safe and reliable nuclear weapons stockpile and reducing the global nuclear danger;

(3) Cleaning up former nuclear weapons sites and finding a more effective and timely path forward for disposing of nuclear waste; and

(4) Leveraging science and technology to advance fundamental knowledge and our country's economic competitiveness with a stronger partnership with the private sector.

All of these needs present unparalleled opportunities and daunting challenges that will greatly affect the future of our nation and indeed the world. However, first among them is energy.

Each day, Americans depend on the benefits of energy, usually without considering the role it plays in our quality of life. But there have been three major oil disruptions in the past 23 years, each causing substantial domestic and international turmoil. In the next 15 years, U.S. net oil imports will grow to 60 percent of domestic consumption, and Persian Gulf oil producing nations will increase their oil exports to surpass their peak of 67 percent of global oil exports in the embargo year of 1974. The potential of this situation poses serious risks for America's future.

## A STRONG ENERGY STRATEGY

We must have a credible energy strategy that provides for our energy security and meets our commitment to be responsible stewards of the environment. Our energy strategy must, at a minimum:

—Increase domestic energy production through smarter regulation and technological advances to improve production economics and reduce environmental impacts of both oil and natural gas development;

—Expand the use of natural gas;

—Diversify our oil supply options in areas such as the Western Hemisphere, Central Asia and the Caspian Sea;

—Reduce U.S. dependence on insecure sources of foreign oil by making us more efficient in our use of all energy;

—Develop clean, renewable energy supplies, alternative transportation fuels, and clean coal technology;

—Maintain our strategic petroleum reserve at levels which meet our international responsibilities and ensure stability in the event of supply disruptions;

—Maintain the safety of nuclear power reactors;

—Address the challenge of global climate change; and

—Enhance the competitiveness of the electric utility industry and other sectors of the energy industry.

The President's energy policies set out to accomplish these objectives in partnership with industry. These innovative partnerships feature: collaboration with industry to identify priorities; cost-sharing of projects; and federal support used as a catalyst to develop innovative research and development (R&D). These partnerships provide the edge that will help achieve our national energy goals.

## PARTNERING WITH INDUSTRY TO ACHIEVE ENERGY OBJECTIVES

Recently, government investment in research and development and the appropriate federal role have been the subject of much debate. This budget request supports a strong portfolio of energy research and development which builds on prior year commitments to cutting-edge technologies. Fiscal year 1998 is a key year in which to steady our research and development investments because, after ten years of public-private collaboration, dividends are coming to the American people. For example, it is estimated that within two to three years, we will have successfully developed a "next generation" gas turbine that will surpass any competing turbine offered outside the U.S. Advanced gas turbines will provide the capability of generating electric power at efficiencies of over 60 percent, and with $NO_x$ emissions so low as to allow them to be sited in environmentally restricted areas such as California.

We also will have developed an advanced fuel cell that will significantly boost the efficiency and environmental performance of twenty-first century natural gas and coal-fired power plants. When commercially available, these technologies will bring lower electricity costs, more U.S. jobs in the energy industry, and a cleaner environment with lower emissions for all Americans. In the case of both of these technologies, it is federal research and development support which provides the dif-

ference needed to develop the "state of the art" in terms of efficiency and environmental quality.

Similarly, the Clean Coal Technology program was begun in 1985 in recognition of the national interest in technologies which promote the environmentally sensitive use of the nation's vast, and relatively inexpensive, coal reserves. Out of 40 projects, the Clean Coal Technology Program has successfully completed its involvement in 20 projects, and the remainder are in operation, construction or design phases. The General Accounting Office now points to the Clean Coal Technology program as a model of public-private partnership. The program has resulted in commercial development of 14 technologies, and the non-federal cost share now averages 66 percent per project. Nevertheless, because there are balances available from previously canceled or restructured projects, the Department proposes to rescind $153 million in fiscal year 1998, and to defer an additional $133 million in balances that will not be required until fiscal year 1999.

In fiscal year 1998 the Clean Coal Technology program will produce the following important results:

—Operation of the nation's first three commercial scale coal gasification combined cycle power plants—at Tampa, FL; Terre Haute, IN; and Reno, NV—each facility achieving 95 percent or greater sulfur removal, and 90 percent nitrogen oxide reductions;

—Startup of a commercial-scale advanced combustor power plant at Healy, AK, which will reduce sulfur dioxide by 90 percent or more, and nitrogen oxides by 70 percent;

—Completion of tests at an advanced coal processing facility in Colstrip, MT, producing clean fuel with sulfur content as low as 0.3 percent and heating value up to 12,000 Btus/lb.

Research and development is critical if the U.S. is to maintain its technological edge. The question is: how should our national research and development investment be shared between the public and private sectors? U.S. private sector spending for energy research and development is down more than 30 percent since the early 1980s. One reason is that recent changes in domestic energy markets, particularly deregulation of the natural gas industry and the move toward greater competition in the electric power industry, have encouraged general corporate cost-cutting but discouraged research and development, especially if the payoff is beyond one to three years. At the same time, the makeup of the U.S. oil industry is shifting from large, multi-national producers to smaller companies (who drill 85 percent of all new wells) with limited research and development capability and access to advanced technologies. In addition, expectations of continued low oil prices may be discouraging private research and development that could lower the cost of new sources of fuels.

When the result will clearly benefit the public at large—for example through cleaner air, more affordable energy, or greater energy security—government involvement is justified and can make the significant difference. This is especially true when the research and development is beyond the private sector's economic capability, or interest. Some research and development has no current "market driver." Some research and development may be vital in the 21st century, but holds no economic incentive today for the private sector. For example, few companies can today justify an aggressive research program aimed at preventing the generation of the greenhouse gas carbon dioxide, much less investing in a means of capturing and disposing of it. There is no immediate "bottom line" payoff. If the public benefits are important—but research is too fundamental to offer commercial potential, or the advanced technologies pose too great a technical risk or are outside the time frame that would justify industry's investment on its own—then federal support is justified, and sometimes critical to secure public goals and benefits.

The federal government has unique expertise. Our national laboratories have capabilities developed for defense purposes that can be adapted through research and development to improve domestic energy production. No private sector firm possesses these capabilities. With global markets for new energy technologies offering lucrative opportunities, other countries such as Japan and Germany are using government-industry research and development partnerships to develop innovations that will compete with U.S. technologies.

As Americans we have a duty to discipline government spending and eliminate the deficit in consideration of future generations. However, reducing federal support of energy research and development would place an even higher burden on future generations. Failing to sufficiently invest in energy technology development today sends a signal that we are not willing to work for the future. Affordable heating, cooling, transportation and cleaner supplies of energy will depend on continued in-

novation that keeps pace with future energy challenges. Industry is a critical partner in this effort.

THE FISCAL YEAR 1998 BUDGET—ENSURING SECURE SUPPLIES OF CLEAN, AFFORDABLE ENERGY

The Department's fiscal year 1998 budget request ties program funding requirements to specific outcomes. This budget was formulated to accomplish strategic objectives which support our national energy goals.

ENERGY EFFICIENCY

According to the 1997 Annual Energy Outlook from the Energy Information Administration (EIA), the average home in 2015 is expected to be 4 percent larger and to rely more heavily on electricity-based technologies. Annual highway travel and air travel per capita in 2015 are expected to be 12 and 76 percent higher, respectively, than their current levels. Despite this expected growth in demand, the EIA report expects that "primary energy intensity on a per capita basis will remain essentially static through 2015." The Outlook attributes this to anticipated improvements in energy efficiency which will "make it possible to provide higher levels of service without significant increases in energy use per capita".

These projections show the importance of energy efficiency technologies. However, these projected gains in efficiency will not be enough. The same forecast projected increased foreign oil reliance which could pose a severe risk to our energy and economic security in the coming years. In consideration of our future, we cannot afford to back away from the investment in energy efficiency technologies.

Reflecting the Administration's commitment to energy efficiency technologies as a key element of the national energy strategy, the Department's total fiscal year 1998 request for Energy Efficiency programs is $707.7 million, a $137.9 million increase or 24 percent above the fiscal year 1997 comparable appropriation. We recognize, of course, that this is a bold initiative that may be difficult to achieve in these constrained fiscal times. But we believe the program is well conceived and essential in order to provide for a more secure and environmentally responsible energy future.

The Office of Energy Efficiency and Renewable Energy programs is organized to address the challenges facing the major energy use sectors of the national economy—industry, buildings, transportation, and utilities. The request for Industry sector efficiency programs is $139.6 million, Buildings $302.4 million, and Transportation $203.2 million. In addition, to directly address the energy efficiency of one of the largest consumers of energy, the federal government, $31.1 million is requested for the Federal Energy Management Program.

The Department's fiscal year 1998 request continues key initiatives, started at the beginning of the Clinton Administration, designed to accelerate deployment of existing technologies and emphasize research and development technologies for the future. The Department has charted a course to provide energy solutions into the next century. We have outlined major goals and developed this budget request with the aim of achieving the following key objectives.

*Designing and delivering cars of the future.*—The Department of Energy leads the design team of the government-wide Partnership for a New Generation of Vehicles (PNGV), a multi-agency/industry collaborative initiative led by the Department of Commerce. The goal of PNGV is to develop an 80 mile-per-gallon family car and demonstrate a prototype car for the future by 2004. In fiscal year 1998 the Department proposes an increase of $22.1 million for PNGV programs, for a total fiscal year 1998 request of $128.3 million for PNGV related research and development in the Energy Efficiency program.

The total fiscal year 1998 request for Transportation programs, including PNGV related activities, is $203.2 million. An increase of $6.2 million is proposed for Technology Deployment activities which promote the use of alternative fuels through the voluntary Clean Cities programs and other activities. The $2 million increase in Heavy Vehicle Systems research and development will support increased efficiencies in advanced diesel engines and activities to deploy existing technologies directed at heavy vehicles such as buses, and trucks. Decreases of $2.9 million are proposed in Automotive Materials and $3.5 million for Heavy Vehicle Alternative Fuels research and development.

*Improving efficiency in energy intensive industries.*—The Department is working closely with the most energy-intensive industries to focus cooperative research and improve U.S. competitiveness. Working together with industry to encourage the development and application of energy efficiency and pollution prevention technologies, our goal is to help achieve over $10 billion of industry energy cost savings by the year 2010. The Department's fiscal year 1998 request emphasizes the Indus-

tries of the Future public-private partnership program and proposes a $9.4 million increase for a fiscal year 1998 program total of $55.7 million.

In addition, the Department is requesting increases to support other cost-effective industry pollution prevention partnership programs in fiscal year 1998: for Motor Challenge, $2.1 million, to continue collaboration with the private sector to improve the efficiency of industrial motors; for Climate Wise, $2.8 million, to continue efforts to voluntarily reduce global warming emissions from industrial energy users; for NICE3 partnerships, $6.2 million, to continue the highly leveraged deployment of innovative energy efficiency and pollution prevention technologies in partnership with State, local and other federal agency partners; and Industrial Assessment Centers, $1.1 million, to enhance technical support available to industries seeking to audit the efficiency of their facilities. Proposed for continuation at the fiscal year 1997 comparable level are: Advanced Turbine Systems, to continue development of highly energy efficient turbine engines for future use in industrial settings, and Advanced Materials R&D, to develop highly efficient industrial materials, such as ceramics, which are able to withstand greater heat and stress demands, thereby, operating more efficiently with lower energy requirements.

*Developing buildings and communities for the 21st century.*—By working with the building industry, community leaders and customers, the program's goal is to develop and implement a plan for buildings and communities of the future. The typical American family of four spends $2,200 each year on energy. The Energy Efficiency program is targeting residential energy consumption with the objectives of cutting builder costs by 10 percent, consumer costs by 20 percent, and pollution by 30 percent, saving 3 quads of energy and reducing environmental emissions by 60 Million Metric Tons Carbon Equivalent by the year 2010.

Public-private deployment partnerships for the buildings sector which are designed to increase energy efficiency are proposed to increase by $10 million in fiscal year 1998. One recent example of the benefits of this partnership approach is the Rebuild America program where $500,000 in Federal funds was used to attract nearly $33 million in State, local and private funds to implement energy efficiency technologies in commercial and government buildings at the State and local levels. The $10 million increase in building sector programs will support: Rebuild America, as well as promote efficient and affordable residential and industrialized housing; Energy Star Appliances, a voluntary incentive program that promotes market demand for energy efficient appliances; and enhanced Building Codes and Standards activities with the States. Also supported is research and development funding for advanced building equipment and materials, including windows and lighting.

*Transferring proven energy efficiency measures to consumers.*—By applying energy efficiency measures to existing buildings and operations, our goal is to increase efficiency and reduce government energy consumption 30 percent by 2005 from a 1985 baseline. Through aggressive deployment of technologies available today, we propose to reduce annual energy consumption by one quad of energy by the turn of the century. To move toward these targets we propose the following program levels in fiscal year 1998:

For the Federal Energy Management Program $31.1 million is requested. This is an $11.3 million increase to let the program bring a series of new energy technology options to federal facilities managers and support the growth of alternate, non-Federal financing options to implement energy cost savings such as up-front capital financing from energy utilities which is to be repaid from the agencies' monthly energy consumption savings.

A $41.3 million increase is proposed for grants. Federal support through these grants is cost-effective as the money often leverages investments by State, local and private sources to deploy energy related technologies. State Grants which support innovative energy efficiency programs of the State Energy Offices and help to generate $19 million in non-Federal investments for every appropriated dollar, are proposed to increase $8 million to a total of $37 million in fiscal year 1998. Also proposed is a $33.3 million increase for the Weatherization Assistance Program for a fiscal year 1998 total of $154.1 million, to deploy existing energy efficiency technologies in households that cannot afford the investment without the program. This level of funding will weatherize close to 78,000 households in fiscal year 1998. Level funding between fiscal year 1997 and fiscal year 1998 of $1.6 million is requested for the Municipal Energy Management Program which works with urban communities, and leverages four non-Federal dollars to every federal dollar.

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

The budget request for the Fossil Energy program recognizes that nearly 85 percent of the nation's energy is currently supplied by coal, oil and natural gas. With

the use of these fuels projected by the Energy Information Administration to increase to more than 88 percent by 2015, the Department's fossil energy program focuses its funding primarily on ways to enhance our domestic energy security and ensure continued environmental protection.

The Fossil Energy fiscal year 1998 budget addresses these energy concerns. As a near-term response to a potential oil supply disruption, the fiscal year 1998 budget maintains the strategic petroleum reserve at 563 million barrels, respecting our international responsibilities and providing a powerful tool to blunt oil shortages and price fluctuations. For the longer-term, the budget continues research and development into new oil exploration, production and processing technologies that can lower costs and boost domestic oil supplies, particularly from properties owned by smaller independent producers. The budget also maintains research into alternatives to conventional petroleum, including technologies to produce high-quality liquid fuels from natural gas and coal.

The Fossil Energy Research and Development program is committed to new natural gas-and coal-fired electric power technologies that can produce significantly less carbon dioxide and acid rain emissions than current technology, while keeping electricity costs affordable.

The fiscal year 1998 budget moves into the final phases of development for several advanced electric power technologies, including low emission boilers, advanced generation fuel cells and ultra-high efficiency gas turbines, culminating a decade or more and several hundred million dollars of prior public and private sector investment. DOE's support for these 21st century technologies is becoming increasingly important as the U.S. industry, confronted by the uncertainties of restructuring, continues to cut back financing of longer-range, higher-risk R&D, while at the same time demand for new and cleaner sources of electricity rapidly increases throughout much of the world.

The fiscal year 1998 budget request also recognizes that U.S. demand for clean-burning natural gas could increase significantly in the next decade, particularly in the electric power generation market. The proposed budget would maintain a major effort to ensure that adequate and affordable gas supplies can continue to be produced to meet this rising demand. New exploration and production technologies, such as innovative imaging and improved fracturing techniques, will help the U.S. expand its natural gas production by several trillion cubic feet over the next 5–10 years, particularly from difficult, low-permeability formations that are currently beyond the capabilities of today's technology.

The fiscal year 1998 request for Fossil Energy Research and Development is $346.4 million, which is a five percent reduction from the fiscal year 1997 level. This is because many of the Department's supported gas and coal-fueled power systems are entering their final phase of development this fiscal year and will be available to meet market demand close to the turn of the century. We plan to redirect our program to focus on advanced, high payoff research and development. The proposed budget retains a commitment to technology advancement and, in most cases, is highly leveraged by joint partnerships with the private sector. This budget was developed to address the following strategic objectives:

*Develop the Clean, High Efficiency Power Plant for the 21st Century.*—The goal is to provide the nation's electric power industry, between 2000 and 2010, with a new generation of natural gas and coal power technologies that progressively lower $CO_2$ emissions 30 to 50 percent, reduce $SO_2$ and $NO_x$ emissions to as little as 1/10th the levels mandated by current federal standards, and produce electricity at costs 10 to 20 percent below today's conventional plants.

This request includes $66.3 million for Advanced Clean/Efficient Power Systems under the Coal program. This funding will focus on developing progressively higher efficiency systems that emit significantly less $CO_2$ than current systems, and exceed environmental compliance requirements through processes that prevent, rather than control, pollutant emissions. In fiscal year 1998, $5.5 million is proposed for the Advanced Pulverized Coal-Fired Power Plant program, which will stretch out the Department's schedule, and require the down selection of contractors to a lead developer.

Also included is $31.4 million for continuation of the Advanced Turbine Systems Program which also will stretch out the Department's schedule and require selection of a lead developer.

*Boost the Nation's Production of Natural Gas and Oil.*—Through the development and application of advanced energy technologies, the Department's goal is to improve the capability of the nation's petroleum industry to produce additional supplies of secure, clean domestic natural gas and oil, helping to increase U.S. oil production by an average of 0.5 million barrels per day and gas production by 3.7 trillion cubic feet per year by 2010.

The budget includes $25.3 million for the supply portion of the gas budget to continue to focus on advanced drilling; completion, stimulation, and reservoir characterization technology and resource assessment methodology; storage technologies and engineering techniques; upgrading of low-BTU gas; conversion of natural gas to clean liquid transportation fuels and feedstocks; and environmental research and analysis.

The request for petroleum activities is $52.2 million, a 14 percent increase from the fiscal year 1997 level of $45.9 million. This increase will support Exploration and Production Supporting and Environmental Research to achieve improvements in locating, processing and delivery of oil and gas resources in a more environmentally sensitive manner. The Supporting Research program includes the development of advanced technologies for exploration, drilling, reservoir characterization, and extraction.

*Provide a New Option to Supplement the Nation's Liquid Fuels.*—The goal is to provide the nation, by 2005, with an alternative source of liquid fuels, costing $25 per barrel or less, that can be produced from coal and solid wastes.

This request includes $15.8 million for the Advanced Clean Fuels program which demonstrates advanced concepts for the clean production of coal-based transportation fuels, chemicals and other high value products that can compete with petroleum products.

### STRATEGIC PETROLEUM RESERVE

Maintenance of the Strategic Petroleum Reserve is a key component of our national energy security policy. No sale of oil is proposed for this fiscal year. At the proposed level of $209 million, the program will maintain operational readiness and facilities maintenance, continue the Drawdown Readiness Program, conduct annual exercises, and continue the environment, safety and health program. The Department will continue its plan to degasify hot and gassy oil in the Strategic Petroleum Reserve. As is, this oil is currently unusable and presents potential safety concerns. In fiscal year 1998, the program will degasify 39 million barrels of gassy oil at Big Hill, Texas, thereby restoring capacity to the ready reserves. In addition, efforts to stabilize Weeks Island will continue as will the Life Extension Program, which will be completed in fiscal year 2000.

### CLEAN COAL TECHNOLOGY

In fiscal year 1998, the Department continues current policy and does not propose to start any new domestic Clean Coal Technology projects. Funds available from canceled and restructured projects enable the Department to propose a rescission of $153 million in fiscal year 1998. In addition, the Department proposes to defer the use of $133 million which otherwise would have been available until fiscal year 1999. The Department has signed cost-sharing commitments for all projects in the program, and balances available from previous restructuring and cancellation enable a portion of the previously appropriated funds to be returned to the Treasury without endangering the success of this program.

### NAVAL PETROLEUM RESERVES AND OIL SHALE RESERVES

The fiscal year 1998 budget request for the Naval Petroleum and Oil Shale Reserves of $117 million provides for continued operation of the reserves until their sale and asset transfer is completed. The National Defense Authorization Act of fiscal year 1996, Public Law 104–106, requires the sale of Elk Hills, Reserve No. 1, located in Bakersfield, California no later than February 10, 1998. Based on this schedule, the budget request provides funding for seven and one-half months of operations for NPR–1, including a transition period and full year funding for NPR–3 and the Naval Oil Shale Reserves. Available current and prior year funds will be invested in the current year to conduct sale activities.

The Department is on track for completion of the Elk Hills sale as set forth by statute. Sufficient safeguards have been put into place to ensure that Elk Hills will not be sold unless the Government receives maximum value for the field. The statute requires the Department to hire five experts in the valuation of oil and gas fields to assess the value of Elk Hills under continued Government ownership. The Department may not sell Elk Hills for an amount less than the higher of the average of the five assessments, or the average of the middle three assessments (excluding the high and low assessments).

ENERGY INFORMATION ADMINISTRATION

The fiscal year 1998 request for the EIA totals $67.8 million, comprised of $62.8 million in direct appropriations and $5 million in activities coordinated through the Office of Energy Efficiency and Renewable Energy. This level of funding will continue to support the data and analysis requirements of EIA's wide variety of customers with a streamlined portfolio of products in comparison to prior years.

In fiscal year 1998, EIA estimates that it will produce approximately 240 reports and analyses covering a wide variety of energy issues. The office anticipates the need to address approximately 300,000 inquiries and requests for energy information in fiscal year 1998 alone. The most significant change to EIA's core activities in the fiscal year 1998 request is the proposed addition of analysis and data collection in response to electric industry restructuring. Several changes are also proposed which will significantly alter the depth and scope of EIA's traditional programs by fiscal year 1998. These include: elimination or scale back of several publications; elimination or reduced frequency of data collections; elimination of the in-house mainframe computer; and release of the Residential Energy Consumption Survey on a quadrennial, rather than triennial basis. The funding proposed as an appropriation from the Office of Energy Efficiency and Renewable Energy will support the core EIA data and modeling activities needed to support energy efficiency program needs and measure program results.

OFFICE OF HEARINGS AND APPEALS

The Department requests level funding of $2.7 million to continue to process and resolve applications for refund requests and other petroleum overcharge activities required under the Emergency Petroleum Allocation Act of 1973. The request will support personnel compensation and benefits, travel expenses, and support services within the Department's Working Capital Fund for rent, supplies, printing, and information technology.

A BALANCED PORTFOLIO

The Department's fiscal year 1998 budget request represents a balanced portfolio of investments in energy technologies required for the nation's advancement into the 21st century. This budget request stays on course to ensure that America's future includes sufficient supplies of energy needed to fuel a growing economy without sacrificing environmental quality. Now is the time to maintain the government's investment in energy technologies and finally deliver the benefits of these long-term efforts to the American people. These investments are critical, now more than ever.

---

BIOGRAPHICAL SKETCH OF HON. FEDERICO F. PEÑA

Federico F. Peña, the 12th U.S. Secretary of Transportation, compiled an outstanding record of increasing the global competitiveness of the transportation industry, improving the safety of travel, and streamlining the Department of Transportation, while investing more in America's infrastructure than any Secretary in history.

In the area of global competitiveness, the transportation sector is the healthiest it has been in decades; 500,000 of the 10 million jobs created since President Clinton took office are in transportation services.

Secretary Peña helped revitalize the U.S. airline industry and signed aviation agreements with 40 nations opening lucrative markets for American airlines and cargo carriers and promoted easier travel for Americans and tourists to the U.S. At the President's request, he conducted commercial diplomacy efforts around the world, and he was credited with helping American businesses sell billions of dollars in exports to Asia and the Middle East. He also orchestrated for President Clinton the revitalization of shipbuilding, leading to the sale of the first American-made large vessels to foreign countries in 38 years.

He was responsible for bringing airline consumers the same level of safety for all flights—from jumbo jets to a 10-seater, and he spurred the truck, bus, and rail industries to promote safety.

As for streamlining the Department of Transportation, Secretary Peña downsized the work force by 11,000 positions, while upsizing investments in America's infrastructure by 10 percent. He rewrote the rule book on financing highway projects, which encouraged private financing and sped up construction of more than 75 projects by 2 or 3 years at no cost to the Federal taxpayer.

He also led the way for cities to use new technologies to manage traffic congestion and set a national goal to cut American's commute time by 15 percent in a decade; and he emphasized consumer protection, by improving an auto safety hotline and ensuring proper airline ticketing and advertising practices.

As the Service Secretary for the U.S. Coast Guard, he provided leadership for the nation's fifth armed service to save lives and protect our environment. On his watch, the Coast Guard rescued 56,000 Haitian and Cuban boat people, and fought devastating floods and hurricanes.

From 1983–91, he was Mayor of Denver leading an urban and economic renaissance, reversing Denver's mid-1980's decline through a series of bold initiatives. Most notably, he won approval for the construction of one of the largest and most technologically advanced airports in the world, Denver International, which, as Secretary of Transportation, he dedicated in February 1995.

Peña also has served as a Colorado legislator and a civil rights lawyer.

He has received many honors. In 1995, he was named Father of the Year by the National Father's Day Committee. In 1994, the American Subcontractors Association of Colorado named him Man of the Year, and he received the Señor Internacional Award from LULAC Council 12, the American Heritage Award from the Mountain State Anti-Defamation League, the National Leadership and Service Award from the Travelers Aid Society of Washington, and the Person of the Year Award from the American Association of Port Authorities.

Secretary Peña did his undergraduate work at the University of Texas, where he also received his law degree. Florida International University awarded him an Honorary Doctor of Public Service degree in 1995.

Born in Laredo, Texas, in 1947, Secretary Peña is the third of six children of a cotton broker. He and his wife, world-class marathon runner and attorney Ellen Hart Peña, live with their two children in Alexandria, VA.

---

BIOGRAPHICAL SKETCH OF ROBERT S. KRIPOWICZ

Robert S. Kripowicz was appointed U.S. DOE Principal Deputy Assistant Secretary for Fossil Energy on March 4, 1996. As Principal Deputy Assistant Secretary he is assisting the Assistant Secretary for Fossil Energy with the internal development of a working budget and the external negotiations with appropriators in Congress. Mr. Kripowicz will also help the Assistant Secretary with strategic planning. One of his main duties will be to build a unified focus for the Fossil Energy coal, oil and natural gas programs for the long term.

Mr. Kripowicz previously was appointed Acting Deputy Assistant Secretary for House Liaison in April 1995. As House Liaison he was responsible for coordinating all interactions with members and staff of the House of Representatives on departmental programs. He was also responsible for establishing legislative and budget strategies and for coordination of hearings, floor, and conference action on all legislation in the House affecting the Department.

Previously, he was appointed Deputy Assistant Secretary for Building Technologies in January 1995. The Office of Building Technologies, within the Office of Energy Efficiency and Renewable Energy, is responsible for Department of Energy's (DOE) programs to increase the energy efficiency of the nations's residential and commercial heating and cooling systems; solar systems; high efficiency lighting, windows, and equipment; and advanced building materials.

Prior to joining DOE, Mr. Kripowicz was on the staff of the House Interior and Related Agencies Subcommittee of the Committee on Appropriations. He was responsible for appropriations for DOE programs in energy efficiency, fossil energy, clean coal technology, and Strategic and Naval Petroleum Reserve activities, as well as Interior Department energy, scientific, and land management programs. He also served as Staff Director of the House Energy Subcommittee of the Committee on Science and Technology, responsible for energy efficiency, renewables, fossil energy, high energy and nuclear physics, and basic science programs at DOE.

Mr. Kripowicz began his government career in the early 1970's in program analysis and budgeting activities at the Atomic Energy and Nuclear Energy Commissions and the Energy Research and Development Administration.

In the private sector, Mr. Kripowicz managed research and development programs at Mechanical Technology Inc.; construction contracts for Consolidated Edison of New York; and financial planning and budgeting at NUMEC, a nuclear subsidiary of ARCO, and was a chemist for Dupont. He also served as an officer in the United States Army. Mr. Kripowicz received his B.S. in chemistry (cum laude) from Lafayette College in 1963, and his M.B.A. from the University of Pittsburgh in 1970. A

native of Butler, Pennsylvania, Mr. Kripowicz currently resides in Silver Spring, Maryland.

---

BIOGRAPHICAL SKETCH OF JOSEPH ROMM

Dr. Joseph Romm was named Acting Principal Deputy Assistant Secretary for Energy Efficiency and Renewable Energy in August 1995. In this capacity, Romm helps the Assistant Secretary, Christine Ervin, manage the $800 million portfolio of research, development, and deployment of clean industrial, transportation, building, and utility technologies. He is co-author, with Deputy Secretary Charles Curtis, of the April 1996 Atlantic Monthly cover story, "Mideast Oil Forever."

From July 1993 to July 1995, Romm was special assistant for policy and planning to the Deputy Secretary of the U.S. Department of Energy, where he advised the Deputy on energy efficiency, renewable energy, pollution prevention, and industrial competitiveness. He served as the Executive Director of the Department's Pollution Prevention and Waste Minimization Executive Board, which works to minimize the Department's own waste stream and to coordinate its pollution prevention R&D.

Romm is author of the recent book Lean and Clean Management: How to Increase Profits and Productivity by Reducing Pollution (Kodansha, 1994), a "how to" book for companies that want to improve their energy and environmental performance. The book documents two dozen case studies of companies that have increased productivity through energy-efficient building and office design, industrial energy efficiency, of pollution prevention.

From mid-1991 to mid-1993, Romm worked with Amory Lovins at Rocky Mountain Institute. Romm holds a Ph.D., in physics from M.I.T., and has written about pollution prevention and manufacturing for Forbes, Technology Review, Foreign Affairs, Industrial, the New York Times, and USA Today.

---

BIOGRAPHICAL SKETCH OF ELIZABETH E. SMEDLEY

Elizabeth E. Smedley was appointed Controller for the U.S. Department of Energy (DOE) on September 6, 1985 and named Acting Chief Financial Officer (CFO) when the Department established a CFO organization in August 1991. She served in that capacity until DOE's first Presidentially appointed, Senate confirmed CFO, Joseph F. Vivona, was sworn in on July 25, 1994. She was again named Acting CFO on January 17, 1997. As Acting CFO she manages the Department's budget and accounting operations which total over $20 billion in resources annually, as well as in the development of financial policy and for conducting a compliance review program which ensures that proper financial procedures are followed by Headquarters and field offices.

Mrs. Smedley has been with DOE since December 30, 1979, serving first as the Director of the Office of Financial Policy, and then as Deputy Director, Office of Budget. She served as the Agency Budget Officer from June 1981 until June 1983, and most recently, as Assistant Controller for Budget, Policy and Compliance.

Prior to her assignment to DOE, Mrs. Smedley spent four and one-half years as Head of the Operating Forces Branch within the Office of the Comptroller of the Navy. In this position, she was responsible for formulation, defense and execution of the portion of the Navy Budget which provided operating funds for the Atlantic and Pacific fleets. From 1964 to 1975, she served in positions of increasing responsibility with the Public Health Service, Department of the Army, Defense Communications Agency, and Department of Navy.

In recognition of her work at DOE, Mrs. Smedley received the rank of Distinguished Executive in the Senior Executive Service in 1982; the DOE Meritorious Service Award in 1984 and 1990; the rank of Meritorious Executive in the Senior Executive Service in 1988; the Secretary's Award in January 1989; the Donald L. Scantlebury Memorial Award in 1989; and the Superior Performance Award in 1989, 1990, 1991 and 1992.

Mrs. Smedley received a Bachelor of Arts degree in International Relations from Goucher College in 1964 and did graduate work in Business and Public Administration at George Washington University. She has been active in community affairs, and from 1969 to 1973, served in a part-time elected capacity as Councilwoman for the city of Bowie, Maryland.

Born in Baltimore, Maryland on November 9, 1943, Mrs. Smedley currently resides in Boonsboro, Maryland. She is married to Jerry Morgan Smedley of Mishawaka, Indiana. They have four children: John, Jeremy, James, and Jennifer.

ROCKY FLATS

Senator CAMPBELL. Thank you. Let me come back to Rocky Flats for a minute, but based on your testimony, I think as you mentioned, the dependency we are now facing in getting up to 60 percent I believe is the figure you mentioned, it really is unacceptable to me, too.

You focused on production of natural gas, alternative fuels, efficiency, and so on. I commend you for that. I think that's all great.

NAVAL PETROLEUM AND OIL SHALE RESERVES

One thing I did want to deal with a little bit is the study that was due from the Department of Energy. I know you did not have anything to do with it, you were not there, but we did request a study sometime ago, and it was supposed to be delivered to us last summer on the Naval petroleum and oil shale reserves.

We have yet to get it, and yet we have seen some press releases and copies of memorandums that were released to the press that said that that had been done sometime ago. I was wondering if you know why we had not got it yet.

Secretary PEÑA. Mr. Chairman, I am aware generally of the problem. It is not completed, and I understand that staff has had conversations with others about the delay, and it is my understanding that the report will be finished in a very timely fashion, I hope in the next few months.

Mr. KRIPOWICZ. Actually by the end of March.

Secretary PEÑA. The end of this month hopefully.

Senator CAMPBELL. The end of March? OK. I would appreciate if you would focus on that and make sure we get one.

Secretary PEÑA. We will. We think it's very important and we want to comply with the requirements.

Senator CAMPBELL. It is also my understanding that the Department plans on introducing some legislation disposing of the oil shale reserves. I would draw your attention to a bill that I introduced that I will probably be reintroducing that would transfer the authority from Department of Energy to the Department of Interior to lease the natural gas that may measure in the trillions of cubic feet under the oil reserves.

We did not really get anywhere in the 104th with that bill, but we are going to try to move that this time with your input.

My question really is, first of all, is the administration going to introduce some legislation to sell the oil shale reserves or part of it?

Secretary PEÑA. Mr. Chairman, I do not believe we are yet at the stage of proposing legislation for the specific purpose of leasing or selling the oil shale reserves. However, we are very aware of the issues you have raised in this regard.

The Department has had preliminary conversations with the Department of Interior pursuant to the suggestion you raised, I believe, last year about how one might go about looking at either, if not sell, a lease of the minerals in that part of the reserve. We're going to continue those conversations.

I believe that by bringing in some independent experts we can get better judgment about that. In the context of an overall report

that the Department will be providing to the Congress I think in September of this year dealing with the whole naval petroleum reserve and other reserves, I think we'll be able to comment much more specifically about the direction we're going to head in, but I would be pleased to work with you on that. I know it's a high interest of yours to determine how we can best approach that particular problem.

Senator CAMPBELL. I know we are catching you a little bit flatfooted, but I was wondering if there had been any dialog with the environmental community. I was worried about wildlife, the ranchers that have grazing permits in that area and a number of other things, but I assume you will be taking all those into consideration and visiting with them at least before we——

Secretary PEÑA. That is correct, Mr. Chairman, and there are some concerns that have been raised, particularly about subsurface treatment. Of course, we do have some issues we are raising with the Department of Interior. Again, we hope to resolve those. Now that I'm official I can have those conversations with my good friend Bruce Babbitt to see how we can address this issue.

NATIONAL RENEWABLE ENERGY LAB

Senator CAMPBELL. Thank you. In addition, you know that the National Renewable Energy Lab is very important in our State, in fact very important to the Nation. They have done just some marvelous research there. I visited two or three times and was really impressed with some of the new technology that they are developing. Could you perhaps explain a little more in detail about the funding for the National Energy Resource Lab or perhaps your colleagues can.

Secretary PEÑA. Let me start, Mr. Chairman. I guess fortunately I'm also familiar with that very important lab since it's in Colorado, and I remember the very fine work it has done over the years, as you have, and I look forward to perhaps taking some time to visit again with you when you have some time and we can both be there together. That's a very high priority lab for us. We want to continue to be supportive in terms of funding. As far as I know our funding is in good shape. Let me ask Mr. Romm if he wants to add to that.

Senator CAMPBELL. Would you identify yourself for the record.

Mr. ROMM. Sure. Dr. Joseph Romm, the principal Deputy Assistant Secretary for Energy Efficiency and Renewable Energy at the Department.

Yes; we have requested in the energy and water account, roughly a $70 to $80 million increase in renewable energy technologies over fiscal year 1997. Much of this is either done at the National Renewable Energy Lab or passes through, and they help manage that, so a pretty significant increase in renewable energy funding.

Senator CAMPBELL. Thank you. Senator Byrd, do you have some comments or questions, please?

FOSSIL ENERGY

Senator BYRD. Thank you, Mr. Chairman. Mr. Secretary, I join with others in congratulating you on your new assignment and wishing you well.

The use of energy in so many facets of the daily routines of the American public has a huge impact on the U.S. economy. The Energy Information Administration estimates that end users of energy spend $560 billion per year in the United States. Thus our energy security has a direct bearing on our economic and national security. These factors, when coupled with the environmental concerns associated with energy use, are at the root of the programs that are supported by the DOE budget.

Is it accurate that fossil fuels are the dominant source of energy in the United States and are projected to remain so in the foreseeable future?

Secretary PEÑA. That is correct, Senator Byrd.

Senator BYRD. Would you agree that based on the Department's own projections there remains a very important role for fossil fuels and particularly for coal in meeting our energy requirements for the future?

Secretary PEÑA. We agree with that statement. I personally agree with that statement, Senator, and that's why we're very supportive of the Clean Coal Program in particular.

Senator BYRD. How will the program investments in the fossil energy budget help us to continue to meet the demand for energy in this country?

Secretary PEÑA. Senator, in a number of ways. First of all, as I stated in my testimony, we will continue to be supportive of the Clean Coal Technology Program, which is a demonstrated success. We believe the efficiencies we have already demonstrated in that program where we have 40 individual projects, 20 of which have been completed, 20 which are now either in construction design or in operation are all, we think, going to have the potential for increasing the viability of the use of clean coal in the future. It is a very important part of that strategy.

The remainder of the investment we are making in other clean energy programs will do the same in other technologies. We believe that given what we are observing in the private sector, which is a decrease in the amount of investment for research and development, that as a matter of national policy, we as a government, as an American people need to make a decision about how much more we want to ensure that research and development, particularly in the long term, in this very important area, continues to be a high priority, so that we are not left behind, particularly compared to our competitors in Germany and Japan, which are making, at least compared to GDP, higher if not comparable investments in this kind of research and development.

It is my judgment that we need to continue to make this research and development investment. It is good for the country. It sustains a very important public policy, and given the conversations we had this morning about the need to establish an energy independent strategy for our country, this is a very important part of that strategy.

Senator BYRD. I am glad to hear you say that, Mr. Secretary. I am concerned about the impact that the proposed fiscal year 1998 funding levels for fossil energy will have on our ability to complete development of some of the major technologies in a timely manner.

What makes this a particular concern is that increased funding is proposed in other areas of the Department of Energy budget.

One of the largest programmatic increases requested for fiscal year 1998 is for the energy efficiency programs within the Interior bill which are proposed to grow by nearly 25 percent above the fiscal year 1997 level.

RENEWABLE ENERGY—USE AND FUTURE PROJECTIONS

How much of our current energy use is from renewable sources and what are the future projections?

Secretary PEÑA. Senator, I would be happy to get you the specific estimates of what our current renewable energy use is and what our projections are. Let me generally state and agree that they are not at the levels that we would like them to be.

[The information follows:]

RENEWABLE ENERGY—USE AND FUTURE PROJECTIONS

Current U.S. renewable energy capability is over 93 gigawatts. Nearly 85 percent of that is conventional hydropower. Future use of renewables is dependent on economic growth, rate of technology introduction, the price of oil and other factors affecting market penetration of nonhydro renewables. Minimally we expect the 15 gigawatts of nonhydro renewable capacity to at least double by 2015. In the Office of Energy Efficiency and Renewable Energy's aggressive technology and market penetration approach we expect installed capacity of more than 30 gigawatts and as high as 40 gigawatts 5 years sooner, by 2010. In most every scenario, nonhydro renewables are expected to comprise virtually all the domestic growth in the utility sector's use of renewables. As a point of reference, Royal Dutch Shell Oil Co.'s strategic planning group's growth scenario expects the world's renewable use to increase on the order of fivefold by 2015.

DECREASE IN DOMESTIC PRODUCTION OF OIL

Secretary PEÑA. However, we fundamentally have two problems we must face. One is the fact that we are seeing a decrease in domestic production of oil in particular, and that slope continues to go down, and second, we continue to see a very significant increase in consumption of energy.

If we do nothing and allow those two trends to continue over the next 10 or 15 years, we are going to be even more energy insecure. So our approach in the budget we have submitted is to deal with both, the production side and the consumption side.

We address the consumption side by our increased investment in energy efficiency. We can detail that with more specificity, and by continuing to work on the production side.

I stated several weeks ago in one of my confirmation hearings that one of my priorities will be to establish a credible and specific strategy on the production side to find a way, if at all possible, however difficult it might be, to get us to a position of becoming more energy independent, and that includes having timetables and targets and measurements and evaluation of our progress over a period of years. It will be a combination of both consumption and production strategies which I think we as a nation need now rather than waiting for the next century when we have a real crisis.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

Senator BYRD. What funding is proposed in the fiscal year 1998 budget in total for efficiency and renewable energy research and development?

Secretary PEÑA. In the area of energy efficiency, approximately $517 million for research and development. I'm sorry, Senator, the first part of your question was?

Senator BYRD. What funding is proposed in total for efficiency and renewable energy research and development?

Secretary PEÑA. The total amount, Senator Byrd, is a little over $1 billion, $1.017.4 billion in total.

Senator BYRD. For energy efficiency and renewable energy programs. So the budget proposes to spend about $1 billion on programs that account for about 8 percent of our energy use. We are talking here about the nonnuclear, nonfossil sources; $1 billion on programs that account for about 8 percent of our energy use and about $350 million for programs that account for 85 percent of our energy consumption, we're talking there about fossil fuel. Now, to me that seems out of balance. What is your perspective?

Secretary PEÑA. Senator, I think we may have a misunderstanding of how you have reached your particular calculation, and we would be happy to sit down with you to have a better understanding of what we are trying to compare. Mr. Romm is indicating to me that there may be a different way in which we're characterizing that, and if I may ask him to at least share with you the way we're looking at that particular question, let's try to answer it for you.

Mr. ROMM. Senator Byrd, the efficiency and renewables budget does not all go toward renewable energy, which constitutes, as you know, just a few percent of the Nation's energy supply. Most of the $1 billion goes toward the efficient use of energy, most of which is fossil fuels, if you see what I'm saying.

We work on automobiles that run on gasoline more efficiently, we work on gas turbines that industry might use, and we support technologies that would use electricity more efficiently. I would say the bulk of the technologies in the efficiency side which the Interior Committee supports are, in fact, for the efficient use of fossil energy, and, therefore, I don't think it's correct to characterize our $1 billion as going toward supporting technologies that just constitute a few percent of the Nation's energy supply.

Senator BYRD. What type of reductions in our use of fossil fuels does the Department anticipate as a result of the energy efficiency improvements? What do you think will result from the energy efficiency improvements with respect to the kinds of reductions in the use of fossil fuels that will come about?

Secretary PEÑA. Senator, let me, if I might, come back and answer that question more specifically, and let me give you a general answer now. One of the questions that I have been asking as the new Secretary of Energy is this: As we make multimillion dollar investments in these strategies, I believe it is incumbent upon us to give you and the American people a much more specific answer on what we are producing, what is the product of these investments.

The question you're asking is one that I have been asking, too, and so let me at least today ask that I come back to you with a

much more specific answer to that question. It is a very important question, one that I need to refine with my colleagues at the Department of Energy.

FEDERAL ENERGY TECHNOLOGY CENTER CONSOLIDATION

Senator BYRD. Very well. In response to—let us talk just briefly about Morgantown, the Federal Energy Technology Center. In response to declining budgets and pressures for changes in the way that the DOE does business, last year Congress and the administration reached an agreement regarding changes in the Fossil Energy Program. As a result of this the Morgantown and the Pittsburgh Energy Technology Centers are being consolidated as one administrative organization with two sites, two locations.

This new entity is being called FETC, F-E-T-C, the Federal Energy Technology Center [FETC]. Could you state for the record, now, what is the status of the consolidation, what major hurdles have been cleared, and what are the next big issues to be addressed?

Secretary PEÑA. Senator, generally speaking, the consolidation is moving on a timely path and is meeting its objectives. We believe that with the consolidation we'll be able to reduce both our administrative overhead and some of the cost of duplicative contracting services at both facilities.

We have some money in the budget for 1998 to make sure we have a smooth transition so that we will avoid any major disruptions, as we have discussed before. We know that there may be some concerns that in the event we don't meet our milestones, there may be some problems.

We will watch that very carefully and obviously work with you because of your great concern there and make sure that we meet those milestones. As of today I've been informed that we are on target, the program and the consolidation are moving smoothly, and we expect to meet the milestones that we set out in the consolidation to begin with.

Senator BYRD. Would you agree that we need to remain flexible in terms of providing FETC the resources necessary to chart its new course in a manner that is as minimally disruptive as possible to the two sites?

Secretary PEÑA. Yes; I would, Senator. Again, we think that the money we have in the budget for this year to reach our goal of the consolidation is the appropriate amount. However, as we go through this process, if we determine that for some reason we're not meeting our goals and there needs to be an adjustment, we will obviously take appropriate action and work with you on that matter.

FEDERAL ENERGY TECHNOLOGY PROGRAM DIRECTION

Senator BYRD. I appreciate that very much, Mr. Secretary. The budget proposes a reduction of $6.2 million in fiscal year 1998 for the FETC program direction budget, and I hope you will keep me fully apprised as to whether the remaining funding will be sufficient to allow the consolidation to proceed in an orderly way. You have indicated already that that is what you expect to do, but we will talk about it and work together on it.

Secretary PEÑA. We will do that, Senator.

Senator BYRD. I would like to touch on one other program area that is important to the Federal Energy Technology Center. How much time do I have left?

Senator CAMPBELL. We haven't been timing it, Senator, but we might—I don't know how long Senator Domenici can stay, but we might go to him and come back to you depending on how long you will be.

Senator DOMENICI. That is all right, Senator. Thank you.

Senator CAMPBELL. All right.

ENVIRONMENTAL MANAGEMENT PROGRAM AT MORGANTOWN

Senator BYRD. I would like to touch on one other program. That is with respect to environmental management and the technology development program. While funding comes from the Energy and Water appropriations bill, which is chaired by the distinguished Senator from New Mexico, Mr. Domenici, the environmental management program plays a strong role in helping FETC to have a diverse portfolio that works for many different clients within the Department of Energy.

Morgantown currently manages some $85 million annually in environmental management programs to develop new technologies for use in the cleanup of environmental contamination resulting from nuclear weapons production. FETC brings some unique capabilities to this program—vast experience in implementing projects with industry and other governmental organizations that involve creative and complicated contractual arrangements, broad technical and engineering expertise, and an ability to be an objective partner in the decisionmaking process.

So, given the strengths that FETC can bring to the Environmental Management Program, is this a partnership that the Department will continue to support?

Secretary PEÑA. Senator, generally speaking, the answer is "yes." We think there is an important role in the environmental management area and whatever contributions FETC can make, we believe we can continue to work with the organization.

Senator BYRD. Very well. One of the successes in FETC's participation in the Environmental Management Program has been its use of the capabilities of the International Union of Operating Engineers Hazardous Materials Center in Beckley, WV. How has this partnership benefited the environmental management program?

Secretary PEÑA. Senator, I'm going to have to turn to my associates here. I'm not familiar with that particular relationship. Let me ask Mr. Kripowicz to talk about that.

Mr. KRIPOWICZ. Bob Kripowicz. The particular contract looks at human factors, engineering, and hazardous waste operations, and we find that to be very valuable to the cleanup of our nuclear sites that have contamination problems, and that has been a very successful operation with the operating engineers.

Senator BYRD. It is because of the people's concerns about the safety issues that are associated with handling contaminated materials. I am glad to hear that you feel that the center has been helpful in addressing the end user issues associated with the Environmental Management Program.

Well, I close, Mr. Secretary, by thanking you for your testimony, and I look forward to working with you in support of programs that will contribute to the continued use of coal through more efficient power generation systems and improved environmental performance.

The Federal Energy Technology Center plays a key role in fostering these technologies. The facility in Morgantown employs some 550 persons, so I will stand ever vigilant to protect its role in promoting advanced fossil energy technologies. While the fossil energy budget is a relatively small part of the overall DOE budget, I encourage you to take an active role within the administration in defending this program against budget reductions and policy decisions that will jeopardize our ability to prepare for the energy challenges of the next century.

I am somewhat troubled by indications that the administration is not fully involving the Department of Energy and its vast expertise when policies and regulations are considered that will have a considerable impact on the energy producing and consuming aspects of our economy.

With respect to the budget, I will be working with Chairman Gorton to ensure that the subcommittee takes an approach to our energy research and development programs that is consistent with where our energy comes from and how we use our energy.

While dollars are constrained, I do not believe that this is the time for us to abandon our support of the technology development efforts already underway. We need to complete these programs so that the technologies will be commercially available in a timely manner to help us meet multiple goals.

Now, I have additional questions that with your permission, Mr. Chairman, the permission of the subcommittee, I would like to have answered for the record.

Senator CAMPBELL. Without objection.

Senator BYRD. Thank you again, Mr. Secretary. I thank your associates, and I thank Senator Domenici for his characteristic courtesy in allowing me to proceed and thank you, Mr. Chairman.

Senator CAMPBELL. We will now turn to the Senator who has corrected many of our colleagues on the pronunciation of your name.

Senator Domenici.

OPENING REMARKS OF SENATOR DOMENICI

Senator DOMENICI. We did have a good time, Mr. Secretary, the other day in full session, a lot of people there. Did you hear about that morning we had in the Energy Committee?

Senator CAMPBELL. He was not there that morning.

Senator DOMENICI. I know, but have you heard about it?

Secretary PEÑA. Generally I have.

Senator DOMENICI. Well, there was a huge crowd, you know, and I thought they were all there just because we were going to approve your nomination. They were there for an electric generating reform seminar, so we had lobbyists from all over and all these great Senators called you by your wrong name. So I told them how to say it. I said it's very simple, like pen, a fountain pen, with a y-a, Peña. I think we're getting it.

Secretary PEÑA. Thank you very much, Senator.

Senator DOMENICI. Mr. Secretary, first, I am glad you are here. I am hopeful that the long wait, with all its pressures have not been too difficult on you and your family, especially with your wife being pregnant. I hope she is feeling well and that everything is going fine.

Secretary PEÑA. She is, Senator. Thank you for your thoughts.

Senator DOMENICI. Please tell her that for me, will you?

Secretary PEÑA. I will.

Senator DOMENICI. I am glad Senator Byrd is still here, and I want to give you, my good friend, an observation about what is probably not going to happen with the President announcing what he has about the Consumer Price Index. I believe any chance of getting a negotiated budget agreement between the Republicans and the President are finished. I believe——

Senator BYRD. Why are you telling me this?

Senator DOMENICI. Well, because I want to tell you what is probably going to happen. It does not sound too good.

Senator BYRD. Why are you singling me out to be the victim?

INCREASES IN FISCAL YEAR 1998 PRESIDENT'S BUDGET

Senator DOMENICI. I think that perhaps you might be able to carry a message. I note here, Mr. Secretary, the President's request in energy conservation, represents a 24-percent increase.

Senator BYRD. I am not a homing pigeon.

Senator DOMENICI. The President's request for energy conservation research and development——

Senator BYRD. They carry messages.

Senator DOMENICI [continuing]. Represents a 24-percent increase; the transportation sector, a 16-percent increase; industrial sector, a 19-percent increase. Oh, here is a good one. Federal energy management, it is not a big account, but it has a 57-percent increase. Policy management, a 20-percent increase. Well, I have a whole list, but that is just a smattering.

Let me say to the subcommittee, and I am preaching to the choir in terms of my good friend the chairman because he understands as a member of the Budget Committee, that it seems to me we are left with no alternative other than to freeze discretionary appropriations for 5 years, and that probably means that all of these things we talked about here are gone. Forget about 24 percent increases and 19 and 16, and so on.

A freeze means a freeze. It means no more to spend 1 year than the next, and spend no more this year than last. It means, Mr. Chairman, that you have got competing interests, so some have to go up because they must, which means some have got to go down even below a freeze.

Now anybody that knows me understands that this is not my desire, but I am going to tell you right now, and I am telling the public from this day forward, this President's budget puts Republicans in a position where they have no alternative.

The President will not cut entitlement programs. If we touch them, it will be the end of the world. He has cut Medicare $82 billion and claims it is $100 billion, and one-half of that is phony. We have to produce a balanced budget. He is $160 billion off the mark

on economics in the same period of time, and we are supposed to produce a budget.

Well, we will do one. Just be patient. We will do one, and I am guaranteeing you when we are finished, it is not going to be a pleasant life for the President and all these programs he wants. We will not be dumb because we will not cut the programs that he wants to resonate out there with the public. We will increase them. Let us see where the rest of it goes. Let us see where the Department of Commerce goes. I just came from one of the subcommittee meetings there. It might mean a nice 20 percent cut after you pay the personnel.

Senator BYRD. I have a suggestion.

Senator DOMENICI. Well, I am finished and I hope you do. I only have two little questions.

Senator BYRD. My suggestion would be that the President and the Republicans back off from their proposals to cut taxes at this time.

Senator DOMENICI. My distinguished friend, let me suggest that while I am not prepared to tell you that you are right, what I have just described is the case even if we do not cut taxes because of the lack of entitlement savings and the desire to get the budget balanced in 5 years. What I have just given you assumes no tax increase.

Senator GORTON [presiding]. No tax cuts.

Senator DOMENICI. Excuse me, no tax cuts. Now, having said that—and thank you for the thought.

Senator BYRD. Thank you.

SALE OF ELK HILLS

Senator DOMENICI. Now let me ask you about the Elk Hills Naval Petroleum Reserve. Are you familiar with it?

Secretary PEÑA. Yes; I am, Senator.

Senator DOMENICI. For many years we have been trying to do something about this. It is never the right time, but I guess we finally authorized the sale last year as part of the defense authorization bill. Could you tell the committee where are we in this sale? Is it going to be completed? I think we mandated it in February 1998.

Secretary PEÑA. That's correct.

Senator DOMENICI. Could you tell us about that, please.

Secretary PEÑA. I can, Senator. I've been briefed about this. Generally speaking, the work we have to do in complying with the congressional requirements for having the sale is moving along. In particular, we have already hired an outside financial advisor as required by the statutory guidance. We have hired five independent experts and will be doing the five independent analyses. These independent analyses will be used to formulate the minimum price, which cannot be lower than the higher of the average of the five or the middle three evaluations.

We are having discussions, as you know, with our partner we have in this, which is one particular oil company, but we are moving along with this, and at this point our target is still to comply with the February target.

STRATEGIC PETROLEUM RESERVE

Senator DOMENICI. One last question. The President's budget proposes to sell $1.145 billion of oil from the strategic petroleum reserve. Are you aware of that or——

Secretary PEÑA. Yes; I am, Senator, I think that's in 2002?

Senator DOMENICI. Right. Now, the way it is structured, that is a mandatory spending proposal. Are you all familiar with mandatory versus discretionary?

Secretary PEÑA. I am, Senator. I think we are.

Senator DOMENICI. Now it is going to be difficult—the chairman can speak for himself and look at it perhaps even much more in depth—but it's going to be difficult to meet the subcommittee's 602(b) allocation and continue to fund the DOE programs at the 1997 level which included a $220 million offset from these oil sales.

In your opinion, which would be preferable, selling the $220 million of the strategic petroleum reserve to fund its appropriation or reducing DOE's other programs by $220 million?

Secretary PEÑA. Senator, neither. Let me try to answer your question more specifically.

Senator DOMENICI. I gathered that.

Secretary PEÑA. No. 1, it is at least my view, and I believe the administration's general view, that we not make additional sales from the strategic petroleum reserve. Later on this year, I believe in October, we will present a report for the Congress on the overall administration's position on the reserve. I believe the reserve is very important. We have only 67 of 90 days of net import equivalent in the reserve today. There have been sales in the reserve. Some proposed by the administration, some by the Congress.

Senator DOMENICI. Yes.

Secretary PEÑA. But I think now that the dust has settled from those sales, and as we all begin to focus on the need to develop an energy independence strategy, the need for the reserve looms even greater. So let me respectfully suggest, Senator Domenici, that while there is the mark in 2002 for the sale of over $1.1 billion in the reserve, that that is a mark, and it will be my view, at least, that we have some discussions within the administration about how we can look to other options other than that mark.

It is a ways out. There is time to make adjustments, and as you know in this multiyear budget sometimes some of these place markers are there for a reason, but I think that—I believe we ought to at least look for other ways of dealing with that kind of a cut.

Senator DOMENICI. Mr. Chairman, I guess you know I would agree with that last statement. I do not know how you feel, but, you know, I think we are perpetrating somewhat of a fraud on the American people.

We spend all their money telling them we need this big oil reserve and we go through all these expenditures and every time we run into a budget crunch we sell some oil. The world did not change any. The world is the same old world, oil dependence is growing.

But that is $1.145 billion more that the President's budget is off in the year 2002. It is already off $70 billion, so now we throw this

one away, that is $71 billion. I mean, everywhere we turn it is one of these kind of things we find in this budget.

INCREASES IN PRESIDENT'S BUDGET

Since I talked about it, I think I should be fair and say to my good friend Senator Byrd that it is most interesting, the President's budget has the deficit going up $25 billion under a steady-as-you-go, growing economy next year over this year, $25 billion. I do not understand how that is deficit reduction.

In fact, deficits do not significantly start down until the fourth year. So obviously these budgets are full of these increases—16 percent, 20 percent, 12 percent, and so on.

I just came from Commerce. The whole Commerce Department is up 12.4 percent in the budget. Did you know that, Slade? It is just a big fat budget. Now we are going to have to change it, and the President is going to say, I could pay for all that stuff. You are all bad guys up there.

If I sound a little bit upset with the situation, I am. I am going to do my share to do what is right. I do not want to cut discretionary spending, but I do not know how else we can do it. Thanks for the time.

Senator BYRD. Well, we have already cut it to the bone. We have been cutting it to the bone for years, and I do not know how we can cut it much more. But I think it is absolutely folly to suggest that we ought to cut taxes, and I fault both parties for that, the administration as well as the Republican Party. It is no time to cut taxes. If we mean business about reducing the deficits, we ought to put that money on the deficit.

Senator GORTON. Well, Senator Byrd, as Senator Domenici said, given the situation we are in today, I think you are going to get your way, but I do not think that is going to solve the problem that we are going to face in this subcommittee.

First, Secretary Peña and Senator Byrd, I want to apologize for being late to my own wedding here, as it were, my own committee meeting. Only the importance I ascribe to the debate on the floor to emasculate the first amendment could have kept me away. Senator Domenici was there and knows the reason that I was there.

But I do want to welcome you to this job publicly, as I have privately, and express my delight that you are finally in office. This I guess is your first public appearance, is it not, since you have been sworn in?

Secretary PEÑA. That's correct, Mr. Chairman.

Senator GORTON. Well, I find that to be delightful, and an honor to this subcommittee. As I also told you in our private conversation yesterday, this subcommittee has been a matter of real gratification to me as chairman, in large part because of the wonderful education and support that I have gotten from Senator Byrd, who is the repository of so much that is great about the history of our entire Senate and the way in which we operate here. I hope that this year we're going to continue to work together, even under very, very difficult circumstances.

I'm not sure whether the materials that we gave you have in it this colored chart. Well, if it doesn't, we'll give it to you. When I took——

Secretary PEÑA. Mr. Chairman, I was not provided any materials.

ALLOCATION TO SUBCOMMITTEE

Senator GORTON. OK. Well, when I took over this subcommittee, because I didn't understand an awful lot of it and because I thought pictures were so significant, I started putting together colored charts like this that show the overall appropriation allocation to this committee and where it goes, just so that we can understand it conceptually.

Here you are, way down here in the orange for energy programs. Obviously the largest single use for our money is the various land management agencies—the Park Service, the Forest Service, and the Bureau of Land Management and the like—the heritage of the American people, and a field in which there is huge public interest, most particularly in the National Park Service.

The second area is the unique responsibility that Congress and every administration has for Indian programs. And then we get to science programs, your own, finally even smaller than yours, cultural programs, which I know my two colleagues here agree with me create much more in the way of correspondence and calls from our constituents than is warranted by the absolute size of each of those appropriations. But because they have so much to do with the culture and the heritage of this country, they are very, very important, and that puts you in a tough situation.

Your programs probably have smaller constituencies from the point of view of the general public than any of the other major or significant programs subject to the jurisdiction of this subcommittee.

That's not for 1 minute to say that they're less important. I am convinced that a large number of them are of vital importance to the future of the country, but it does impose on you a set of challenges in dealing with Members of Congress in both Houses that's perhaps greater than the other Secretaries or administrators of these other programs.

Second, I must, with great regret, join my colleague, Senator Domenici, in saying that I think the failure of the abortive but very sincere negotiations over an overall budget that result in an administration that does not want to make any significant changes in entitlement programs is likely, ultimately, to brutalize the discretionary appropriations process in general terms and very specifically in terms of this subcommittee.

I want to say across party lines that I agree totally with Senator Byrd on the proposition that budget cuts over the course of the last several years have been very disproportionately imposed on discretionary spending, spending that goes to the education of our young people, to our own direct responsibilities as landowners, to the advancement of knowledge, to the building of our infrastructure.

In extensive conversations over the last year with Senator Domenici, we had agreed that we just had to seek a budget this year that allowed discretionary spending once again to be able to rise at least to a modest extent, rather than consistently to be cut.

But it is not realistic to expect a closely divided partisan Congress to take on entitlement programs that the President won't

take on or to go through the exercise it went through 2 years ago, and I deeply fear that that means that the allocation that Senator Byrd and I will eventually get for this subcommittee will not be at the level that the President recommended. I would like very much for it to be so. I might have some different priorities within it, but I would like very much for it to be so.

And again, as I told you privately and can now say publicly, I'm not today going to ask you to set priorities or state what you would cut first. That would be an unwarranted imposition on you.

You're a member of the Cabinet, you're going to support the President's budget, but as we work forward, assuming that we are going to have to make significant reductions, I want to make them in the least harmful way that I can. I hope that we will be able to have your constructive suggestions as we go forward and that in your own mind, at least, you're going to set a number of priorities that will help us with this very difficult set of questions.

Secretary PEÑA. Mr. Chairman, if I could just briefly respond. Absolutely I will work in a very constructive way with you and members of the subcommittee to prioritize what we need to get done in the Department.

Having gone through, I think, four of these already in the last several years, I'm accustomed to the give-and-take of the budget process, but I've always tried to have a very constructive relationship with the important committees that must make these very difficult decisions.

So you have my commitment, Mr. Chairman, that we'll do that in a very honest and constructive way and tell you what our bottom line is and what our priorities are, and we understand that in any budget discussion there are going to be adjustments, and we're happy to work with you on that.

ELECTRICITY DEREGULATION

Senator GORTON. Another of my responsibilities, and now that Senator Dorgan is here, his as well, in the energy authorizing committee is the debate over competition and the form of deregulation in the electric power industry. That isn't our responsibility, of course, but in your research and development budget there are a number of programs that relate to power.

Have you had an opportunity yet or does your budget in any way reflect any dramatic changes in the way in which electric power is both produced and distributed in the United States? And if not, will that be a priority of yours?

Should we follow the same sorts of programs and priorities that we followed in the last several years if, in fact, we're going to see a rather dramatic change in the structure of the industry?

Secretary PEÑA. Mr. Chairman, if I understand your question, it is this: We are already observing significant reductions in our private sector partners' budgets in research and development generally. We have seen that in the overall deregulation of key industries in our country, and we are very troubled by that.

With respect to electric restructuring or deregulation, we would anticipate the same. That is to say, that if we move toward a deregulated environment, the kind of pressure that will be put on these now very fierce competitors who will be competing in a way

that they have not been competing before will mean that they will make significant efforts to reduce their costs, to be more competitive, and the programs that are likely to go first are their research and development budgets.

Having said that and recognizing the kinds of challenges we talked about earlier about trying to develop an energy independent strategy for our country, recognizing we've got to deal both with the consumption and the production side, it is my view that we are going to have to make sure that from the Federal side we have the kinds of investments in research and development to ensure that as a nation and as a matter of public policy we continue to make these kinds of investments despite the reduction from the private sector side that we'll see with competition, to make sure that we're continuing to think about the future and to develop those kinds of technologies that are critical to our ability to reduce consumption and to find more production.

So it's a concern of ours. We're aware of it. We haven't yet quantified it because we're not in that deregulated environment, but as we move through this year and all the bills that will be introduced to look toward deregulation, obviously that will be one aspect or byproduct of deregulation that we'll follow very carefully.

FOSSIL ENERGY RESEARCH AND DEVELOPMENT ACCOMPLISHMENTS

Senator GORTON. Can you tell us what we've gotten from our investment in, say, fossil energy research and development over the last 4 or 5 years; what tangible results this society has obtained?

Secretary PEÑA. Mr. Chairman, I can. In fact, I have asked my associates at DOE to compile a list, and we would be happy to get that to you to give you a comprehensive view, but let me just give you a couple of examples, and I asked my associates to give me things that we could relate to.

[The information follows:]

EXAMPLES OF DOE/OFFICE OF FOSSIL ENERGY ACCOMPLISHMENTS FOR PROGRAMS FUNDED UNDER INTERIOR APPROPRIATIONS ACCOUNT

Built Strategic Petroleum Reserve, world's largest emergency petroleum storage reserve, designed to drawdown inventory of 563 million barrels of crude oil at sustainable rate of 3.9 million barrels per day within 15 days of direction from President. Ongoing accomplishments will extend SPR facility and systems capability to 2025 with highest level of reliability and operating cost efficiency.

Operated, maintained, and produced Naval Petroleum and Oil Shale Reserves (NPOSR) to achieve greatest value and benefit to United States. Since Reserve opened to full development in 1976, program through fiscal year 1996 has generated $16.5 billion in revenues against cost of $3.4 billion.

Supported Development and testing of powerplant technologies that have already had major economic and environmental impacts, and will form the foundation for future benefits. Technologies include:

—Low-polluting atmospheric fluidized bed coal combustor, the most significant advance in coal-fired boiler technology in more than half a century. Federal investment has contributed to more than $6 billion in domestic sales, $2 billion in foreign sales, and more than 250,000 jobs.

—Low nitrogen oxide ($No_x$) burners, which significantly lower costs of reducing $No_x$ compared to other options. Domestic sales to date total more than $250 million, supporting 1800 U.S. jobs.

—Integrated gasification combined cycle technology, and advanced coal-fired power generation system that will be one of the most important powerplant options of the 21st century. The potential global market (undiscounted) for this technology is estimated at more than $400 billion in capital investment by 2030, and about $150 billion in domestic market.

Supported development and testing of technologies and use of other approaches, resulting in increased domestic production of natural gas and oil through major improvement in recovery costs. Examples of technologies and approaches include:

—Mudpulse telemetry, which is one of the most important innovations used today and allows measurement while drilling. Savings are estimated at $5 billion.

—Insulating doughnut for steam flood in deeper oil wells, which reduces heat loss in the wellbore and will save industry hundreds of millions of dollars over the next decade.

—Hot oiling paraffin treatment that reduces paraffin buildup in wellbores which cause lifting equipment failures, reducing industry operating costs by more than $150 million per year.

—Assistance to states in implementing risk-based management approaches in effectively regulating oil and gas injection wells. Streamlining savings to domestic gas and oil exploration and production industry are estimated at $1 billion through 2020.

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY—RECENT ACCOMPLISHMENTS

The Clinton Administration has launched a series of initiatives in energy efficiency and renewable energy research, development and deployment that are moving our nation toward a future with improved environmental quality, greater energy security and increased global competitiveness. By the year 2000, these Clinton initiatives are estimated to save consumers and businesses over $10 billion in annual energy savings and cut annual carbon emissions by 25 million metric tons of carbon equivalent. By 2010, these savings are projected to rise to $50 billion per year, 500 million barrels of oil per year, and 80 metric tons of carbon equivalent. Specific recent accomplishments include:

—Implementing the Climate Change Action Plan which, by the year 2,000, will reduce carbon emissions by 15 metric tons of carbon equivalent.

—Initiated 16 Climate Change programs that have attracted over 2,000 voluntary business, industry and government partners.

—Signed more than 100 climate challenge agreements for emissions reductions with more than 600 utilities.

—Established 52 new state and local building retrofit programs, leveraging more than $200 million of private sector investment.

—Established eighteen Motor Challenge showcase agreements to optimize electric system efficiencies resulting in more than 1,000 partners and an investment of $15 million, exceeding goals by 700 partners and $5 million.

—Leading the industry and government design and research for an 80 mile per gallon car for the future. Technologies already in the fleet are saving nearly 1 billion gallons of gasoline a year. Signed contracts for developing hybrid vehicles with the three major car companies and their suppliers. In fiscal year 1997 we will demonstrate a "no-compromise" 50 mpg proof-of-concept family sedan, maintaining or improving vehicle cost, safety, comfort, and performance factors.

—Displacing nearly 10 million gallons of gasoline annually through the more than 30,000 alternative fuel vehicles introduced to Federal and local fleets in 55 Clean Cities.

—Transferring proven energy efficiency and renewable measures such as technologies used in "Greening of the White House" to all Federal buildings to support reduction of federal energy consumption by 30 percent by 2005 compared to the 1985 baseline.

—Initiated Federal Greening Models such as the White House, the Pentagon, the Presidio in San Francisco, and the DOE Forrestal Building.

—Developed 6 major private sector/government energy service contracts, attracting millions in private sector investments to Federal energy projects, building a new business sector and saving federal dollars.

—Weatherized over 300,000 low-income homes (employing 8–10,000 people) and upgraded more than 1,000 schools and hospitals annually.

—Developing partnerships with energy-intensive industries such as refining, pulp and paper and metals, to develop research programs, strategies and technologies that will lead to dramatically improved energy and resource efficiency and competitiveness by the year 2000, and energy cost savings of $10 billion by 2010. Signed Visions agreements with five of the seven industries and expect to complete Chemical and Refinery Visions before the year is out. Eleven related technology and research roadmaps are underway.

—Developed an Industry Vision and Technology Roadmap for the future in partnership with the Pulp and Paper industry that they estimate will save them $8 billion in environmental control costs.

ELECTRONIC BALLAST

Secretary PEÑA. One was work that we did in the electronic ballast, which is the ballast that goes into the fluorescent lighting. That one technology success has produced $3.7 billion in energy savings. The work that was done on refrigerator compressors has produced $6 billion in savings.

Senator GORTON. In each of those cases, what was the public-private split on the cost of the research?

Secretary PEÑA. I would have to get that information for you, Mr. Chairman. We can break that down. Some of these have different variations. But I've got five before me here—advanced windows, flame retention heat oil burner, building design software. If you add all those up we estimate we saved consumer energy costs about $28 billion, and that's just a flavor.

[The information follows:]

ENERGY CONSERVATION ACCOMPLISHMENTS

The Department's investment in buildings efficiency R&D over nearly two decades has yielded a number of highly successful energy conservation technologies. Five technologies in particular are estimated to have saved consumers over $28 billion—savings that continue to accrue at a rate of more than $5 billion each year. These five technologies are: building design software; efficient refrigerator compressors; electronic fluorescent ballasts; flame retention heat oil burner; and advanced (Low-e) windows. The total public investment in these five technologies was $45 million and the total direct private cost share amounted to over $27 million. The cost share for building software design was 19 percent; for efficient refrigerator compressors 12 percent; for electronic fluorescent ballasts 50 percent; and for advanced (Low-E) windows 68 percent. There was no private sector funding for the development of the flame retention head oil burner, which has saved consumers an estimated $5 billion.

NEW FUEL CELL TECHNOLOGY

Secretary PEÑA. I haven't even talked about the much more aggressive things we're doing in the Partnership for a New Generation Vehicle Program, where already just a few months ago, even though that work is far from complete, we saw Chrysler announce a new fuel cell technology which is cutting edge, that no one thought would be able to be announced so early in this 10-year research program.

So we believe that there are demonstrable savings that we have been able to demonstrate with the technology investments we have made in the past, and what I want to do, as I said earlier, is develop a much more strategic direction on this question of how we can become energy independent by looking at both the consumption side and the production side and asking the question of all these dollars we're investing in technology what is the product, what are the gains we'll see, what are the reductions in energy use we can measure, what are the savings to consumers that will result from these kinds of investments.

And I'll be working very hard to develop that much more strategic focus because I share what I believe to be your concern, and that is we've got to show product. We have to show progress. We have to demonstrate that there is some significant improvement in the result of these very significant investments which I think are worthwhile, and I will work very hard on that issue.

REPAYMENT PROVISIONS

Senator GORTON. The first cousin to that question is, some of your programs have a recapture or repayment provision that when research and development is commercialized you get some of the money back. How have they worked? Should they be broader? Have they worked? Have we actually recaptured any money through them?

Secretary PEÑA. Mr. Chairman, we have. In the Clean Coal Technology Program, for example, which GAO has cited as a model public-private partnership venture, there were provisions in the early days in the investments we were making there for recapture, and we have received, I think, $400,000 or so thus far, and that's only in the early stages.

So we think that by being very strategic in where we will require these kinds of recapture provisions, we can begin to get a repayment.

Now, we have to be very thoughtful about it and not impose such stringent requirements that our private sector partners will back off. But I think there will be occasion, and clean coal is one where it's working, where I think that will make a lot of sense.

CODES AND STANDARDS

Senator GORTON. One more set, then I am going to defer. One of the really controversial areas that we had to deal with in my first 2 years as chairman had to deal with codes and standards; 2 years ago we actually were frustrated in letting the Department go ahead with them. Last year I think we did.

Where are you on lighting and appliance standards? Is the cooperation in the private sector sufficient now so that they're no longer going to resist? Where are we there? I find this to be an extremely important area. I would like to continue it, but, again, are we making some real progress and is it a cooperative progress?

Secretary PEÑA. Mr. Chairman, I've been advised that 1 year or so ago the Department made extraordinary efforts to develop a much more cooperative working relationship with, in particular, the large manufacturing companies that are the subject of these standards and that a new relationship has been established. I think that was tested a year or so ago on the new refrigerator standard, which is still in discussion at the moment.

I want to say that I have had some experience with this new approach in what we call the negotiated rulemaking process, and I would hope that we could establish a constructive relationship with the private sector to agree on a public policy objective, a public policy goal, and then find a way to get there if at all possible in a mutually reinforcing and positive manner. I think that is a far more constructive way of dealing with these issues.

The President has asked us to be more creative in doing these rulemakings contrasted to the old process of simply publishing a rulemaking, having comments come in, and then finally issuing a final rule which may or may not be the appropriate thing to do.

So we want to work on this, obviously keeping in mind the important public policy objectives, but I think there is room for a very

constructive relationship that we can establish with the private sector.

Senator GORTON. At this point, Senator Dorgan is a new member of the committee, of the subcommittee, and a welcome one. I have a bunch of questions, Senator Dorgan. I want to give you an opportunity either to make a statement or to ask your questions now, and then stay as long as you want. I think it was just before you came in that I passed out these charts that I hope will help you understand the relationship between or among all of the various programs. I know it has been very helpful to me.

REMARKS OF SENATOR DORGAN

Senator DORGAN. Mr. Chairman, I have a Commerce Committee hearing going on. That is why I was delayed, and I have to go back as well, but I appreciate being here. I am going to enjoy being a part of this subcommittee, and I appreciate having the opportunity to visit with the Secretary at this hearing.

You showed me this chart last year, and I found it enormously interesting and helpful. This is the only chart of its kind that I have seen that actually describes in bar graph form exactly what we are spending and how we are spending it. I think it is very useful.

I would just like to say that I'm a newcomer to this subcommittee and a newcomer to the issue of priorities in these areas, but I really think that the fossil fuels research area is one account that we would want to beef up, not reduce, given the challenges we face and given the circumstances that exist in our country.

We have in North Dakota an example of a wonderful facility, the Energy and Environmental Research Center at the University of North Dakota, which I think is almost the model in the country of the partnership in public sector-private sector research, and I'll be visiting with the subcommittee about that.

I hope as we work through this and establish our priorities here in Congress that we will find a way to enhance rather than retreat on the issue of fossil fuels research. I know that we're faced with enormous challenges in every part of the budget. There isn't any question about that. But this is an area that truly is a critically important investment, and so I would hope that it would be the priority.

Again, I missed the presentation by the Secretary. I wish the Secretary well in this new job and I look forward to working with him very much on a wide range of issues.

PREPARED STATEMENT

Mr. Chairman, thank you very much for this instructive chart as we move ahead.

Let me just ask unanimous consent to have my statement inserted into the record.

Senator GORTON. Without objection.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DORGAN

Mr. Chairman, Senator Byrd and other members of the Subcommittee. Since this is my first hearing as a member of the Interior Appropriations Subcommittee, I

want all of you to know that I am very pleased with this assignment and I look forward to working with all of you in the days and months ahead.

As I familiarize myself with the many agencies and programs funded in the Interior appropriations bill, I have able mentors in the Chairman and ranking member. I would like to note that many of the funding decisions made by this subcommittee will have a direct impact on the health and economic welfare of the people of North Dakota, and I look forward to working with you on a host of crucial issues affecting my State as the appropriations process proceeds.

I would also like to welcome Secretary Peña to his first subcommittee hearing as Secretary of Energy and to congratulate him on his confirmation by a vote of 99–1 just yesterday. I look forward to working with you, Mr. Secretary, as you assume your new responsibilities as the head of the Department of Energy and I wish you well as you take over your new responsibilities.

I would like to take a minute to make a few general comments on the proposed fiscal year 1998 funding levels for the Department for Interior before I address the items to be covered in today's hearing. While I am pleased that the total budget request of $7.5 billion for the Department of the Interior represents an increase of $462 million over last year's enacted level, it is still less than the 1994 level. Like most agencies, the Department of the Interior has had to learn to live with downsizing. While we all support the concept of streamlining—of doing more with less—we must make certain that we are not sacrificing long term policy interests for short term budgetary goals.

There are many high priority programs funded by the Department of Interior ranging from our national parks to wildlife refuges to our cultural institutions, all of which, in my view, deserve continued government support. I know hard choices have to be made in this era of shrinking federal resources, but those decisions are particularly difficult in a bill which funds so many meritorious programs.

Before I leave the topic of the Interior budget in general, I want to advise the subcommittee of one area of real and deep personal concern to me, namely, a woefully underfunded budget for Native Americans. The ever shrinking resources allocated to Native Americans are, in my view, a national tragedy and a national disgrace, and I will address this matter in more detail at the April hearing.

Fossil energy research and development within the Department of Energy, which is funded in the Interior appropriations bill, is the topic of today's hearing. This is an extremely important issue for the people of North Dakota and the nation. Since 85 percent of our national energy fuel consumption currently comes from fossil fuels and will remain our primary energy source far into the future, it is in all our best interests to ensure that fossil fuels energy is both efficient and environmentally safe. It seems strange to me, therefore, that the Department of Energy's Fossil Energy Research and Development Program funded in the Interior Appropriations bill is slated for a significant reduction in fiscal year 1998, from $365.8 million to $346.4 million.

I realize that I am a newcomer to this subcommittee, but I would think that fossil fuels research is one account we would want to beef up, not reduce. I know Senator Byrd has a longstanding interest in this matter, but I want the subcommittee to know that North Dakota also produces a significant amount of coal so this program is of great interest to me as well.

On a happier note, I would like to take just a few minutes of the Committee's time to talk about the outstanding fossil fuel and energy research that is being conducted by the Energy and Environmental Research Center (EERC) at the University of North Dakota under DOE's Cooperative Research and Development program. We in North Dakota are extremely proud of the high-quality work being produced by the EERC, and I am pleased that the President has recognized the EERC's contribution to the research and development of clean and efficient energy technologies by requesting $1.96 million for EERC under the Jointly Sponsored Research Program (JSRP). The JSRP combines DOE and private sector support for commercialization of advanced technologies. Commercialization of cutting edge technologies is the key to our energy security, improved efficiency and environmental health and safety, and this partnership between government and industry is crucial if we are to be successful.

This JSRP program is complemented by a basic research component devoted to research on innovative concepts which have commercial potential as well as scientific and engineering fundamentals targeted to overcoming commercialization barriers. Unfortunately, the Department's budget request did not include funding for this basic research component.

I am pleased, however, to see that the Department's request included $1.86 million for cost-shared coal related research that is approved by DOE and is consistent with the Fossil Energy mission. I am somewhat concerned and puzzled as to why

this research program does not include oil and gas research, given both the EERC's programmatic expertise in these areas as well as the fact that Fossil Energy's mission includes oil, coal and gas.

The EERC is a leading U.S. Center for Excellence in coal, oil, and gas technologies, placing particular emphasis on low-rank coals found in the western United States, Alaska, Central Europe, Australia, Russia, China, and Indonesia. Low-rank coals represent approximately half of the coal reserves in the lower 48 States, with much larger potential reserves in Alaska. The EERC is uniquely designed to combine cutting-edge basic and applied research with market forces to advance the goal of supplying clean and secure energy to sustain a high standard of living in an unpolluted environment and in increasingly competitive marketplace.

The technologies that are being successfully developed by the EERC would simply not be possible without some government assistance. Government support plays a vital role in the initial stages of research and development by fostering basic research that is not immediately rewarded in the marketplace. But government must have partners if the basic research is going to move forward to development, demonstration and ultimately to commercialization. That is the beauty of the DOE Cooperative agreement. After the basic research identifies promising new technologies, DOE works with industry to resolve the intractable barriers to full commercialization of technologies that will lead to more efficient and environmentally safe fossil fuel energy. Government doesn't pick the winners, the marketplace does.

I am attaching to this statement some examples of projects developed by the EERC through both the basic and jointly sponsored research components of the DOE Cooperative Agreement which I hope the subcommittee will find of interest. I hope these examples will convince the subcommittee of the exceptional work being performed by the EERC and that the subcommittee will fully fund the Administration's fiscal year 1998 request for EERC of $3.8 million.

I have a number of questions which I have not been able to ask today and I would request that they be submitted for the record.

Again, I want to thank the Chairman and Ranking Member for their patience.

---

## EXAMPLES OF EERC PROJECTS FUNDED UNDER THE DOE COOPERATIVE AGREEMENT

### BASIC RESEARCH

Combustion 2000: A high performance power system is being developed and demonstrated by the EERC in partnership with industry and the DOE which will provide a strong leap forward in the performance of coal-fired powerplants. The EERC has teamed up with United Technologies in developing technology for indirect firing of coal in a gas turbine combined-cycle system, with construction nearing completion on a pilot slagging combustor and high-temperature alloy heat exchanger at the EERC. This system will increase thermal efficiency from 33 percent to 47 percent while reducing emissions by 90 percent as well as reducing the costs of electricity. If this system were to replace existing systems, it would reduce by one-fourth the current carbon dioxide emissions from coal-fired utility boilers.

Trace Element Emissions: Trace elements plug hot-gas filters, poison fuel cells, and pollute the environment. This EERC project provides an understanding, for the first time, of the release, transformation, emission and capture of trace elements in advanced coal gasification systems. Results have been incorporated in a computer code that is being used by industry to understand and predict the fate of trace elements in gasification systems and to optimize operating conditions and the design of hot-gas filtering systems to minimize plugging, improve reliability and efficiency, and lower emissions.

### JOINTLY SPONSORED RESEARCH

Advanced Gasification and Hot-Gas Cleanup: The EERC is currently playing a key role in demonstrating an advanced fossil fuel gasification and hot-gas cleanup technology based on the M.W. Kellogg transport reactor, a sophisticated high-velocity circulating gasifier. Once commercialized, this combined-cycle technology will substantially decrease the emission of sulfur, particulate, and nitrogen species and, by improving efficiency, reduce the release of carbon dioxide which contributes to global warming. This program involves a large number of domestic and foreign participants.

Coal Ash Behavior in Reducing Environments: Ash and slag have severe impacts on the performance and reliability of advanced coal gasifiers as well as environmental control systems. This two-phased program, also supported by a large number of foreign and domestic energy companies, is developing methods to improve gasifier

design and operating procedures and to minimize emissions. It has received significant international attention because of its contribution to improving advanced gasification systems that are being exported outside of the United States.

Freeze-Thaw/Evaporation Process to Treat Oil and Gas Produced Waters: Eighty percent of the waste resulting from the production of oil and gas in the United States is saline water. A demonstration project jointly conducted by the EERC and B.C. Technologies (BCT) has demonstrated the economic advantage of coupling a natural freeze crystallization process with evaporation to reduce dramatically the volume of saline wastewaters and produce water for beneficial use. This process has been successfully demonstrated by the EERC and BCT over the past 2 years with the Amoco Production Company and the Gas Research Institute at a commercial Amoco Production Company coalbed methane facility in New Mexico. This process has the potential to increase domestic oil and gas production by extending the economic life of marginal wells and opening new reserves in areas where high volumes of produced water have prevented economic production. It also has the potential to help meet a global need for the desalinization of water to meet the demands of an ever expanding population base.

The Alaska Initiative: This initiative, managed by the EERC for DOE's Federal Energy Technology Center (FETC), provides a working affiliation under which DOE and Alaskan partners are demonstrating new technologies to meet the current and future needs of Alaska in an environmentally acceptable way. This activity has two distinct focuses: (1) the relocation of an existing Clean Coal Technology demonstration project, and (2) demonstration of remote-site power technologies. A number of milestones have already been achieved.

Clean Coal Demonstration: This project has already been relocated from Easton, Maryland to Fairbanks, Alaska. The partnership is currently working to finalize the nonfederal funding that must be in place by July 1997. Successful completion of this demonstration activity will meet the University of Alaska (Fairbanks) need for additional energy using indigenous fuels, reduce dependence on diesel fuel, create a new research focus at the University, create export potential for Alaskan coal resources, and create a showcase project with international appeal. This coal-water fuel technology under demonstration was developed under Cooperative Agreement.

Remote-Site Power Generation: The use of indigenous resources in remote areas for power generation offers a worldwide opportunity. The feasibility of applying fluidized-bed combustion technology to meet the power needs of the village of McGrath, Alaska, using indigenous fuels will be determined by April 1997. The EERC is coordinating the assessment evaluating local fuel resources, including coal, municipal solid waste, and biomass (wood), as a replacement for the fuel oil currently used for electrical generation and heating in this village. This showcase project, if successful, will lead to commercializing this remote-site power generation technology worldwide.

An assessment is also underway to evaluate the feasibility of a demonstration project in interior Alaska to use coalbed methane in a fuel cell to provide electricity for remote villages. EERC's project currently underway in New Mexico is proving coalbed methane produced waters can be cleaned in a cost effective manner. Successful completion of this demonstration will result in superclean and efficient electricity production using local resources and creating local jobs.

## CLEAN COAL TECHNOLOGY RESCISSION

Senator GORTON. Senator Byrd, since I wasn't here on time, did you ask about and get sufficient answers to questions on clean coal technology and rescissions?

Senator BYRD. Mr. Chairman, I asked some questions, but I indicated that I had a good many additional ones that I would just submit for the record, and so I do not propose to ask any more questions now. I just want to thank you for your being so courteous, as always.

Mr. Secretary, let me add before I leave, I was chairman of this subcommittee for several years, and Senator Gorton has mastered the details of it in 2 years. As a matter of fact, he mastered the details in the first year far more than I had ever been able to accomplish, and he's been a very energetic and I would say accomplished and competent chairman and as far as I have been able to

determine in my membership here, he is just what—you get just what you see. He is right upfront and frank, and I am glad to have him as my chairman of this subcommittee.

If we have to have a chairman of the other party, I will buy this one any day and anywhere. I close by saying I know you are going to have a good relationship with our chairman and our committee, and this bright new member over here, Senator Dorgan, he is one of the shining new stars in our Senate.

I am not just passing out compliments today, but I have long ago come to the conclusion if you have got some good things to say, do not hesitate to say them about people, and say them right upfront, and if you cannot say good things, why, do not say anything until you have to, and then say it loud and clear.

FEDERAL ENERGY MANAGEMENT PROGRAM

Senator GORTON. That is great advice. I thank you very kindly, Senator Byrd. I hope I can live up both to that reputation and to your advice about how to deal with other people.

Again, Mr. Secretary, a few more questions before we submit a significant number to you in writing. Cooperation and support that you are getting from other agencies on energy management, can you comment on that? Are there some that are doing well and some that are doing poorly and how do you set your priorities when you have to deal with your equals in other agencies and attempt to persuade them to help you with your mission?

Secretary PEÑA. Mr. Chairman, I believe that the other department heads know that this is an important matter, and the President has made it a priority. I look forward now that I have the primary responsibility among the other Cabinet members in encouraging them to also act and take more appropriate steps here to work with them to be much more aggressive and more thoughtful about how all of the departments can focus on energy efficiency, so that's something I think we can do. We've made some improvements already, but I think there's much more that can be done.

As I begin to elevate the discussion within the administration on this priority of developing an energy independent strategy, which I have talked to the President about, I believe that that particular issue you've raised will take on a bigger importance because, after all, the Federal Government is one of the biggest users of energy in our country, among the various players who use energy, and so we have a responsibility to lead if we're going to work with the private sector and others to encourage them to take some steps.

EPA STANDARD ON PARTICULATES

Senator GORTON. Another subject in which I am sure Senator Byrd will be interested in as well—the new proposed Environmental Protection Agency standards on particulate matter, coupled with what seems to be a less than robust support for research and development on some of the very technologies that may be essential if we are ever to impose such standards. Do you think that the two are realistically related to one another?

Do you have any degree of confidence that we are going to have advanced our technology sufficiently to meet these standards, if

they are actually imposed, without tremendous economic dislocations?

Secretary PEÑA. Mr. Chairman, I can't answer that question today. I can't answer it yet. Obviously, in the months to come all of the departments will be engaged in an administrationwide effort looking at these new proposals, and the question you have raised is obviously one that we're going to put on the front burner.

So hopefully in the next several months I'll be able to answer your question much more specifically. But obviously there are concerns about whether or not we're going to have enough investment in those technologies that will help us meet those goals, and that is something that, since I am new to the Department, I will need to focus on very, very quickly.

Senator GORTON. That is going to be really important. We have how long, do you remember, Senator Byrd, to determine whether or not we would approve or disapprove of those regulations? Aren't they due out in June?

Senator BYRD. I do not recall.

Senator GORTON. When is that?

Secretary PEÑA. I believe you're correct, Mr. Chairman. I think the final rules would come out some time in June, at least under the current schedule.

Senator GORTON. Well, any help you can give us in your predictions as to whether or not the society is realistically going to be able to meet them, and what contribution our research and development will make to being able to meet them, I think is going to be very important because I strongly suspect we are going to be debating that issue here in Congress, don't you?

Senator BYRD. Yes; I bet we will.

ARTHUR D. LITTLE STUDY

Senator GORTON. Some time ago Arthur D. Little performed an analysis of the Department's quality metrics. It seemed to show an overestimation of some of the programs that were funded in this bill. Do you have a response to that study and, if so, is that response in any way reflected in this budget request?

Secretary PEÑA. Mr. Chairman, I have not had a chance to review that Arthur D. Little study, but Dr. Romm would like to make a comment on that, with your permission.

Senator GORTON. Fine. Yes.

Mr. ROMM. Yes; there's been some confusion in the press. That study was actually commissioned by the Department of Energy, it was commissioned by my program, in particular, as a peer review for our estimates of what the benefits of our programs would be so that we could present the most accurate estimates to Congress as possible.

The fiscal 1998 budget request that you have in front of you reflects all of those peer reviewed analyses, and Arthur D. Little wrote a letter, in particular, praising the Department for pursuing an independent peer review of its benefit claims, and at every point in time we have attempted to present as accurate information as possible about the energy and environmental benefits of our programs.

PARTNERSHIP FOR A NEW GENERATION OF VEHICLES

Senator GORTON. Another subject, and I am going to ask this in general terms, as Bruce Evans has written a number of specific questions which you can deal with in writing. I have become increasingly interested, and I think obviously the country is becoming increasingly interested in the research and development of alternative engines for automobiles—electricity—I cannot remember the proper name, but the flywheel technology and different forms of diesel and the like.

Could you give me an overview of that research and development and perhaps say where you think we might be fairly close to a breakthrough, and what the future in the next half dozen years looks like given the contribution of your funded research and development? Any of the technologies seem to you particularly significant?

Secretary PEÑA. Mr. Chairman, I would be happy to. Probably the area where we believe we will see the most significant advancement is in the Partnership for a New Generation Vehicle Program that we started a couple years ago.

While it had, I must say, a somewhat rocky start, I would say that today the program is working quite well. The Department of Commerce is the overall lead of that program, but the Department of Energy is the technical leader of that program. Our goal is to produce a new car that is three times more efficient than cars today, that perhaps can do 80 miles per gallon in terms of efficiency by about 2002.

Mr. ROMM. 2004.

Secretary PEÑA. 2004. Thus far what is very positive about this relationship.

Senator GORTON. 2002 just seems to be a magic year. It seems to just sort of drop off my lips every time whether it is relevant or not.

Secretary PEÑA. It's supposed to be, I think, a 10-year program, but we're already beginning to see some products. Chrysler very recently announced a new fuel cell that was a byproduct of the work we were doing jointly with the partnership. This is a fuel cell that will be able to take ethylene, ethanol, methanol, almost any fuel and have a fuel cell that operates in an effective fashion, and they rolled out that new technology.

So we believe there is great promise here. It is, I think, so likely that 2 years ago when I participated in the European ministers conference where I represented the Department of Transportation from the United States, our counterparts in Europe were so fascinated about the relationship we had established here that they are now doing the same thing, and establishing a partnership with their automakers to see if they can also produce a new car of the next century.

I think this is the area where we will see the greatest promise and thus far I think all the parties to this have worked very well. We're matching our investments one to one. We are basically on target. Mary Good, as you know, is the overall coordinator of this, but our Department is there working hard to make sure we're meeting our milestones.

So that is one example of where Government and the private sector can work together for a public good, for an enormously important objective given the tremendous use that transportation plays in terms of consumption of oil, about 70 percent from transportation.

So we know that on this issue of energy independence, unless we tackle and address the transportation part of this, it will be very difficult for us to make substantial gains in the next century. So I think that's one example of a program that's working well.

Senator GORTON. Is there any implication in your answer that we are spreading our efforts across too many alternative technologies and too thinly, and that we should concentrate on one? Or are we still at an early enough stage that we ought to be going down a number of alleys, hoping that at least one of them is not a dead end?

Secretary PEÑA. Mr. Chairman, at least on this program, and that is the development of a new car, a new engine, as you describe it, this is the focus, and we are all concentrating our resources and our time and our energy on it, and again, this is a very significant public-private relationship, one that is unique in the world.

I think that given the growing confidence that we have established among the parties, some of the early milestones and some of the byproducts that are developed already, that both industry and the Government are developing even a higher degree of confidence in the work that we're doing.

It's difficult. There's no question about that. But I think so long as we continue to be partners by bringing the Federal commitment to the table, the private sector will do the same, and I think we may surprise a lot of people when we can produce that new car in the next century.

HOME ENERGY RATING SYSTEM PILOT PROGRAM

Senator GORTON. You will certainly please a lot of people if you succeed in doing that.

One small request that you have in your budget here, the home energy rating system pilot program in seven States. How long have the pilots gone on? How long will the pilots continue to go on? Are we getting anything out of it?

Secretary PEÑA. If this is, Mr. Chairman, the program where we're going to rate homes, there are a number of States beyond the seven that already have State programs. I think it's 20 or so. So from our perspective, we are continuing to work on this program to determine if we should have a national effort here in rating the efficiency of homes, if that's the subject matter you're asking about. Let me have Dr. Romm amplify that

Mr. ROMM. If you're speaking of the seven pilot States, the pilots are scheduled to go for about 2 years, and I think on average they have gone on about 1 year, so those pilots would be expected to continue for only about 1 more year.

Senator GORTON. Will there be more pilots after that?

Mr. ROMM. If funding permits, basically.

Senator GORTON. Just tell me in general terms what you think your most important functions are with respect to natural re-

sources, mining and the like, your natural gas programs, methane programs and coal mines, and the like.

Secretary PEÑA. Mr. Chairman, there are a number of priorities. For example, slant well drilling has already been successful and tested in a number of States where we have been able to generate very significant increases in output in wells that were essentially inefficient and almost ready to be abandoned.

Our 3–D seismic technology program has been extraordinarily successful and now there's a question whether we should move to a 4–D seismic technology program. There are a number of technologies like that which we think have already been quite helpful.

I think where we want to continue to place emphasis is in working very closely with the independent producers. These are essentially the small companies, the small operations that are only in the production phase. They're not in marketing. They are not in other aspects of that, and since they play such an important role in production, we think that by working more closely with them and sharing that technology, providing advice, we can make them even more efficient.

We are very concerned about the fact that we are losing about 16,000 to 17,000 marginal wells a year. That I think is not good news, and so that is a very high priority if we can find a way to help those small firms be more productive and stay in business and continue to produce. So in that area, I think that is a very high priority for the Department of Energy.

ARCTIC NATIONAL WILDLIFE REFUGE

Senator GORTON. The quest for energy independence has not caused you to begin to reconsider your position on ANWR, I take it?

Secretary PEÑA. Mr. Chairman, as you know, the President had established a position on ANWR sometime ago, and the administration position has not changed.

Senator GORTON. Let me just ask an open-ended question. We have a full series of questions on specific programs here that we will submit to you in writing, but what have I omitted? What area would you like me to focus on or know something about that has not been discussed here this afternoon? Do you have any last set of messages that you or any of your staff would like to leave with me?

Secretary PEÑA. In reviewing, Mr. Chairman, all the questions we covered today from fossil energy to energy efficiency, we didn't cover the Energy Information Administration but that work is superior. Let me turn to my colleagues here and ask, are there any other matters that they suggest we pursue?

I think we've covered the high points, Mr. Chairman, so we look forward to working with you and to answering the very specific questions that the subcommittee members would like to submit to us.

We're very much aware of the budgetary challenges that we all face, but let me say that this area of research and development, and even though it is a small portion of your portfolio here, is critical to our country, and while it may not receive the kind of constant support in terms of at least vocal expression as you see in

other areas, I will make a significant effort to elevate the importance of the work we do in this area to the country.

The American people need to understand that we are facing a very significant challenge, and this is the time to do something about it and not wait until the year 2004 or 2005 when it might be too late.

It seems to me that I have the responsibility, given the fact that I have the knowledge to help educate the American people to help educate other Members of Congress about the importance of these kinds of programs. Otherwise we are going to have a very significant problem, I believe, in the next century if we're not careful and prudent in how we conduct ourselves now.

Senator GORTON. Well, Mr. Secretary, you are a very quick study for the first day in office. You get an A for this performance.

Secretary PEÑA. You're very kind.

Senator GORTON. I hope we continue to work together constructively when the questions get tougher and more difficult, as I am afraid they will as this year goes on, but thank you very much for your coming and for your forthrightness.

Secretary PEÑA. Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

ADDITIONAL COMMITTEE QUESTIONS

ELECTRIC INDUSTRY RESTRUCTURING

*Question.* As a member of the Energy and Natural Resources Committee, I spent this morning in another of a series of workshops that the Committee is holding on electric industry restructuring. It is a highly complex issue about which the Committee, and the Senate as a whole, is trying to educate itself. Perhaps you can help us in this regard on one aspect of the issue.

In my tenure as chairman of this subcommittee, I have heard from both the Department and from industry that private sector funding for energy R&D is becoming more scarce as companies seek to reduce costs in order to survive in increasingly competitive and deregulated markets. Both the Department and industry have argued that this makes Federal R&D support more critical.

At the same time, uncertainty generated by market restructuring has made utilities wary of making major capital investments in new power generation, particularly if there are technological risks associated with the technology involved. As a result, it seems that several technologies developed with DOE support will be slow to be deployed in domestic markets.

I also understand that some states have recognized the relationship between deregulation and energy R&D, and have established R&D funds to assist in the development and commercialization of innovative, "clean" technologies.

How do you view the relationship between changes currently taking place in the electric industry and the R&D programs funded by this subcommittee?

Answer. The transition to competition in the industry will have near-term and long-term impacts on R&D programs. For the near term, utilities are already anticipating the transition to competition. Many companies are focusing intensively on reducing their costs, including research costs, and are making deep cuts, sometimes to survive and sometimes to gain market share. In either case, R&D is often seen as a non-vital expenditure, except for projects that promise immediate cost savings for the company. As a result, corporate commitments to internal R&D and to joint efforts with the Electric Power Research Institute (EPRI) are declining. Virtually all research sectors have been adversely affected, but some have been hit harder than

others. R&D pertaining to program areas that have historically led to higher utility costs, such as energy efficiency and renewable generation, has been cut severely, while R&D that could reduce costs in more mainstream areas of utility operations has probably been less affected.

For the long term, we expect that those utility companies that survive the transition to competition will eventually feel comfortable enough about their future to resume some of their R&D efforts. However, we also think that the nature of the R&D utilities support will change. Utilities will emphasize R&D on consumer products and marketing, and less on basic research and pre-commercial technologies. Today, electric utilities cooperate on R&D, but increasingly, companies will be reluctant to commit funds to R&D that could benefit a competitor just as much as themselves. The industry may rely more on generating technology R&D funded by equipment suppliers in the future. R&D related to "public goods," such as environmental protection and reliability, may be more difficult to support in a competitive industry.

*Question.* If Congress acts on deregulation legislation, how can it best ensure that U.S. leadership in energy R&D is maintained?

Answer. One potentially effective way to ensure that U.S. leadership is maintained is to include in the legislation a provision to establish a reliable and predictable mechanism for funding electricity-related R&D.

*Question.* Does the Administration intend to address this issue directly in the legislation it is developing? If so, how?

Answer. The Department believes that funding for research and development should be addressed in restructuring legislation. One option that might be considered would be to establish a federal/state system benefit fund that would fund state-level R&D programs, as well as other state-level public benefits programs such as universal service, conservation programs, and support for renewable technologies. The Federal part of the fund might be funded through a charge (capped at one mill/kilowatt-hour) on all generation sold into the bulk power system. States would be eligible to tap the fund to the extent that they raise matching funds.

R&D AND THE ECONOMY

*Question.* The Executive Summary in the Energy Efficiency portion of the budget justification (p. 254) states that "Since 1992, private industry R&D has stagnated. And today, less than one-third of private R&D is dedicated to research; the rest is being spent on product and process development." What is the cause of this "stagnation" in your view?

Answer. The stagnation in private industry R&D is caused by several factors, including increasing international competition, the structure of our financial markets, and, for energy R&D, pending utility sector restructuring.

The increasing globalization of international markets has led to increased competition among the many international players. For some companies to continue to be competitive in the short-term, they have focused on various areas to cut back on their investments, including personnel and long-term research and development. Many market structures place pressures on publicly traded companies in the U.S., including the need to show positive growth each fiscal quarter. Such a focus on short-term pay back has a negative effect on longer-term investment planning such as utility research and development. In the case of energy-related research and development, the uncertainty due to the pending industry restructuring and the forecast drop in electricity prices has many utilities and energy industry participants also searching for ways to restructure themselves to be poised for competition. This near term market response has for many companies resulted in cutting back on energy R&D. Such cuts recently drew the comments of Kurt Yeager, President and CEO of the Electric Power Research Institute, who warned "Do not let short term expenditures * * * sacrifice the engine of prosperity [R&D leading to innovation and productivity improvement] * * * entitlements cannot be paid if national productivity growth does not continue."

*Question.* Is it the Department's view that in the energy sector the Federal government must "make up the difference" in R&D?

Answer. Historically, research and development in energy-related R&D has worked through a partnership between the energy industry and the Department. Public investments helped underwrite the risks of long-term R&D, and funded activities that helped move technologies which had high social returns into the market. The net effect was to stimulate private investments that yielded social returns to society, including job creation, export growth potential, and cost-effective pollution prevention. However, the private investment in research, development and deployment has decreased by more than two thirds in the past 15 years. Restructuring

and the uncertainty it creates for the market has accelerated this decline. In addition, Federal energy R&D has been cut by 75 percent since the late 1970's.

Our fiscal year 1998 budget request would begin to put us on the path toward addressing this decrease on both sides of the public and private partnership in R&D by attempting to maintain at a minimum a level of Federal investment consistent with that of our international competitors, not increase it. The role of the Federal government and this investment is critical to ensure continued advances in energy efficiency and renewable energy technologies which would decrease our dependence on imported oil, increase our competitiveness, improve our balance of trade, and improve our national health and environmental quality.

*Question.* Since about 1992, the economy has been growing at a fairly steady rate and the stock market has skyrocketed. How do you explain this seeming contradiction between stagnating private sector R&D and continuing economic growth?

Answer. Economic growth occurs for many reasons, including national and international fiscal policies, domestic and international market condition and socio-political-economic change and disruption. Economic growth also tends to be cyclical in nature, with peaks and troughs. Much of the growth of today may be attributable to prior investment in our national economy, including private and public sector investments. In addition, some companies may be currently performing well in the market due to the cuts they have made in long-term investments, such as personnel and research and development. However, the effect of these short-term cuts may not be felt for several years out, even though investments made during economic upswings may very well carry the companies through economic downturns.

EXAMPLES

*Question.* In considering funding for programs that run to the hundreds of millions of dollars, I think it is often helpful to have some specific examples of how this money is being spent. Would you describe for Committee some specific examples of technological advances that have been made in the Fossil R&D or Energy Conservation program in the last fiscal year?

ENERGY CONSERVATION EXAMPLES

Answer. The Office of Energy Efficiency and Renewable Energy has been recognized globally as a leader in applied research and development. In this decade alone, the Office has garnered over 40 major awards for our research, development and deployment. Some examples of technological advances developed by our program activities with labs and partners that received recognition for this past year include:

The oxygen enriched air staging process which integrates two previously competing technologies, simultaneously reducing $NO_x$ emissions and energy use in the glass making process improving process efficiency, energy efficiency and domestic industry competitiveness.

The Benchmarc Catalytic Converter using either electric preheating or chemical catalysis to significantly improve cold start combustion efficiency and significantly reducing emissions and energy waste during cold start in the transportation sector.

The thin film rechargeable Lithium batteries developed with our DOE basic research partner, the Office of Energy Research, in which ceramic deposition technology is used to create battery cell layers small enough to create batteries ten micrometers thick that are capable of nearly infinite recharging. The impact of this development, while important for existing battery applications, is that near nano size technologies that previously were only contemplated are now possible, affordable and reliable.

The UV Waterworks water purifier using the electricity of a lightbulb (40 watts) to kill waterborne pathogens responsible for diseases such as cholera, dysentery, and typhoid that kill millions every year.

FOSSIL ENERGY EXAMPLES

In the past fiscal year, examples of technological advances resulting from Fossil Energy's Coal and Power Systems R&D program include:

Successfully demonstrating two fuel cell power plants leading to ultra-clean, high efficiency distributed and on-site power applications; demonstrating an atmospheric fluidized bed combustor at a Veteran's Administration (VA) Medical Center for safely and cleanly disposing of hospital "red bag" waste and using the waste to generate clean and cost-effective electricity on site; and operating three utility-scale integrated gasification combined-cycle demonstration power plants.

Identifying promising, innovative technologies for cost-effective, ultra-clean emission controls, reflecting the culmination of over 20 years of research and development in concert with the Clean Coal Technology Demonstration program, to meet future, more stringent emissions standards at a fraction of today's cost.

Completing a product development unit test run on co-processing of waste (e.g., plastics, tires) with coal for a direct liquefaction process proving out favorable economics and environmental benefits; extending the commercialization of the Microcel technology, advanced microbubble fine coal cleaning technology developed over the last two decades, to use cleaned coal fines in power generation.

Examples of technology advances in Fossil Energy's oil and gas program in the last fiscal year include: Demonstrating and transferring to industry, using National Lab expertise, six new geophysical imaging technologies that will improve exploratory well success rates from a current average of 40 percent to 50 percent, Demonstrating five new data processing and simulation methods for applying advanced computing technology developed by national laboratories for other government programs to improve domestic prospects for producing natural gas and oil, and

Michigan Technological University, teaming with an operator in the Michigan Basin, targeted production from the Dundee Formation in the Crystal Field, one of 137 older fields that are nearing abandonment. The application of horizontal drilling strategies coupled with new computer modeling and analysis methods has resulted in a demonstration well producing at a rate of 100 barrels of oil per day, 20 times the best conventional well in the field. The successful results have caused 9 new horizontal wells to be permitted for drilling in the Crystal Field and 20–30 additional horizontal wells to be permitted in some of the other fields in the basin.

BENEFITS TO THE PUBLIC—ENERGY CONSERVATION

*Question.* Can you also describe for those examples the benefits to the public resulting from the technology, as well as the reasons why the particular advance would not have occurred without Federal financial support?

Answer. One example is the technology developed related to the glass industry. In addition to the direct and competitive benefits to the U.S. glass industry, this technology is one of the components of our Glass Vision of the Future ($100 million in customer savings by 2000, one-half a million metric tons of carbon emissions displaced, and avoided consumption of more than 20 billion cubic feet of gas). Other work in our Industrial Technology Industries of the Future includes work on a Catalytic Converter. The cold start engine ignition is one of the least efficient combustion processes in the internal combustion engine, and on commuter trips it can be the equivalent of reducing vehicle fuel economy on the order of 1 mile per gallon. This new technology is one element of our advanced vehicle technologies program, the Partnership for a New Generation of Vehicles, which will develop a family sedan capable of 80 mpg without sacrifices in performance, safety or cost. These technologies will enable the U.S. to turn the corner on growing oil imports in the first decade of the 21st century and will result in annual consumer savings of $10 billion and concomitant carbon reductions of 25 million metric tonnes by the year 2010.

An additional example is our work on advanced batteries. The potential commercial impact of this development is to leapfrog current battery technology, with cheaper, smaller, more efficiently made and yet to be determined how many times more rechargeable batteries. While important for existing battery applications, its larger potential payback is that near nano size technologies that a decade ago were only imagined in science fiction will soon be possible, affordable and reliable.

Our work on UV waterworks saves energy compared to conventional water treatment, where it exists. A more important contribution is that it makes water treatment easy and affordable and can readily be applied in parts of the world where it would not otherwise take place. Applications of the UV waterworks kill waterborne pathogens responsible for diseases such as cholera, dysentery, and typhoid that kill as many as four million children yearly.

Funding from our budget request provides at least three value added components to these and all of our programs. The budget provides resources and incentives for a public policy component to business growth while providing simultaneous productivity, economic, and environmental benefits at equal or lower cost and certainly lower current and future social cost. In cases where technology adoption is at least potentially possible and socially desirable, Energy Efficiency and Renewable Energy programs accelerate a possible future providing the energy, environment and economic benefits much sooner than would have been likely and extending the life of existing hydrocarbon stocks for their highest value added contribution. A third element of our involvement and support is to provide a diverse resource pool of technologies that collectively maintain pressure on price and stability on narrowly held

fuel supplies by continuously advancing energy science and technologies and providing a wide variety of options that are appropriate/competitive for many markets and could readily be accelerated and diffused widely if fuel prices or supply became unstable.

BENEFITS TO THE PUBLIC—FOSSIL ENERGY

The examples in the Coal and Power Systems program have resulted in the following benefits. First generation fuel cells are now commercialized with 120 units sold. Demonstration of the advanced generation technology is needed to expand the commercialization of fuel cells for clean, quiet, flexible and portable electricity for distributed and on-site power generation. They can be used in areas where local and regional emissions have difficulty complying with air standards, in remote locations, and in U.S. military installations and facilities around the country and around the world to enhance operational security of these military bases. The development of a domestic fuel cell industry will lead to the creation of thousands of high value, domestic jobs through the launching of a new domestic fuel cell manufacturing industry. The atmospheric fluidized bed (AFB) unit at the VA hospital demonstrates the benefits of AFB technology as a safe and clean way of disposing of "red bag" waste while utilizing that waste to produce clean on-site power. The Integrated Gasification Combined-Cycle (IGCC) advances will lead to world sales of advanced, clean, high efficiency coal based power systems that can use a wide variety of coals. Worldwide deployment of IGCC will allow coal to be used cleanly with reduced emissions, contribute to stabilizing greenhouse gas emissions, and create thousands of domestic jobs through international sales.

The latest concepts for environmental controls are the culmination of twenty years of R&D advances and the Clean Coal Technology Demonstration projects on environmental systems which have resulted in lower cost and more effective $SO_2$ scrubbers for coal-fired power plants. Currently one-quarter of all U.S. electric capacity (77 gigawatts) use these scrubbers which represent a reduction of $40 billion in compliance cost according to a report done by Energetics, Inc. on the benefits/costs of the U.S. DOE Clean Coal RD&D program. While coal use for electric power generation more than doubled from 1970 to 1995, $SO_2$ and particulates came down by 27 percent and 90 percent respectively. In the same period, the average plant emission rate was lowered by 70 percent for $SO_2$ and 90 percent for particulate matter. In addition, a new generation of low $NO_x$ burners and post-combustion devices have been developed in partnership with industry. Burner sales have exceeded $750 million, and are projected to approach $4 billion by year 2000. Previously available technology would have cost an order of magnitude more to achieve the same $NO_x$ reduction. Sales of post-combustion technology (like Selective Catalytic Reduction) are projected at over $2.5 billion by year 2000. Previously, this technology cost twice as much as today's version.

The advances in clean coal fuels technology have both environmental and long term energy security benefits. The tests on co-processing of waste with coal have confirmed the potential for favorable environmental and economic benefits for a direct liquefaction technology which can address the long standing environmental concerns with the large volume of waste plastics and mountains of used tires that continue to grow. Equally important, this technology offers an important option for addressing energy and oil security concern associated with our continued reliance on oil imports. The commercialization of the Microcel coal cleaning technology, being sold worldwide, is the culmination of research that started in 1980 and funded by the Federal Energy Technology Center. The benefits of this technology are that it provides a cost-effective means for emissions compliance prior to coal burning, it can use the over 2 billion tons of coal fines currently sitting in refuse ponds as fuel in clean power generation, and it is being used for various non-coal mineral processing applications around the world.

Prototype devices for five geophysical imaging technologies have been completed and are undergoing field trials, and one technology has been commercialized. The exploratory well success rate has improved to 48 percent for the first four months of 1996, and continued improvements are expected as new geophysical technologies, including those developed by DOE, are adopted by industry.

The five new data processing and simulation methods projects successfully completed interim products. These improvements are expected to increase U.S. oil and gas production by 1 million barrels of oil equivalent starting in 2001. Accomplishments to date include: computer code that provides a three-fold acceleration for parallel processing of subsalt seismic data; multiphase fluid simulator for underbalanced drilling; publications on prototype computer model to predict geopressured reservoirs; prototype data server available on the Internet; and synthetic seismic

data sets for a subsalt structure and an overthrust structure available for industry use in calibrating processing systems.

Additional development in the Crystal Field alone is expected to recover 2 million barrels of oil. The redevelopment of other fields is anticipated to produce between 80 to 100 million additional barrels with an anticipated tax revenue of about $210 million.

PERFORMANCE MEASURES

*Question.* In reviewing the Energy R&D budget, it appears as if the Department has a program in virtually every area where there is a potential for energy savings (buildings, transportation, power systems). Is it possible that the Department is striving too hard to maintain a program in every energy "niche" without taking a hard look at the energy conservation benefits derived from these programs?

Answer. Energy conservation, fuel diversity, social and economic benefits to consumers and business, public needs, and the longer-term are all integral to our portfolio—we strive for an energy portfolio that is sustainable. While striving for sustainability and diversity in fuel and efficiency technology, the Department works with industry and the public to develop the critical few technologies that meet their expected needs, satisfy their market demands and are responsive to the charge of government to meet social needs not addressed by commerce and States. The process we use is to engage the business and consumer public in describing a likely and desired future and to work together to develop a sustainable future—government focusing on the social and high-risk components of that vision and industry, business and the non-federal government/public sector focussing on their direct constituency. Working together we prioritize and integrate the work and outcomes into a solution in which the parts work together better and the social and economic sum is greater than the sum of the parts would have been. Excellent examples of this strategy and the prioritization of our program focus are working in our Industry of the Future programs, Clean Cities, the Partnership for a New Generation of Vehicles, and our Federal Energy Management Program. A parallel process in underway in our buildings programs.

Early in technology development when the risk is high and the outcome/value uncertain, we solicit input from the energy community. As technologies mature, we add partners with social and potential business interests, increasing their involvement and commitments as we advance elements of a technology into tools that can be adopted by the public. This involvement improves products and provides researchers with near real-time feedback for improvements, next generation technologies, market signals of completion, and other needs to which program resources might more productively be spent.

*Question.* The budget justification lists performance measures such as "Quads of energy saved" for each of the major program areas. Do you intend to use these performance measures as a tool in formulating departmental budgets?

Answer. Energy saved, energy produced, energy cost savings, pollution prevented, results and performance and others are integral to the representation of our technologies and the public and internal dialogue used to determine allocation of resources and a balanced portfolio. However, portfolio balance is not limited to these performance measures. Portfolio balance includes considering work that will be performed by others, what will not be performed if we do not play a role, economic risk, technology risk, hedging, intergenerational equity, scale, need for catalysis, and many other factors. Some of these factors that go into considered judgment, business decisions and wisdom, are neither readily quantified nor even listable. Performance measures are integral to budget formulation but are more fundamentally important indicators to determine how we are doing our work, what is working, what needs mending, what can be emulated, what can be improved, setting goals, modifying plans, helping individuals measure the benefit of their effort and providing the public with some measure of what their investment has provided.

*Question.* Please provide for the record a table that shows a side-by-side comparison of budget levels for major areas (i.e., transportation, buildings) and the principal performance measures or "metrics" being used to measure program success.

Answer. The attached table details budget levels for our major programs and progress and outcome metrics:

[Dollars in millions]

| Sector | Budget | 1998 progress metric | Fiscal year 1998 | | Fiscal year 2010 outcomes |
|---|---|---|---|---|---|
| | | | MMTCE | Quads | Goal and savings |
| Industry | $139 | Three IOF visions; 2 signed and 1 developed | 48 | 1.5 | Seven visions and road maps implemented, saving industry $10 billion. |
| Transportation | 203 | Demonstrate a 50 mpg family concept car | 25 | .6 | An 80 mpg family sedan prototype in 2004, saving consumers $10 billion. |
| Buildings, States, communities | 302 | Develop a strategic vision for buildings, weatherize 60,000 plus homes. | 67 | 1.6 | Implement the vision and road map with partners, adding +$20 billion to consumer savings in 2010. |
| Federal energy management | 31 | Cut $700 million from the Government's energy bill over a 1985 baseline. | 1 | .2 | Cut government energy consumption by 30 percent by 2005 over a 1985 baseline. |

STATE AND LOCAL PARTNERSHIP PROGRAMS

(PERFORMANCE MEASURES)

*Question.* The performance measures for Weatherization and the State Energy Conservation Program indicate that the Department expects the two programs in fiscal year 1998 to result in the conservation of .0014 and .007 quads of energy, respectively. The fiscal year 1998 request for Weatherization is $154.1 million, the request for SECP is $37 million. In light of the projected energy savings—which would seem to be the primary goal of the two programs—why is the Administration requesting the same increase for both programs on a percentage basis, and a vastly larger increase for Weatherization in absolute dollars?

Answer. Although both the Weatherization Assistance Program and State Energy Program (SEP) have the goal of creating energy savings, and, indeed, significant returns are realized through both programs, the Administration's budget request takes into account the two different program structures. With regard to the SEP appropriation request, the Department has addressed some of the needs for SEP activities by complementing them with DOE end use conservation program activities which also were targeted for implementation by States, consistent with states' Annual State Plans under SEP. These SEP Special Project activities funded from other DOE conservation programs are expected to continue in fiscal year 1998.

Under SEP, annual appropriations are allocated to States by formula and are used for program projects specified in each State's approved plan. SEP has consistently leveraged $4 of Petroleum Violation Escrow (PVE), State, local and private funds for every $1 of appropriated funds. The addition of SEP Special Projects has expanded the program, allowing States to implement State-oriented building, industrial, transportation and utility sector projects. Special Projects contributions from DOE end use programs of $11.2 million in fiscal year 1996 and $9.8 million in fiscal year 1997 represented an increase of 38 percent over the total of $55 million appropriated for SEP in those two years. SEP enables States to address both local energy priorities and National energy initiatives. The Administration's budget projects an overall energy savings of .007 quads from all sources of funding.

In contrast, the Weatherization Program utilizes partnerships between State and local-level weatherization agencies. Specifically, DOE awards grants to States, which then award grants to the local agencies, usually community action agencies or other nonprofit or government organizations, to perform the actual services. Nearly 14 percent of currently eligible households have received weatherization services. Low-income households spend about 14 percent of their annual income on energy vs. 3.5 percent spent by other households. The program provides a benefit of $2.40 for every dollar invested in Weatherization and leverages an additional $3.39 from other Federal, State, local, and private sources. Additional benefits include: improvement of neighborhood housing conditions, reduction of power plant emissions, and providing education and practice with regard to newly developed conservation tools, materials, and techniques. The Administration's 1998 budget anticipates direct energy savings of .0014 quads from the DOE funding only. Thus, total savings from all funding sources are approximately three times greater.

*Question.* Are we getting the biggest "bang for the buck" with this allocation of Federal dollars?

Answer. Both the Weatherization Assistance Program and the State Energy Program (SEP) are cost-effective energy programs. The Department has recognized the impressive program impacts of SEP by utilizing it to implement State-oriented Special Projects in the buildings, industrial, transportation, and utility sectors. Special Projects contributions of $11.2 million in fiscal year 1996 and $9.8 million in fiscal year 1997 from DOE end use programs represent an increase in the dollars allocated to SEP by 38 percent over the appropriated total of $55 million for fiscal year 1996 and fiscal year 1997. SEP Special Projects funding from DOE conservation programs is expected to continue in fiscal year 1998.

ENERGY CONSERVATION

ARTHUR D. LITTLE STUDY

*Question.* Some time ago, Arthur D. Little performed an analysis of the Department's "quality metrics." That study seemed to show that the Department has overestimated the benefits of many of the Energy Conservation programs funded in this bill. What is the Department's response to the Arthur D. Little study?

Answer. The Arthur D. Little (ADL) study was used by DOE in formulating the fiscal year 1998 request. DOE used the most conservative estimates at hand while formulating the budget, and these estimates were very close to the final numbers

arrived at by DOE with ADL review and assistance. While the final numbers in many cases were smaller than the preliminary energy savings, the benefits to the nation in energy productivity improvements, pollution prevention, and national security still demonstrate that energy efficiency and renewable energy technology programs are important to the nation. ADL stated "Overall * * * the selection of technologies in the DOE (Energy Efficiency) portfolio are very reasonable. They are in line with R&D programs of other industrialized countries and have gained a high level of industry support in the U.S. The portfolio mix in the post 2000 time frame will place the U.S. in a highly competitive position in the coming decades."

*Question.* Are the results of the study reflected in the fiscal year 1998 budget request? Have the budget requests for certain programs been increased or decreased in part because of this study?

Answer. The analysis of the expected energy savings in the future allowed DOE management to gain an understanding of how these programs related to DOE's strategic goals of maximizing energy productivity, preventing pollution, and enhancing our energy and national security. The analytical information from the study informed the decision making process in DOE as the fiscal year 1998 budget was developed, although other considerations also drive the Department's investment decisions, including priorities of the Administration, legislative requirements, stakeholder assessments of market opportunity, as well as the desire to capture benefits that are not easily monetized such as environmental or national security benefits. The use of portfolio selection criteria for our budget decision analysis is complex, and we are not able to ascribe specific increases and decreases in our request directly to a single set of criteria.

*Question.* Will the department continue to use such outside reviews to shape its programs and budget requests?

Answer. Yes, this year we are planning to expand our external review to a broader array of experts from business, industry, academia, and both government and non-government public sector.

*Question.* Will such reviews contribute to the Department's planing process pursuant to the Government Performance and Results Act?

Answer. The Office of Energy Efficiency and Renewable Energy has traditionally asked for stakeholder input for developing its strategic plans, portfolio planning, validation of metrics and performance. In response to the Government Performance and Results Act we have broadened our measures, exposition of measures and plans, and feedback from the entire spectrum of the public interested in EE's plans, performance and outcomes.

## TRANSPORTATION

### INFRASTRUCTURE, SYSTEMS AND SAFETY

*Question.* A significant increase is requested for Infrastructure, Systems and Safety. Is the entire increase attributable to commencement of Phase II of the corridor development program?

Answer. The fiscal year 1998 budget for Infrastructure, Systems, and Safety requests a $3.1 million increase over fiscal year 1997. Of the increase, $2.5 million is for Phase II of a nationwide infrastructure and corridor development program. The additional $600,000 is requested to expand and refine systems and safety analysis of refueling, transport, and delivery infrastructure for alternative fuels.

*Question.* Exactly what does Phase II of the program entail?

Answer. Starting in 1995, the Department has worked with the Clean Cities and States to encourage private investment in refueling development in key regions and along key transportation corridors. We have supported State efforts to expand ethanol infrastructure in the Midwest, and liquefied natural gas corridor development in the West, among others. The Department's infrastructure and corridor development strategy encourages the use of Clean Cities as "anchors" in a strategic "backbone" that can dramatically increase the attractiveness of alternative fuels for fleets. In fiscal year 1997, we are launching Phase I of our nationwide program by building on the successes of these early pilot efforts. Phase I will involve sharing lessons learned; bringing local, State and regional organizations together to develop strategic plans for infrastructure and corridor development; increasing private participation; and providing grant funding to the States of about $1 million to catalyze infrastructure and corridor efforts. In fiscal year 1998, Phase II will strengthen that effort, provide a second-round of funding to Phase I participants, and expand the program to additional regions.

*Question.* How many years will it take and what are the expected costs?

Answer. Analytical work by the Department has indicated that the success of alternative fuel vehicle programs will depend in large measure on the availability of sufficient refueling infrastructure. This finding has been confirmed by fleet operators and other stakeholders in Departmental hearings. The Department's financial investment is insignificant relative to the private investment that must be the driving force for any significant penetration of alternative fuel or electric infrastructure if these fuels are to be competitive. However, a small but significant investment by the Department of $3–10 million per year for the next five years could be instrumental in catalyzing the growing alternative fuel market, supporting existing private investment, and attracting additional private investment.

*Question.* How will monies appropriated in fiscal year 1998 be used?

Answer. These funds will be used to catalyze Clean Cities and State cost-shared efforts that leverage significant private investment and increase the use of other Federal funding, such as Federal Highway funding. Infrastructure and corridor development projects typically include analytical work, planning, market development, public education, and acquisition and construction of refueling stations, of which the Department's funding plays a small but significant part.

*Question.* What would be the impact of level funding or a much smaller increase?

Answer. Level funding would not allow the Department to expand successful programs to other States and regions of the country, reducing the potential for a nationwide market for alternative fuels; and would not allow the Department to conduct the analyses needed to support an expanded market. A smaller increase than requested would restrict the number of regions.

VEHICLE FIELD TEST/EVALUATION

*Question.* A $1.3 million increase is requested for Vehicle Field Test/Evaluation, some of which will be used to acquire and test new electric vehicles. For whose use are these vehicles being purchased?

Answer. The vehicles will be purchased for testing and evaluation by both public and private fleets. The two private organizations are Southern California Edison in conjunction with the California Air Resources Board and AAA of Southern California Systems; and Electric Transportation Applications in conjunction with Arizona Public Service, Salt River Project, Potomac Electric Power Company, and Underwriter's Laboratory. These two qualified vehicle test sites will purchase a limited number of electric vehicles for testing and evaluation on at least a 50 percent cost-share basis. Historically, additional utility expenditures increase the private cost-share percentage to well above 50 percent. Another portion of the funds will be made available to the Federal agencies to procure electric vehicles in accordance with Executive Order 13031 for testing and evaluation within the Federal fleet. Operational data will be provided by the agencies to the Department of Energy.

*Question.* Is this the first year in which funds in this activity will be used to actually purchase vehicles?

Answer. No, the program has provided funds on a cost-shared basis to purchase several thousand electric vehicles for testing, evaluation, and demonstration in both public and private fleets since its start in 1977. The program was known as the Site Operators Program until 1994.

*Question.* How many vehicles will be purchased?

Answer. The private organizations will purchase approximately 50 electric vehicles for testing and evaluation under this program. For Federal agencies, the expectation is to provide sufficient funding to test and evaluate up to 100 electric vehicles within the Federal fleet, bringing the total number of electric vehicles funded by fiscal year 1998 funds to about 150.

ADVANCED BATTERY DEVELOPMENT

*Question.* $15.8 million is requested for Advanced Battery Development. Will the Department continue work on the mid-term nickel metal hydride battery in fiscal year 1998?

Answer. The Department anticipates that the United States Advanced Battery Consortium will complete all work on the mid-term nickel metal hydride battery in fiscal year 1998.

*Question.* Are fiscal year 1998 funds requested for this purpose?

Answer. About $1.0 million is requested for fiscal year 1998.

*Question.* What is the status of this development effort?

Answer. Both development contractors are establishing the capability to manufacture this battery in response to market demand. The cost reduction programs begun in fiscal year 1996 are improving the ability of this technology to compete in the marketplace.

*Question.* How much is requested in fiscal year 1998 for work with the long-term lithium-based technology team?

Answer. The Department estimates that $12 million will be used to support the long-term lithium-based technology team.

*Question.* If funded in fiscal year 1998 at the request level, how much does the Department anticipate will be required in fiscal year 1999 for this effort?

Answer. The Department estimates about $4 million will be required in fiscal year 1999 to fund currently planned efforts. It is anticipated that the United States Advanced Battery Consortium may request additional funding in fiscal year 1999 for long-term advanced battery development.

HYBRID PROPULSION SYSTEMS

*Question.* $45 million is requested for Hybrid Propulsion Systems, a $6.15 million increase from fiscal year 1997. What would be the impact on program schedule if funding were held at the fiscal year 1997 level?

Answer. Reducing the budget to the fiscal year 1997 level will not only hurt the base program to develop a propulsion system capable of achieving 50 mpg in a mid-size automobile but will also have a significant negative impact on the development time for technologies that have the potential to be used in the Partnership for a New Generation of Vehicles (PNGV) program that are currently under development in the current contracts. Some technologies are strong candidates to move on to the next phase, Phase II, aimed at the 80 mpg target. If these candidate technologies are not funded in fiscal year 1998, the outcome will be to significantly increase the risk to achieve the 80 mpg fuel economy and stringent emission targets by the 2004 time frame because of the compressed development time. Level funding will also cause the current program to be extended by at least six months, moving the delivery of test bed vehicles into the mid-1999 time frame and increasing the overall cost of the program. This will delay obtaining important vehicle integration test data which will benefit solving integration issues in the Phase II program. The increased budget request is also directed at developing a broader supplier base of innovation and competition from which the automobile companies can draw to improve the chances for program success and reduce the risk of having a very limited number of suppliers on which to rely. Many smaller companies have unique and innovative technologies that have not been part of the current program. This budget request accounts for identifying these very promising companies whose ideas have not been evaluated and integrated into the existing partnership.

*Question.* What if funding were increased by only half the requested amount?

Answer. Reducing the budget to half the requested increase would impact the planned expansion of the supplier base and thus increase the risk for program success.

*Question.* Does the Department anticipate a further increase will be requested in fiscal year 1999?

Answer. Planned funding for fiscal year 1999 is expected to remain at the fiscal year 1998 requested level because the next phase of the hybrid program, Phase II, requires further efficiency improvements in the propulsion system and advances in vehicle systems, such as, lighter weight materials and reductions in accessory loads resulting from more efficient designs.

HIGH POWER ENERGY STORAGE

*Question.* The request for High Power Energy Storage nearly doubles to $15 million. What would be the impact on program schedule if funding were held at the fiscal year 1997 level?

Answer. High power energy storage is one of the performance-limiting subsystems in hybrid vehicles for PNGV. High power batteries, ultracapacitors, and flywheels have been identified as potential energy storage candidates. If funding were held at fiscal year 1997 levels, the effort to scale up laboratory high power battery cells to 50-volt modules would be stretched out, and promising baseline battery technologies would be prematurely eliminated. This will triple the risk of failure; and the stretch-out would delay the fiscal year 1999 start of the development of the required 400-volt energy storage system for PNGV. Laboratory ultracapacitors will not be transitioned to industry for scale up. Flywheel efforts will be drastically reduced or eliminated. Seventy-five percent of the exploratory research aimed at improving power density, cycle life, and charge acceptance of the candidate high power technologies will be eliminated or deferred.

*Question.* What if funding were increased by only half the requested amount?

Answer. If only half of the increase is funded, the development effort to scale up one of the three laboratory high power battery technology options to 50-volt modules

would continue on schedule for fiscal year 1998. Risk of failure would be reduced to double; and the development of the required 400-volt energy storage system would not begin until mid-fiscal year 1999, about a year delay. Laboratory ultracapacitors will not be transitioned to industry for scale up. Flywheel efforts will be reduced—delaying the development of models and a safe containment system. This would move flywheels out of the PNGV time frame. Fifty percent of the exploratory research aimed at improving power density, cycle life, and charge acceptance of the candidate high power technologies will be eliminated or deferred.

*Question.* Does it make sense to consider the requested increases for this activity and for Hybrid Propulsion Systems in tandem, i.e., should any increases provided be proportional?

Answer. No, it does not make sense to consider the requested increases for this activity and for Hybrid Propulsion Systems in tandem. The development of the high power energy storage system is not paced by the development activity of the hybrid propulsion system, but rather by the considerable research and development effort that is required to mature the energy storage technology from potential laboratory-scale devices to full-size, 400-volt energy storage systems. Since this development effort is a long-lead, critical component R&D item for a viable hybrid propulsion system, the development effort needs to be accelerated with additional resources. Its funding should be considered as a separate activity that is required for the development of hybrid vehicles.

FUEL CELL R&D

*Question.* Within the request for Fuel Cell R&D, there is a significant shift away from Systems Development and towards Component, Reformer and Storage R&D. What is the reason for this shift?

Answer. The previously funded system efforts with General Motors, Ford, and Chrysler-Pentastar have been successful in identifying system level requirements and research challenges associated with the components which make up a fuel cell system for automotive applications. Therefore, the shift reflects the program's emphasis on working directly with fuel cell suppliers for the development of an on-board fuel-flexible fuel processor capable of operating on gasoline, methanol, ethanol, or natural gas. Previous research and development has identified key barriers to this technology which will be addressed, i.e., improved carbon monoxide clean-up devices; compact, efficient heat exchangers; and integrated fuel processor components (fuel purification system, heat exchangers, controls and sensors), into a vehicle-ready 50 kW system capable of rapid start-up and fast transient response. In addition, increased component R&D is necessary to reduce size, weight, and cost of the current fuel cell stack for automotive applications. R&D activities will focus on membrane-electrode assemblies using lower platinum loadings or non-platinum catalysts; low-cost, lightweight bipolar plates; high efficiency, compact compressors; and materials/processes amenable to low-cost, high-volume manufacturing. The system effort in the out years may increase to address R&D challenges associated with integration of the 50 kW fuel-flexible fuel cell system into a vehicle. Plans are that vehicle integration efforts would be done at 50–50 cost share.

*Question.* Does the Department anticipate requesting a further increase for Fuel Cell R&D in fiscal year 1999 if funded at the request level in fiscal year 1998?

Answer. The fiscal year 1999 request will depend on the current progress of the program. If fuel processor and fuel cell stack R&D activities are successful, additional funds will be needed for validation of these technologies in integrated fuel cell systems, and for testing these systems under normal drive cycles and required operating conditions (e.g., start up at 40° C) in a test bed vehicle. If key technical targets for fuel processor and fuel cell component technologies are not achieved, a sustained funding at the fiscal year 1998 level will be required to accomplish the R&D challenges associated with these major components.

*Question.* What does the Department make of recent demonstrations of fuel cell vehicles by foreign automobile manufacturers?

Answer. The recent demonstrations of fuel cell vehicles by Daimler-Benz and Toyota indicate to the Department that the potential benefits of fuel cell technology are clearly recognized worldwide. Furthermore, it also indicates that the promise of fuel cells is sufficiently bright that private industry, in partnership with government, is committed to sharing in the costs of future research needs. On the other hand, while these early demonstrations of research vehicles highlight the potential for fuel cell technology, there still is a great deal of enabling research and development work on components and systems that must yet be completed to meet automotive requirements in terms of performance and driving range.

*Question.* Where do United States manufacturers stand in comparison to Japanese and European manufacturers in fuel cell development?

Answer. For stationary power generation, U.S. fuel cell manufacturers are clearly the world leaders, a position resulting from the significant U.S. government investment in stationary fuel cell technologies. For transportation fuel cells, where U.S. government investment has been comparatively smaller to date, U.S. developers are facing fierce competition from abroad where public and private investment has increased dramatically recently. As a result, U.S. manufacturers are slightly behind, but narrowing the gap, in fuel cell stack technology. To their credit, U.S. developers are equal to or slightly ahead in fuel processing technology at this time.

*Question.* How dependent is the successful deployment of fuel cell technology on the development of advanced battery technology?

Answer. Development of advanced battery technology, like improved electric drive systems or lightweight materials, could certainly contribute to enhancing the successful deployment of fuel cell vehicles. Advanced batteries could ameliorate the requirements currently placed on fuel cells in terms of their power density and needed start-up time. However, fuel cell vehicle conceptual designs being pursued include either stand-alone fuel cells operating with on-board hydrogen storage which require no batteries, or alternatively, liquid fueled fuel cells which are battery augmented. Thus, depending upon the particular design approach and fuel used, fuel cell vehicles may or may not be dependent upon advanced battery technology.

*Question.* There recently were trade press reports describing the discovery of carbon materials that could potentially provide hydrogen storage sufficient to give a fuel cell vehicle a 5,000 mile range. Has the Department reviewed this information? Could this discovery have any impact on near or medium-term fuel cell development?

Answer. The Department is aware of the published results of the data generated by Northeastern University and has sent researchers to the university to observe the tests and talk to the Principal Investigators. The results reported by the university indicate a relatively large amount of hydrogen fuel could be stored and are significantly different from results reported by other laboratories for carbon-based storage systems. These results appear to warrant further validation.

This technology is relevant to hydrogen storage onboard a vehicle and is not directly related to fuel cell development. However, if this material could be incorporated into a storage system with a fuel cell, it would solve one of the many challenges facing the introduction of fuel cell vehicles.

ADVANCED AUTOMOTIVE TECHNOLOGIES

*Question.* The "metrics" for the Advanced Automotive Technologies program appear to be about 2–3 times higher than those for Advanced Heavy Vehicle Technologies, but the funding request is approximately 7 times higher. How does the Department account for this seeming imbalance?

Answer. Both of these programs have the potential to be cost-effective ways to reduce petroleum dependence in the transportation sector and deserve strong government support. Advanced Heavy Vehicle Technologies is a new program that has grown at only a modest rate because of the major financial commitments to the domestic auto companies.

The heavy vehicle program is modifying an existing diesel engine technology that has been in operation for many years to make it cleaner, more efficient, and useable in light trucks. While this is a formidable technical challenge, it is less challenging than designing technologies that will introduce electric drives, battery use and storage, alternative fuels, and fuel cells into automobiles.

*Question.* The budget request indicates that the Department is targeting development of highly clean and efficient diesel engines for heavy trucks, and hopes to devolve this technology to increasingly popular light trucks/sport utility vehicles. Are the Department and its partners concerned that the popularity of light trucks might be on the wane by the time diesel technology is developed for use in light trucks?

Answer. Industry market studies indicate that light trucks/sport utility vehicles will continue to increase from 47 percent of light vehicle production in 1996 to somewhat over 50 percent by 2001, when it is expected to stabilize. These classes of vehicles have relatively poor fuel economy compared to automobiles, worsening the oil use situation in the U.S. This situation is substantially driven by the continuing availability of low-cost petroleum, which is expected to continue well beyond the date of introduction of the clean diesel engine to light trucks. Regardless of whether the popularity of these vehicles continues to increase or decline, there is still the imperative to increase their efficiency. Simple substitution of a low emission, high

efficiency diesel engine for the conventional gasoline engine will increase its miles per gallon by 50 percent.

*Question.* The budget request for Automotive Materials Technology/Propulsion Materials is reduced by $2.25 million. What is the impact of the reduction in Propulsion Materials?

Answer. The major activity in the Partnership for a New Generation of Vehicles gas turbine effort in fiscal year 1998 is the development of ceramic manufacturing technology for critical gas turbine components, including a high speed rotor, combustor, and heat recovery system. The reduction in the Automotive Propulsion Materials budget will reduce the scope and stretch the schedule of the industry effort in ceramic manufacturing of these parts and the supporting technology programs at national laboratories and universities. The schedule for the go/no-go decision on the turbine option will be delayed until mid-2000 because of the funding reduction.

*Question.* If funded at the request level, will the Department have sufficient information on key components to make a go/no-go decision on the turbine option by mid-1999?

Answer. If funding were restored to the fiscal year 1997 level of $6.5 million, it is expected that the ceramic manufacturing technology effort could be accelerated sufficiently to make a go/no-go decision by the end of 1999 to determine if the gas turbine remains a viable candidate for incorporation into the PNGV 2002 concept vehicle.

NORTHWEST ALLIANCE FOR TRANSPORTATION TECHNOLOGIES

*Question.* In the last year the Department has joined in supporting the formation of the Northwest Alliance for Transportation Technologies. What benefit does the Alliance add to the DOE Transportation program in terms of expertise, coordination and other factors?

Answer. The development of an ultra-high mileage and environmentally friendly vehicle of the future will require the introduction of lightweight materials into vehicle production while maintaining structural integrity, strength, and safety.

PNGV identifies aluminum, magnesium, titanium, and polymer composites as enabling lightweight materials. Before these materials find extensive use in automobiles, enabling manufacturing technologies that significantly reduce the cost of primary aluminum, magnesium, titanium, and polymer composites are required. Furthermore, the forming and joining of these materials for automotive applications will need to be addressed. The Northwest aerospace industry has been a world leader in the utilization, forming, and joining of lightweight materials. The infrastructure surrounding the Northwest aerospace industry includes primary aluminum, magnesium, titanium, and composite manufacturers (Tier I), as well as part forming and materials joining manufacturers (Tier II).

The Northwest Alliance for Transportation Technologies (NATT) will significantly benefit the DOE Transportation Technologies program by accessing and utilizing the established aluminum, magnesium, titanium, and composite manufacturing expertise built around the Pacific Northwest aerospace industry to address the critical lightweight materials objectives of PNGV. Also, NATT will provide an avenue for Tier I and II materials suppliers to play an active role in the DOE Transportation Technologies program. Tier I and II suppliers will ultimately be responsible for both reducing the cost of critical lightweight automotive materials and producing automotive production quantities.

The NATT will coordinate collaborative projects with industry, national laboratories, and universities to develop enabling manufacturing technologies that will lead to an increased use of lightweight materials in automobiles. One objective of these collaborative projects is to team with primary suppliers of aluminum, magnesium, titanium, and composites, such that technical advances can rapidly move manufacturing volumes required for the transportation industry. NATT will also coordinate projects to develop advanced forming and joining technologies that more effectively utilizes lightweight materials.

*Question.* Does the Department anticipate a continued productive working relationship with the Alliance?

Answer. Yes, the Department anticipates a very productive relationship with the Alliance, continuing to build on the partnerships established in fiscal year 1997. The introduction of lightweight materials into the transportation sector is critical for all future vehicle concepts. NATT not only allows the lightweight materials expertise developed in the aerospace industry to be accessed and utilized but it also incorporates the critical Tier I and II aluminum, magnesium, titanium, and composite materials manufacturers need to reduce primary and secondary material costs. NATT comprises an integral part of existing DOE transportation programs.

*Question.* What are some examples of work to be performed by the Alliance in fiscal year 1998?

Answer. fiscal year 1998 projects will focus on developing enabling technologies that lead to both the near term and longer term introduction of aluminum, magnesium, titanium, and polymer composites into automotive vehicles. Projects will address specific PNGV needs not currently funded by the DOE Transportation Technologies program. Project areas will include development of manufacturing processes that reduce the cost of primary magnesium, development of manufacturing processes that reduce the cost of primary titanium, development of aluminum forming processes that increase the utilization of aluminum in automobiles, and innovative development of fiber reinforced composites for automotive applications.

PROGRAM DIRECTION

*Question.* The justification indicates that the Program Direction activity for fiscal year 1997 is being evaluated to address a projected end-of-year shortfall of $650,000. How does the Department plan to address this shortfall?

Answer. The Department is addressing this shortfall by implementing several actions. To date, the Office of Energy Efficiency and Renewable Energy has requested and received approval from the Office of the Chief Financial Officer to recover prior year deobligations (PYD), which had resulted from the close-out of expired contracts, to offset the projected shortfall. These prior year deobligations from various Sectors plus carryover balances from the Industry Sector were internally reprogrammed to the Transportation Sector's Program Direction area, in accordance with Congressional guidelines and thresholds.

*Question.* Why has a "contingency" of $300,000 been requested for fiscal year 1998?

Answer. The contingency of approximately 4.7 percent is requested to accommodate variables such as payment for overtime and compensatory time, promotions and within grade salary step increases, benefits for former personnel, and other similar types of payroll activities to help preclude the need for a reprogramming action.

*Question.* The $210,000 requested for employee incentive awards appears to mean an average of more than $3,500 per person. Assuming not all employees will earn incentive awards, is the amount requested appropriate?

Answer. Although it is not envisioned that all employees will earn an incentive award we believe the $210,000 is the appropriate amount for special act and service awards, employee incentive awards, and group awards.

BUILDINGS SECTOR

*Building America*

*Question.* The request for Building America indicates that industry teams will transfer system innovations to 15,000 homes over the next four years. Why is it necessary to demonstrate innovative systems in 15,000 homes before such systems are adopted as regular industry practice?

Answer. It is projected by the year 2000, the Building America DOE/Industry cost-shared partnership will have developed 2,000 highly energy efficient, environmentally friendly, and cost-effective houses in a number of communities. The technical dissemination, not demonstration, spinoff to regular industry practice is anticipated to be 15,000 houses constructed by other builders and developers applying the Building America system integration methods currently under development.

*Question.* How many states currently have Building America programs?

Answer. At present, the four Building America teams have projects under construction or to be initiated during fiscal year 1997 in 11 states: Arizona, California, Florida, Idaho, Illinois, Massachusetts, Nevada, New York, North Carolina, Pennsylvania, and Texas. The four Building America teams are composed of a total of more than 70 industries in 27 states: Arizona, California, Connecticut, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nevada, Pennsylvania, New Hampshire, New Jersey, North Carolina, Ohio, Rhode Island, Virginia, Tennessee, Texas, Washington, and Wisconsin.

HOME ENERGY RATING SYSTEM PILOTS

*Question.* $1.5 million is requested to continue Home Energy Rating System pilots in seven states. What progress have the pilot states made in implementing HERS?

Answer. The objective of the pilot states effort has been to overcome the barriers to the use of home energy rating systems and energy efficiency financing. Progress

in meeting these objectives has been constant in the seven HERS pilot states. Over $150 million in energy efficiency mortgages were issued in these states through the spring of 1996 and a substantial amount of additional energy measures were installed based on ratings. Tens of thousands of ratings have been conducted and thousands of lenders, realtors, builders and appraisers have been trained.

*Question.* When does the Department propose to cease requesting funding for the existing pilots?

Answer. Funds for the pilot states will be reduced under the fiscal year 1998 budget proposal and not requested for fiscal year 1999.

*Question.* When the pilots are complete, will the Department propose to divert funds from existing pilots into new states, or does the Department feel HERS will be sufficiently demonstrated in the existing pilot states to allow states to establish their own programs independently?

Answer. There is not a need to replicate the large scale multi-year pilots. Technical assistance to other states however, will be necessary to achieve national acceptance of HERS and increased access to energy efficiency financing.

BEST PRACTICES

*Question.* In the justification for the Best Practices activity, a number of software development programs are described as having generated large energy savings for users. What unique advantage or expertise does the Department have in developing this software that could not be provided by a private software development firm?

Answer. The Department's role in software development stems from its need for energy-focused whole buildings software to carry out its research and development activities, and requests from industry to partner with it to develop software responsive to the defined needs of industry in the predesign, design or redesign in the case of renovation, commissioning and operation of buildings. The software developed for, and stemming from, research and development forms the basis for that developed with industry partners.

The process of ongoing consultation and interaction with industry so that software is responsive to its needs is time-consuming and costly. No single, private software developer has exhibited the ability to invest the time required for validated, energy-focused software tailored to the specific steps of the predesign, design and redesign, commissioning and operation of buildings. The software needs for specific types and sizes of buildings vary, further reducing the private developer's ability to absorb the financial risks. In addition, as new technologies and design know-how emerge as a result of research and development, the software must be updated, adding even more financial commitment and risk.

The objectivity, comprehensiveness and credibility associated with the Department/industry-developed software are crucial. These qualities tend to be perceived as, and oftentimes are lacking in the limited, narrowly-focused commercially available energy software that does exist, thereby discouraging energy-conscious building design.

*Question.* Does the Department anticipate continuing to develop this type of software into the foreseeable future?

Answer. To fulfill its research and development responsibilities, the Department must continue to improve software. As long as the financial risk is high and industry asks to work with the Department on software improvements capable of meeting its needs, it is essential that the Department continue its partnerships. Valid building energy simulation software is essential if industry is to have the tools it requires to properly integrate efficiency and renewable energy design know-how and technologies into buildings and have confidence that the buildings will perform as anticipated.

Moreover, because it is the Department's mission to encourage adoption of new know-how and technologies, there must be a process in place to assure that the tools needed to facilitate adoption are available. And, the Department must assure that procedures needed to verify the reliability of software continue to be improved. Adding capabilities as new knowledge and technologies emerge tends, however, to be a less intensive process than the original development of the software. Thus, it is expected that once the software industry wants and needs are met, a less intense effort will be required.

HI-COOL HEAT PUMP

*Question.* $2,150,000 is requested for development of a Hi-cool Heat Pump, which the justification indicates will be ready for market introduction in 2005. What is the funding profile for this program?

Answer. This program began in fiscal year 1993 at $450K and progressed as follows. fiscal year 1995 $1.0 million, fiscal year 1996 $600K, fiscal year 1997 $900K, fiscal year 1998 $2.1 million. Funding to date has produced two candidate advanced cycle absorption heat pumps concepts that will be further developed into prototype heat pumps with a cooling performance of 30 percent better than other cooling devices. When fully developed these technologies can penetrate the southern tier markets where cooling is the dominant mode of energy use for space conditioning.

*Question.* Does the optimal funding "curve" have a large peak in some future fiscal year?

Answer. As development of "Hi-cool" systems progresses, each successive phase requires increased funding. Hardware development of components (initiated in 1997) requires a higher level of funding than concept evaluation which is mainly an analytical effort. The laboratory development and testing of complete heat pump systems requires more funding than development of individual components. In the later stages of the project, these increases will be somewhat offset by increased cost sharing by industry. Industry will fund 50 percent of the field testing phase.

*Question.* If so, when and how much will be required?

Answer. The required Departmental funding needed to carry this program through all phases is indicated in the table below:

| Phase | Activity | Fiscal year | Phase funding |
|---|---|---|---|
| I | Concept evaluation | 1994–1997 | $3,800,000 |
| II | Component development | 1997–2002 | 7,000,000 |
| III | System development | 2001–2004 | 6,000,000 |
| IV | Field testing | 2004–2005 | 1,000,000 |

*Question.* Are the alternative Hi-cool heat pump cycles being evaluated as an alternative to the design being developed for market in 2005, or as a follow-on technology?

Answer. In fiscal year 1997, the "Hi-cool" program is developing critical components at small business R&D firms for two of the concepts evaluated in Phase I. The one or two alternative Hi-Cool cycles being further evaluated in 1998 are additional highly-ranked Phase I concepts which are possible alternatives to the two now undergoing hardware development. Modest parallel development of these concepts with additional small business contractors lowers the overall risk in the project by maintaining a range of technical options during the critical component development phase. All concepts are being evaluated for potential market introduction in the year 2005.

LARGE COMMERCIAL CHILLER PROGRAM

*Question.* The justification indicates that the Large Commercial Chiller program with York International will be completed. To what degree will DOE participate in getting this technology "ready for commercialization * * *"?

Answer. Testing of a prototype 40 refrigeration ton DCC chiller at York International will begin in mid 1997 and continue into early fiscal year 1998. Using laboratory test results and a newly designed advanced direct fired burner, a pre-production 400 ton DCC chiller will be fabricated and readied for field testing in late fiscal year 1998. The estimated completion date for field testing of the 400 ton production ready chiller will be early fiscal year 1999. The cost share from York International for field testing will be 50 percent.

*Question.* Is 35 percent the total cost share for the entire program, or just for the current stage of the program?

Answer. The current program is cost shared by York International at 35 percent however, this will increase to 50 percent for the field test.

ADVANCED DESICCANT TECHNOLOGIES

*Question.* The budget request includes $2 million for advanced desiccant technologies. What is the funding profile for the remainder of this program?

Answer. The current research plans for both solid and liquid desiccants which extend through the year 2000 would require level funding.

*Question.* If funded at the request level in fiscal year 1998, does the Department anticipate requesting funding for this program in fiscal year 1999?

Answer. Yes. Current projects are focused on solid desiccants technology application in large commercial buildings because solid desiccants are further along in their

development and are available for test and evaluation. Research and development of enabling technologies for Indoor Air Quality (IAQ), and the development of sensors and specialized control will take full advantage of the energy saving and air quality improvement potential of solid desiccant-based air conditioning equipment. A need exists to establish desiccant based systems as mainstream HVAC equipment for indoor air quality and comfort control. HVAC and comfort control systems based on liquid desiccants is planned as part the longer term program.

*Question.* What level of cost-sharing has been achieved in this program?

Answer. There are two contracts in place for developing desiccant systems, one with SEMCO/Trane which has 37 percent cost-sharing and one with ICC/Englehard which has 63 percent cost-sharing. In addition, manufacturers of desiccant wheels being tested at NREL have donated their wheels and will continue to cost share as advanced wheel development is achieved. Gas industry cost share is in the form of site selection for test and evaluation of desiccant systems and a willingness to cost share in the testing and data collection.

FUEL CELL BUILDING MICRO-COGENERATION

*Question.* $1.7 million is requested for Fuel Cell Building Micro-Cogeneration. When does the Department hope to achieve development of a commercially viable PEM fuel Cell?

Answer. The goal of the industry cost shared Fuel Cell Buildings Micro-cogeneration programs is to have the necessary critical technologies (i.e., fuel processor, bipolar plates, catalysts, membranes), developed and ready to be tested in a prototype 50kw Proton Exchange Membrane fuel cell in a light commercial building with conversion efficiencies of 36–40 percent, in the year 2002. Projected cost of the fuel cell is $2000/kw or less. To accomplish this goal will require adequate funding for research and development focused on fuel processing of Natural Gas (NG) to develop the reforming techniques for extraction of Hydrogen (H) for use in the fuel cell. Catalyst development is necessary to make the fuel cell more tolerant of Carbon Monoxide (CO) gas, which is poison to the system and which will significantly reduce the power density of the fuel cell. Components such as membranes, catalysts and bi-polar plates in the cell stack are high cost items and will require substantial research and development to improve cell stack operation and to lower cost of construction.

Coordination with the automotive program will be maintained at a high level because of the synergistic nature of the two programs and the technologies developed can be incorporated into both programs. The Fuel Cell Buildings Micro-cogeneration program will provide an accelerated early market entry into the commercial building sector for the PEM fuel cell leading to the larger residential market, and assist the automotive market strategy. This schedule will lead to introduction of a prototype "First Generation" PEMFC operating in a commercial building by the 2004 with a cost target of $1500/kw.

*Question.* Will further increases in the program be required to achieve this goal?

Answer. Further funding will be required in this program to achieve the "First Generation" PEM fuel cell operating in a light commercial building by the year 2002, and commercial introduction by the year 2004. An expected industry cost share for this program is 35 percent to 50 percent.

LIGHTING APPLIANCE R&D

*Question.* A number of technologies are being pursued in the Lighting Appliance R&D program. When does the Department hope to complete development of the low power sulfur lamp?

Answer. The Department is planning to complete research and development on the low power sulfur lamp in fiscal year 1999. By that time a 100 lumens per watt prototype, operating at less than 100 watts will have been successfully tested and will be ready for commercialization by the private sector.

*Question.* To what extent do near-term lighting technologies (such as compact fluorescents) stand to be overtaken and replaced by longer-term technologies (sulfur lamps, etc.)?

Answer. Over time, there has always been a mix of lighting technologies. New lighting technology has a relatively slow rate of penetration—a good estimate is that a superior new technology will replace about 50 percent of the older technology in ten years. Hence, compact fluorescents are not necessarily restricted by newer sulfur technology.

*Question.* Are the economics of compact fluorescents dependent on long-term use that would be obviated by development of more advanced technologies, or are there market niches available to justify a range of technologies?

Answer. Because there are so many different applications or needs in lighting, and so many technologies to draw upon, there are always large niches available for each technology for a considerable time, measured in decades.

ENERGY STAR PROGRAM

*Question.* Does the Department expect the Energy Star Program to become self-sustaining at a lower funding level at any time, or will a level of support comparable to the fiscal year 1998 budget request always be required?

Answer. The Department does expect the program to become increasingly self-sustaining and to require less funding in the future than requested in fiscal year 1998. We plan to demonstrate the value of a labeling and promotion campaign for high efficiency products through retail sales. Our experience so far has shown that retailers and utilities are willing to commit significant resources to offset program costs.

When the initiative has reached a critical mass of participants, federal involvement and funding requirements will decline as the partners pick up the cost of advertising, sales training, point of purchase displays, etc. Some federal activity will continue to be needed, however, to preserve the integrity and credibility of the Energy Star symbol, including collecting and compiling appliance efficiency data and designating qualifying models.

*Question.* The Department's response to questions submitted last year indicate that lighting manufacturers currently make dedicated fixtures on specifications of large commercial accounts (hotels, etc.). Given that manufacturers are already engaged in production of efficient technologies for large commercial accounts, why does the Department continue to invest in the volume purchase program for lighting?

Answer. There's no question that economical high-efficiency lighting is available to large commercial accounts. While we are pursuing further efficiency improvements for commercial lighting, the volume purchases are intended to bring the efficiency of residential lighting up to the standard of best practice in the commercial sector. One way to do this is by overcoming the perceived shortcomings of compact fluorescents as replacements for incandescent lamps, in partnership with industries which buy large numbers of lamps and fixtures of the varieties that individual consumers buy for their homes.

Volume purchases that lead to increased sales of dedicated compact fluorescent light (CFL) fixtures in hotels, multi-family residential dwellings and commercial buildings will having a positive impact on price, i.e., as more and more fixtures are manufactured, manufacturing costs and retail prices decrease. In addition, a residential home-owner might be educated about the benefits of CFLs by first having used them in a hotel room or office suite.

STATUS OF HOME ENERGY RATING SYSTEM COUNCIL

*Question.* The Committee has previously expressed concern that the Home Energy Rating System being developed by the Department and the HERS Council might skew consumers' perception of the actual total energy usage of a particular home. What is the status of the HERS Council?

Answer. The HERS Council issued their own set of guidelines in 1995. They continue to support their guidelines and energy efficiency financing without any Department funds.

*Question.* How does the Department plan to proceed on this issue in fiscal year 1998?

Answer. The Department continues to analyze options on how to best proceed to ensure accurate, clear and concise information gets to customers and the financial community.

*Question.* Does the Department feel it is possible to develop a rating system that will be generally agreeable to the stakeholder community?

Answer. The stakeholders remain deeply divided over the voluntary guidelines. The Department continues to consider options that will result in meaningful information to consumers and the financial community, and also meet stakeholders' concerns. We are working to develop a resolution of these issues.

LIGHTING AND APPLIANCE STANDARDS

*Question.* A $3.6 million increase is requested for Lighting and Appliance Standards. As you may know, the development of these standards has been a controversial issue for the Department and for this subcommittee. How far along is the Department in implementing the process improvements that were developed last year?

Answer. One of the key features of the process improvement was the establishment of the Advisory Committee on Appliance Energy Efficiency Standards. This

Committee was established to provide the Department with regular guidance on the implementation of the Process Rule as well as on other critical issues that cut across a variety of products. The first meeting was held on January 8, 1997, and a number of subcommittees were created to deal with some of the following specific issues: analytical methods for the determination of energy saving forecasting, future electric prices, life-cycle cost, etc.; screening and engineering analysis, consumer and utility impact issues; and non regulatory approaches. These subcommittees will be making recommendations to the Advisory Committees. The Department also convened a workshop on manufacturing impacts on March 11–12, 1997. At this Workshop, the Department presented a proposed approach and methodologies for analyzing the impacts on manufacturers. One of the conclusions from the workshop is that each rulemaking will tailor the manufacturing impact analysis to the specific product and the plan for conducting the analysis will be discussed with stakeholders. In addition to the manufacturing impact analysis workshop, the Department has held four workshops (clothes washer and ballasts standards, and electric motors and water heater test procedures) since the publication of the process rule.

*Question.* Does the Department feel it has regained the confidence of the industries whose products are being subjected to codes and standards?

Answer. The Advisory Committee meeting and the five workshops held since the publication of the process rule were generally well attended and well received and the Department is committed to continue the implementation of the new procedures, including the commitment to frequent and early stakeholder consultation.

*Question.* What will the increase in Lighting and Appliance Standards enable the Department to do that it would not be able to do if held to the fiscal year 1997 level?

Answer. The increase allows for continuation of the new standards development process as planned and on schedule: issuance of notice of proposed rulemaking (NOPR) for conservation standards for clothes washers and water heaters (responsible for 14 percent of residential energy use), and final rules to incorporate legislated standards and test procedures for plumbing equipment and large electric motors. This increase will also provide for the final rule to amend test procedures for residential central air conditioners/heat pumps and initiate rulemaking for energy conservation standards for these products. Without the increase, delays will occur and DOE would lose credibility with the stakeholders that have invested in, and contributed to the revised rulemaking process.

BUILDING STANDARDS AND GUIDELINES

*Question.* A $4.9 million increase is requested for Building Standards and Guidelines, 3.5 million of which is for Updating State Codes and $1.4 million of which is for Voluntary and Federal Energy Codes. How many state codes could be updated if funding for this activity were held at the fiscal year 1997 level?

Answer. A total of ten state codes could be updated if funding for this activity were held at the fiscal year 1997 level. Additional funding will support cost shared incentive grants and will enable the Department to develop and implement programs, tailored to specific states and user groups, especially those not directly supported during fiscal year 1997, to provide a range of materials, including information to state officials about code options, promotion of energy efficiency benefits to new home buyers and builders, compliance and educational materials, advocacy assistance, model legislation or regulations, and testimony on technical and administrative matters at legislative and administrative hearings.

*Question.* In how many additional states will DOE be active if the requested increase is granted?

Answer. The increase in funding will enable the Department to assist an additional 15 states in updating and implementing their building energy efficiency codes. Representatives from states participating in a multi-state working group have all decided that there are important benefits to them in adopting upgraded portions of the emerging commercial building energy consensus code without waiting to the year 2000. These early adopters will not only benefit their regions of the country but can also facilitate adoption of the updated code by other states in the year 2000 and beyond, through their early adoption experience.

*Question.* At some point will all state codes be updated, or will the Department continue to revisit and help modify the codes ad infinitum?

Answer. The Department is assisting states to strengthen their energy code infrastructure, improve their professional and trade energy expertise and strengthen their partnerships with producers so that states will increasingly be able to routinely update their energy codes without Federal assistance.

At the same time, the Department is working with the building industry consensus code organizations to make the model codes easier to implement and use, to im-

prove their technical basis, and to incorporate new energy efficiency and renewable energy measures that are technologically feasible and cost effective. The Council of American Building Officials has published an upgraded edition of its Model Energy Code twice since 1992 and will do so again in 1998. The American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) and the Illuminating Engineering Society of North America (IESNA) are currently in the process of upgrading their building industry consensus code, Energy Code for Buildings Except Low-Rise Residential Buildings, ASHRAE/IESNA 90.1–1989R. When implemented, it is expected to reduce energy use in buildings by 25 percent. It is expected to be published in 2001.

VOLUNTARY AND FEDERAL ENERGY CODES

*Question.* What will the increase requested in Voluntary and Federal Energy Codes enable the Department to do in fiscal year 1998 that wasn't done in fiscal year 1997?

Answer. In fiscal year 1997, the Department proposed energy standards for Federal buildings. In fiscal year 1998, the Department will prepare and publish final standards. The increase will permit the Department to prepare and distribute materials and information that will assist Federal agencies to train their people to implement and enforce these improved energy standards. In fiscal year 1998, the Department will complete modifications to its Federal residential energy standards that address renewable energy benefits and propose them for public comment. The increase will permit the development of support materials to implement the proposed revisions.

In fiscal year 1997, the Department has been working with the building industry consensus standards organizations to technically improve the model codes and to make them easier to implement. In fiscal year 1998, that work will continue and the residential improvements of the previous three years will be published in the 1998 edition of the Model Energy Code. The increased funding will enable the Department to make the legislatively required determination as to whether the revisions would improve energy efficiency in residential buildings, and to make that analysis available to states that wish to consider updating their energy codes. Regarding commercial building energy codes, in fiscal year 1998, the Department will continue to provide analysis supporting resolution of comments received on the second public review draft of ASHRAE/IESNA 90.1–1989R. The additional funding will support analysis of whether ASHRAE/IESNA 90.1–1989R will save energy in commercial buildings, as legislatively required. This analysis will be used to support early adopter states.

FEDERAL ENERGY MANAGEMENT PROGRAM

*Question.* The text accompanying the justification for FEMP indicates that total energy cost savings from capital improvements in place through fiscal year 1996 will be $7.8 billion by 2002 and $15 billion by 2015. Are these net figures that reflect the cost of the capital investments?

Answer. Yes. However it should be noted that the cumulative $7.8 billion energy cost savings in fiscal year 2002 represents the savings attributable to investments put in place from 1985 through 1995, plus cost savings from anticipated new investments from 1996 forward, based on full funding of the FEMP budget request. The $15 billion net energy cost savings by 2015 reflects both the capital cost of projects and estimated cost of private sector funding accessed through energy savings performance contracts and utility-based financing, which should dominate the investment stream over the fiscal year 1995 to fiscal year 2005 period. No investments beyond fiscal year 2005 were assumed. These cost savings do not include savings attributable to energy efficient product procurement practices, energy cost savings achieved through improved energy and building systems operations and maintenance, or to the improved efficiency of new buildings entering the Federal building stock.

*Question.* The justification also describes FEMP's increasing emphasis on "Energy Saver" performance contracts in which other agencies order energy savings projects through FEMP personnel, then reimburse FEMP once energy savings are realized. Has this system of reimbursement been established and demonstrated?

Answer. Several methods of performing work on a reimbursable or revenue-generating basis have been identified by FEMP. Several promising methods will require changes in policy and, in some cases, require legislation. These include the development of a revolving fund for energy-efficiency work and the ability of FEMP to be reimbursed for work on a shared-savings basis or reimbursed in years following the delivery of services. FEMP has been and will continue to pursue these methods as

they have significant potential to improve FEMP's ability to perform work for other agencies.

*Question.* Is the Department confident it has the authority to retain and use reimbursements for its own personnel?

Answer. Although this approach is consistent with the use of reimbursable revenue in other agencies, this is one of the issues that still needs to be confirmed and resolved before a pilot project can be established.

*Question.* The Committee is aware that budgeting for energy management in other agencies has been erratic, due to both Congressionally imposed cuts and Administration budget requests that have given such programs a low priority. How does the Department view the level of cooperation and financial support it is receiving from other agencies?

Answer. There is both interest and cooperation from Federal agencies and they continue to look to FEMP for leadership. Even though agency budgets are decreasing, FEMP, as part of its mission will continue to help agencies identify alternate financing arrangements. To help streamline the contracting process, DOE issued a solicitation for a FEMP Energy Saver Performance Contract (Super ESPC) in May 1996. The Super ESPC process allows Federal agencies to issue orders off of each contract awarded and begin to realize energy cost savings more quickly. Each agency will pay the contractor from the savings in the agencies' energy expenses. The first Super ESPC for energy efficiency should be awarded in the next 60 days and will cover 8 western states and the pacific territories and has a contract value of $750 million, and delivery orders will be placed up to that amount. Demands on agency resources to develop contracts should be reduced by this process, allowing agencies to use their valuable and scare resources on other priorities. As a result, other agencies are cooperating in the establishment of this contracting mechanism and are anxious to see it in place across the country. Individual delivery orders will be subject to Congressional notification requirements, and agencies placing those orders will be responsible for said notifications.

*Question.* Does the Department feel other agencies are responding to the letter and spirit of EPACT and Executive Order 12902?

Answer. Yes. Ten agencies, the Department of Agriculture, Defense, Energy, the Interior, Justice, Transportation, Veterans Affairs, the Federal Emergency Management Agency, General Services Administration, and the National Aeronautics and Space Administration have already achieved the Energy Policy Act goal of a 10 percent reduction in buildings energy use from 1985. In addition, three agencies, the Departments of Energy and Justice, and Federal Emergency Management Agency have already achieved a 20 percent reduction in buildings energy use from 1985. The remaining agencies continue their efforts to reach the goals set under EPACT and Executive Order 12902. And, while their progress has been slower, they have indicated their willingness to strive to reach their goals without taking away from their mission requirements and remain within resource constraints.

*Question.* Has the Department considered prioritizing allocation of FEMP resources to give preference to those agencies that are the most willing to devote their own resources to energy savings projects?

Answer. The Interagency Energy Policy Committee, Interagency Energy Management Task Force and FEMP believe that activities leading to the broadening and deepening of participation in Federal energy management efforts is an essential FEMP role, and is foundational to the long term goal of institutionalizing sound energy management practices in the Federal government. While FEMP makes all policies, tools, and information available without regard for agency cost sharing, it does seek to apply its training, SAVEnergy audits, design assistance, and partnership facilitation services where agencies are committed to implement projects with their own resources or through their own or FEMP's alternative financing mechanisms. In general, FEMP applies its resources where a particular activity will have the greatest energy and cost saving effects. FEMP is committed to and attempts to utilize its limited resources in ways that will leverage resources of agencies, utilities, manufacturers and energy service companies and result in replication of results beyond immediate projects.

*Question.* What agencies or Departments have been the most active in pursuing energy savings opportunities?

Answer. The agencies who are most active are the ten agencies who have achieved the Energy Policy Act goal of 10 percent reduction in buildings energy use from 1985 as well as the three agencies who have achieved a 20 percent reduction in buildings energy use from 1985. The ten agencies achieving the 10 percent goal are: Departments of Agriculture, Defense, Energy, the Interior, Justice, Transportation, Veterans Affairs, the Federal Emergency Management Agency, General Services Administration, and the National Aeronautics and Space Administration. The three

agencies attaining the 20 percent goal are: Departments of Energy and Justice and the Federal Emergency Management Agency. However, recent budget reductions and the elimination of some budgets may change these statistics over time.

*Question.* Are there certain agencies or departments in which notably large opportunities for savings exist, but which have not pursued those opportunities for one reason or another?

Answer. For the most part, agency energy managers recognize and actively strive to implement programs and projects which can achieve energy savings in their facilities. However, limited resources and internal procurement and legal opinions are the major barriers facing those agencies which are having difficulty implementing energy efficiency measures. FEMP and the Interagency Energy Management Task Force continues to work towards overcoming these barriers within those agencies and across the Federal Government. The large agencies clearly have the most opportunities for savings, and those agencies have been aggressively pursuing opportunities, except where funding limitations exist. Within agencies there are unique opportunities such as the effort now being investigated by the Department of Energy's own programs where surplus facilities are reviewed for energy cost reduction projects.

*Question.* Aside from providing funding for the FEMP program, is there anything this Committee can do that would prompt Federal agencies to aggressively seek out and implement energy saving projects that would produce concrete budgetary savings?

Answer. As stated earlier, the Department is exploring several methods of performing work on a reimbursable or revenue-generating basis. Some of these methods will require legislative and policy changes. The Department encourages the Committee to work with the Department on any required legislation as recommended or proposed by the DOE. Planned proposed policy and legislative changes will allow the Secretary of Energy to accept funds from agencies assisted by the Department in completing privately financed energy savings projects. Funds received would only be used for supporting the ongoing burden of contract management and for developing additional privately financed energy efficiency projects from energy savings performance contracts and utility financed projects.

*Question.* In response to a question posed by the Committee last year, the Department indicated that "FEMP has considered charging agencies for both technical assistance and the development of energy savings performance contracts * * * and [is] continuing to examine what authorities and mechanisms could be used." Has the program pursued this option any further? If no, why not?

Answer. Yes. The Department has already been charging agencies for training under the reimbursable work for others program. All training reimbursement funds go to the laboratories where the training programs are run and are reinvested in improved training quality. However, current training charges do not nearly cover the cost of the courses.

FEMP also continues to assist agencies under the reimbursable Work for Others process and has expanded our efforts in this area. Examples of reimbursable work for others at national laboratories include:

—Cost sharing from GSA on improved computer modeling for helping plan lower energy use in new buildings;
—Reimbursement from several agencies (CIA, NASA, EPA) for help in assessing renewable opportunities nationwide to comply with Executive Order 12902, and selected related feasibility studies; and
—Reimbursement from the Army and Navy for integrated energy systems analysis at various bases.

*Question.* The Committee will likely be unable to fund the entire increase requested for FEMP as a whole. Should a smaller increase be spread across the various program elements within FEMP on a pro rata basis? Or, for instance, should all of a $5 million increase for FEMP be devoted to Project Financing?

Answer. The FEMP budget request reflects an integrated program. Reduced funding would impact all program elements since they are complimentary. Each $1 million cut in program funding is likely to result in lost savings on the order of $40 million, over the life of an average project of fifteen years.

The most important of these is the financing program. This program is projected to put in place several streamlined energy savings performance contracts which will give agencies the ability to quickly use non-Federal funds to save energy and operations expenses. These contracts are also the foundation for FEMP to work to establish a significant reimbursable revenue stream to enhance the program from savings delivered to the agencies in future years. Reductions in funding will delay the start of the agency savings from the contracts and delay the start of FEMP's additional revenue source to expand the program and capture more savings for the agencies.

Continued funding at the $19.8 million level would only allow a few or these contracts to be signed by the end of fiscal year 1998. FEMP would concentrate efforts on only establishing those contracts which could provide some coverage for energy efficiency for all areas of the country. Any of the technology specific contracts which help to install renewable or advanced technologies would be delayed until fiscal year 1999 or later. In addition, FEMP would only provide the most minimal support to train and assist the agencies on how they would use the contracts, concentrating instead on getting the remaining contracts signed. This would further delay the savings that the agencies would see.

Should the Committee not fund the full FEMP budget request, FEMP asks that it be allowed flexibility in applying its appropriation, within the bounds of its program, so as to maximize potential savings based on the opportunities present during fiscal year 1998.

IN-HOUSE ENERGY MANAGEMENT STAFF

*Question.* The justification indicates that staff from the terminated In-House Energy Management program have been transferred to FEMP. How many FTE's are attributed to former IHEM staff?

Answer. There are five FTEs who have been integrated into the FEMP programs of Project Financing; Technical Guidance and Assistance; and Planning, Reporting and Evaluation from the IHEM program that was eliminated by Congress.

*Question.* Are personnel costs associated with IHEM staff reflected in the Personnel Compensation line in the Program Direction activity?

Answer. All Federal Energy Management Program staff are included in the Personnel Compensation line in the Program Direction activity which includes IHEM.

*Question.* If so, why does the request for Personnel Compensation go down in fiscal year 1998?

Answer. The request for Personnel Compensation is reduced in the fiscal year 1998 budget because we are estimating a need for only 20 FTEs, a reduction of two from fiscal year 1997. When considering the costs of Personnel Compensation, it is important to also consider the impact of the costs of Civilian Personnel Benefits since Benefits must be paid for activities such as Federal Employee Retirement, participation in some types of Thrift Savings, and health insurance coverage. The savings from the two FTEs is partially offset by a 4.5 percent increase to cover a projected cost-of-living increase and for other personnel actions such as promotions and expected grade increases.

INDUSTRY SECTOR

*Industries of the future*

*Question.* A portion of the technologies and projects being supported in the Industries of the Future (specific program) are geared to waste reduction and environmental improvements. While these are laudable goals, should such projects continue to be a priority in a program whose primary purpose is energy efficiency? Is energy efficiency the primary goals of the program? Is it the Department's view that these projects all contribute to energy savings via waste reduction, etc.?

Answer. Waste reduction is inescapably linked to energy reduction, which explains why most of the projects you see are focused on reducing environmental and other wastes. In fact, resource efficiency is a highly intertwined subject, where wastes and energy are synonymous in their growth, or reduction.

For example, if wastes are reduced in an industrial plant, there is less raw material used, less energy used to convert the raw material to a finished product, less handling costs to move the waste material within the plant, less shipping costs (and energy) to haul the wastes away, less costs and energy to dispose of the waste (whether it be burial, incineration, or other means of disposal). By having less waste as a part of its production, the plant uses and requires less raw material, which means that there is less mining (if that is where the raw material is derived) and less transportation from the mine to the plant. These, too, have energy costs which are thereby reduced.

The "life cycle" costs of all wastes, when summed, are very high in terms of total energy potential. This is particularly true in "process" industries represented in the Industries of the Future, which typically operate around the clock, year-round. Even a one percent reduction in wastes can have a large impact on total resource efficiency. We believe, therefore, that projects which reduce wastes have a very large impact on energy efficiency in the industrial sector of the United States—from production of raw materials to creation of final products.

To ensure that the Department is funding research which contributes to the maximum resource/energy efficiency, each project submission is rigorously reviewed by experts at the proposal stage, and again at various milestones during the research phase. We have a comprehensive system to estimate the true savings in energy and waste reduction of every project, with review by the Arthur D. Little accounting firm. All of the projects have strong energy efficiency gains.

The Industries of the Future research projects are solid investments to increase energy efficiency, improve competitiveness, and maintain U.S. leadership in environmental stewardship through efficient use of nature's finite resources.

*Question.* Funding requested for the different industry groups varies by a considerable degree. Are these differences a function of how far the individual industries have come in developing technology road maps? Are they a function of potential energy savings in each of the industries?

Answer. Yes, the differences in requested funding reflects a delicate balance of the potential energy savings and size of each industry, historical funding levels for these industries, and the industry's commitment to the process of creating their Vision and Technology Roadmaps.

ADVANCED TURBINE SYSTEMS

*Question.* The funding request for the Industries of the Future (crosscutting) is essentially flat. How much lower is the request for industrial Advanced Turbine Systems than the original program plan? What will be the impact of funding the ATS program at the request level? How much will be required to maintain the program on its current schedule?

Answer. In the Report to Congress Comprehensive Program Plan for the Advanced Turbine Systems, the fiscal year 1998 budget was $31.0 million. The request is $6.35 million below the program plan. For the total program:

[Dollars in millions]

| | Funding level— | | Year of completion |
|---|---|---|---|
| | Plan to date | Plan to completion | |
| Plan estimate | $93.3 | $75.8 | 2000 |
| Actual | 75.7 | 105.0 | 2002 |

The program will be extended to 2002 and the near-term opportunity for reduced emissions and commercialization in the distributed generation and deregulation market will not be realized until after 2002. Market share would be lost by the industrial manufacturers and potentially result in a loss of jobs.

[In millions of dollars]

| | |
|---|---|
| DOE fiscal year 1998 funding | $43.0 |
| Contractor cost-share (60 percent) | 63.7 |
| DOE fiscal year 1999 funding | 37.0 |
| Contractor cost-share (69 percent) | 93.0 |
| DOE fiscal year 2000 funding | 28.5 |
| Contractor cost-share (86 percent) | 181.5 |

*Question.* Is it the Department's view that the stretching out of the program is justified by a delay in the development of market opportunities for this technology?

Answer. A delay in the program will result in missed market opportunities and U.S. market share. Each year, an estimated 2 gigawatts of new and replacement power production will be required as a result of the deregulation of the utilities in the form of distributed generation. With deregulation, opportunities for the industrial advanced gas turbine exist in the near term (1999/2000) and utilities are accelerating their interest in distributed generation or on-site generation with industrial scale gas turbines. Approximately 20 states are currently addressing deregulation and California made the first move proposing all out state-wide retail wheeling beginning with the largest industrial electric consumers in 1996 and ending with residential customers in 2002. Electric service utilities are under increasing pressures to reduce the cost of service and face limitations on the existing transmission and distribution system. ATS is recognized as an important option for adding supplemental generation capacity on-site while alleviating the existing transmission and distribution limitations.

*Question.* Does the Department feel the market for the utility scale turbine will develop prior to the market for the industrial scale turbine, or the reverse?

Answer. The Department feels that both markets are significant. In the industrial program, the advent of utility deregulation is doubling the projected sales of these turbines over the non-deregulated case by 2005. These industrial turbines will be cost competitive to central generation. The timing for the market for the industrial scale mirrors the development very well. For example in California, in 2001 all generation will compete on an economic basis with no favored status for central utility generation. This means that low emission, low cost products such as the industrial scale turbine will be in demand for distributed generation (local small scale generation) and cogeneration applications since this will be the best product on the market. Under the current funding profile, the ATS program will have products ready by 2002 and will be poised to impact this market. Twelve other states have legislation pending. Essentially, the markets for utility and industrial gas turbines are following a close timeline. In the Report to Congress Comprehensive Program Plan for the Advanced Turbine Systems, the engine manufacturers (both utility and industrial) outline the best time frame for introduction of both an utility and industrial gas turbine. Under the original funding profile, these industrial products would be ready in 2000.

INDUSTRIAL ASSESSMENT CENTERS

*Question.* The justification indicates that the Department is supporting Industrial Assessment Centers. What sort of follow-up is performed by these centers to determine how many audits lead to installation of energy saving technologies?

Answer. All centers are required to contact a client firm 6 to 9 months following their assessment to confirm those recommendations that will be implemented. Implementation action during the 2 year period following the industrial assessment may be counted, recognizing that some recommendations may require capital budget planning.

NICE$^3$ GRANTS

*Question.* Are NICE$^3$ grants frequently used to demonstrate technologies developed in the Industries of the Future program?

Answer. The NICE$^3$ grants are frequently used to demonstrate technologies that are directly related to the Industries of the Future (IOF.) Since the Industries of the Future focus on pre-competitive research, it is not always possible to directly link IOF funded research to NICE$^3$ grants. However, it is possible to link the research areas of the IOF's to the NICE$^3$ grants. While the NICE$^3$ proposals are not limited to the Industries of the Future, the vast majority of the projects are directly related to the Industries of the Future research areas. Using only grants to the State of California by way of example, six of the seven demonstration projects are related to previous research areas funded by the Office of Industrial Technologies.

*Question.* Is any follow-up of NICE$^3$ grants performed to determine how many demonstrations lead to large-scale implementation of particular energy savings technologies?

Answer. Yes, follow-up is performed on all NICE$^3$ grants to determine how many demonstrations lead to implementation of particular energy savings technologies. When sales have occurred, methodologies to measure energy savings are jointly developed by the grantee and NICE$^3$ and energy savings are calculated for all installations.

*Question.* Please provide for the record an example of a NICE$^3$ grant made during fiscal year 1997.

Answer. The grants for fiscal year 1997 have not yet been made. Awards will be announced in April 1997. An example of a NICE$^3$ grant made during fiscal year 1996, the most recent year at the present time for grant awards, is the Oxy-Fuel Burners for Steel Reheating project. The awardees in this example are the Indiana Department of Commerce, Energy Division, and Bethlehem Steel Corporation. The goal of the project is to successfully demonstrate the use of oxy-fuel burners in a slab reheat furnace, to reduce energy consumption by 45 percent and $NO_x$ emissions by 90 percent for the converted furnace zones.

*Question.* What are the differences between the NICE$^3$ and Climate Wise programs?

Answer. The NICE$^3$ and Climate Wise programs are complementary in that they both deal with industries which are either developing or trying to locate innovative technologies to solve industrial energy efficiency, environmental and cost problems. NICE$^3$ emphasizes demonstrations of specific innovative technologies while Climate Wise establishes partnerships with industry to plan and carry out comprehensive

energy efficiency and environmental technology solutions which emphasize the adoption of technologies to minimize $CO_2$ emissions. The plans developed with Climate Wise partners often involve the implementation of NICE[3] technologies.

POLICY AND MANAGEMENT

*Question.* At headquarters, Golden and the regional offices, there is a continuing decrease in funds for Salaries and Related Expenses and an increase in funds for Contractual Services. What is the reason for this shift?

Answer. The increase of $1,570,000 in contractual services at headquarters is primarily the result of a realignment of the Working Capital Fund (WCF). In fiscal year 1997, the first year of the WCF, the amount for the Office of Energy Efficiency and Renewable Energy was distributed on a 50–50 ratio for Interior and Related Agencies (Interior) and Energy and Water Development programs. In fiscal year 1998, the split for the WCF reflects a more equitable distribution of the funding request since the costs for the WCF are primarily driven by the number of staff supported and approximately 77 percent of EE's FTE's are in Interior. A total of $1,019,000 of the $1,570,000 increase is attributed to this more equitable distribution of the WCF.

The balance of the increase at headquarters is $551,000 to help support crosscutting activities such as the continued development of quality metrics and performance measurement activities.

The $102,000 increase in contractual services for the Regional Support Offices (from $3,928,000 in fiscal year 1997 to $4,030,000 in fiscal year 1998) is less than 3 percent and is the result of projected inflationary increases for rental costs, communications, and utilities.

The $1,090,000 increase in contractual services for the Golden Field Office reflects two principal activities. The first is support service landlord activities such as the costs for several contract employees to assist with procurement and personnel functions. Additionally, the increase supports project monitoring and technical and administrative support of program specific functions such as National Industrial Competitiveness through Energy, Environment, and Economics (NICE[3]).

FOSSIL ENERGY RESEARCH AND DEVELOPMENT

*General*

Your testimony (page 8) states that the 5 percent decrease in the request for Fossil Energy Research and Development is justified because many of the gas and coal-fueled power systems supported by the Department are entering their final phase of development.

*Question.* Isn't the final stage of development generally the most expensive part of the R&D "pipeline" that the Department often describes?

Answer. Yes, the final stage of development is generally more costly as a technology scales up for eventual market readiness. However, it is also true that as development of the technology matures, an increasing percentage of the cost participation is sought from industry. In addition, generally there are either fewer participants selected to enter the final stage, or as, in some cases, a program schedule stretch out can be accommodated by a widening of the time window of opportunity for market entry due to changes in market conditions.

*Question.* In light of the funding situation in programs such as LEBS, the Advanced Turbine System, molten carbonate fuel cells, and solid oxide fuel cells, does the Department still feel that the statement in its testimony is accurate?

Answer. The Department believes that statement in the testimony as reflected in the budget request is reasonable considering several factors such as the current budget constraints, the need to balance our energy portfolio, and the planned structure of these programs.

*Question.* Will the Department request decreases or termination of these programs in fiscal year 1999 as they get further into the final stages of development?

Answer. The Department at present does not anticipate requesting termination of these programs as long as they continue to show good progress, as they have thus far, in achieving their objectives.

*Question.* The Environmental Protection Agency has provoked considerable controversy with the release of its draft rules on particulate matter. It seems to me that many of the technologies being supported by the Fossil R&D budget will be essential if this country is ever to achieve the considerable reductions in particulate matter contemplated by the proposed rules. In light of the fact that the fiscal year 1998 budget request reduces and stretches out a number of key Fossil R&D pro-

grams, do you feel the Administration is taking a balanced approach to improving air quality?

Answer. The levels of funding proposed for fiscal year 1998 reflect a balancing of the funding of R&D and the need to reduce Federal expenditures. Even at the reduced funding level, the program will produce important results. The funding levels proposed are deemed to achieve an appropriate balance.

*Question.* Will reductions in the Fossil R&D budget make it less likely that cleaner generation technologies will be available to achieve the proposed regulatory targets?

Answer. The need to achieve reductions in Federal expenditures and the large number of competing R&D needs require difficult decisions. However, even at the reduced levels of funding proposed, the remaining program can make technologies available in a timely manner.

*Question.* Is it the Administration's policy to achieve air quality goals by reducing support for R&D and emphasizing the use of regulatory techniques?

Answer. No. The proposed reductions in R&D reflect a balancing of priorities among many competing R&D needs, while still achieving necessary reductions in the levels of Federal spending.

ADVANCED CLEAN FUELS

*Question.* Funds are requested to continue advanced liquefaction both in-house and with various contractors such as CAER. What progress is being made in this area?

Answer. Baseline economic studies conducted in the early 1990's estimated that liquefaction technologies were competitive with crude at about $34 per barrel in greenfield plants. Continued advanced clear fuels research and development, such as that to develop improved slurry catalysts, and improvements in solvents have the potential to reduce cost to the mid-twenties per barrel or less for greenfield plants. In addition, coprocessing of coal, resid and wastes to produce a low sulfur distillate syncrude for refinery upgrading in facilities adjacent or integrated with existing refineries offers the potential to reduce these costs to less than $20 per barrel and even lower if combined with technology improvements currently under development.

*Question.* Are significant further advancements in liquefaction technology likely to be achieved without construction of demonstration units?

Answer. Yes, continued progress is being made in advanced liquefaction technologies. Continued laboratory and bench scale research and development, such as that to develop improved slurry catalysts, and improvements in solvents have the potential to reduce cost to the mid-twenties per barrel or less for greenfield plants. In addition, coprocessing of coal, resid and wastes to produce a low sulfur distillate syncrude for refinery upgrading in facilities adjacent or integrated with existing refineries offers the potential for earlier introduction by reducing the cost of syncrude distillate to less than $20 per barrel or lower when combined with technology improvements under development. While demonstration of these technologies will be required prior to commercial deployment, additional laboratory and bench scale progress will further reduce cost, increase efficiency, and improve environmental performance, shortening the time to deployment.

*Question.* Has the Department considered "shelving" further advanced liquefaction research until oil prices rise to a level likely to resurrect interest in the technology?

Answer. No. The Energy Information Administration in its Annual Energy Outlook projects that crude oil could be $21 per barrel in their reference case or as high as $28 per barrel in 2015 in 1995 constant dollars. The EIA points out that U.S. will be importing over 60 percent of its oil supply in 2015. Continued laboratory and bench scale research and development have the potential to reduce cost to the mid-twenties per barrel or less for greenfield plants. In addition, coprocessing of coal, resid and wastes to produce a low sulfur distillate syncrude for refinery upgrading in facilities adjacent or integrated with existing refineries offers the potential for earlier introduction by reducing the cost of syncrude distillate to less than $20 per barrel or lower when combined with technology improvements under development. With continued development these technologies would be available for use in this timeframe. If the activity where to be "shelved", it could take ten years or longer to rebuild the technical infrastructure and knowledge base after the need was identified.

*Question.* Is significant further cost reduction through bench scale research likely?

Answer. Yes, continued bench scale development may reduce cost to the mid-twenties per barrel or less for greenfield plants. In addition, coprocessing of coal, resid and wastes to produce a low sulfur distillate syncrude for refinery upgrading in facilities adjacent or integrated with existing refineries offers the potential for

earlier introduction by reducing the cost of syncrude distillate to less than $20 per barrel or lower when combined with technology improvements under bench scale development.

*Question.* $100,000 is being requested in both Direct and Indirect Liquefaction to initiate a pioneer plant feasibility study. When will this study be completed?

Answer. It is envisioned that this study would take about 18 months to define the conceptual project, site issues and potential database needs.

*Question.* Is the study necessary for the Department to evaluate whether to proceed with development of a pioneer plant?

Answer. The primary purpose of this study is to provide a body of process information and engineering data which will be used by a strong industrial team preferably including end users (refiners, electric utilities), technology developers, A&E's, coal companies and interested stakeholders as well as DOE to establish the advisability and context for entering into a partnership to design, construct and operate several pioneer plants which will produce liquid fuels and chemicals.

*Question.* Given current budget constraints, is it likely that the Department would budget for development of a pilot plant in the foreseeable future?

Answer. It is unlikely that the Federal government would cost-share this type of first-of-kind "pioneer plant" demonstration under current budget constraints. The Office of Fossil Energy is studying innovative revenue neutral or revenue positive funding options which would spur the possibility of implementing pioneer plant demonstration in the next decade. A feasibility study would be performed to provide a body of information to the Department and interested potential industrial and stakeholders, so that informed decisions could be made on the advisability for proceeding with pioneer plant activity.

*Question.* In looking at the funds provided in fiscal year 1997 for activities in Advanced Research and Environmental Technology (p. 44), it appears that all funds for STTR and SBIR were derived from the money earmarked for the Consortium for Fossil Fuel Liquefaction Science. Why were all SBIR and STTR funds derived from this one activity, as opposed to being pro rated across all activities within AR&ET?

Answer. SBIR and STTR funds are assessed against extramural activities (contacts outside of in-house work). The consortium for fossil fuel liquefaction is the only activity that is not an in-house activity and is therefore subject to the assessment. Also, it is the activity with the largest amount of funding, and the funds assessed for SBIR and STTR would have the smallest impact.

ADVANCE CLEAN/EFFICIENT POWER SYSTEMS

*Question.* The "Mission Supporting Goals and Objectives" in the justification describe the target efficiencies and emissions levels for the four major technologies being developed with DOE support. Target levels for IGCC seem comparable to those given for the HIPPS and High Efficiency PFB programs. Why does the Department continue to fund all three technologies, particularly when the more near term LEBS program is entering a critical phase with insufficient resources to proceed?

Answer. LEBS is nearer term, but it does not have the performance potential to reach our ultimate program coal of 60 percent generation efficiency by 2010. The latter efficiency goal coupled with the simultaneous achievement of our environmental and economic goals is extremely difficult to attain. Today, IGCC coupled with advanced turbines and fuel cells is the front runner, but technology development has not progressed to the point where we can judge, with any accuracy, what the final winning system will be. A LEBS system could also serve as the bottoming cycle for one of these advanced systems, but it is too early to judge.

All of the advanced power technologies are targeted towards achieving the highest efficiency and least emissions at the lowest possible cost. As such, the performance goals for these technologies are very similar. The Department believes that the IGCC, HIPPS, LEBS, and PFB technologies show much promise and based on the progress to date, merit continued funding. Therefore, the best approach is to continue to develop these most promising technologies to afford them the opportunity to achieve their full potential for commercialization. Additionally, each of these technologies has a different level of developmental maturity, technical risk, and time frame for market readiness. Their market applications also vary somewhat. IGCC systems, for example, are ideally suited for the coproduction of electricity and petrochemicals from coal (i.e., a coal refinery application).

The Department believes that it is in the best interest of the nation, utility industry, and customers to have an array of technologies from which the power genera-

tors may choose in order to meet their specific needs. Therefore, the continuation of all these technologies is in keeping with our balanced energy portfolio strategy.

*Question.* Since several IGCC plants are already operating under the auspices of the Clean Coal program, and since the Department's request for the China Clean Coal program indicates that IGCC technology is being well received in potential markets, does it make sense to continue to support development of the other technologies?

Answer. Yes, continuing support is critical to meeting established program goals. The Clean Coal Technology Demonstration Program (CCT) is demonstrating the first generation versions of IGCC systems with efficiencies in the 42–45 percent range and is establishing an industrial base upon which further R&D advances can be achieved. The IGCC R&D effort under way is critical to extending the performance of these systems into the 60 percent range while reducing emissions to less than 1/10 NSPS and simultaneously reducing the cost of electricity by at least 10 percent, which would clearly establish our global leadership in this area and would provide the technological capability to meet a key public need—a clean environment.

In addition, IGCC technology is being demonstrated within the Clean Coal Technology program at or near commercial scale, various technical and economic issues must be resolved before commercial acceptance is achieved. For example, the technical and economic issues associated with hot gas cleanup for particulates and sulfur capture must be resolved if the higher efficiencies are to be achieved through the integration with the advanced turbines. Effective, reliable and long life particulate control devices must be attained as well as effective, low cost, and regenerable sorbents for sulfur control. IGCC costs must continue to be reduced through design optimization and reduced construction costs in order to be competitive in a deregulated utility market with low natural gas prices.

IGCC technology has captured much domestic and international attention. However, commercial acceptance of IGCC on coal for utility application still depends on acceptable cost and performance targets being achieved.

*Question.* What advantages does HIPPS technology have over IGCC technology?

Answer. IGCC technology is gasification based. PFB technology is fluidized bed combustion based. HIPPS represents a major extension of more conventional combustion technology employing ceramic heat exchangers and/or advanced furnace designs. It represents an alternative design approach for generating power cleanly and at high efficiency.

*Question.* Would it appeal to a different sector of the market?

Answer. Both IGCC and HIPPS technologies are aimed primarily at utility scale power applications. However, IGCC has the ability to utilize a broad range of coals and fuels and the capability to operate in a co-processing configuration to produce coal-based liquid fuels and other chemical feedstocks and products in addition to generating power. It appears that IGCC technology may be commercially available much earlier than HIPPS.

*Question.* The Department has argued that stretching out certain advanced power generation programs (such as turbines) is acceptable because market uncertainty resulting from utility deregulation has pushed back the "market window". Could this mean that the need for medium-term technologies being developed with DOE support could be lessened, and that emphasis should instead be placed on longer term, higher-performance technologies?

Answer. The coal and gas power systems technology being developed today is driven by the long term goals of 60 percent efficiency with coal (70 percent with gas) and with emissions more than 90 percent below today's modern regulated plant, while reducing the cost of electricity. This technology achievement would also cut $CO_2$ emissions from coal power plants by almost half at no cost to the ratepayer. The achievement of this long term goal requires the development of technology for turbines, fuel cells, IGCC, and other program elements from where it is today to its mid-term goal state and eventually to its long term goal—i.e., the mid-term goal is really an intermediate milestone on the path to meeting our long term objectives.

*Question.* Have recent changes in the anticipated development of power generation markets changed DOE's funding priorities in the Advanced Clean/Efficient Power Systems program?

Answer. While U.S. power generators are cutting costs and delaying power generation capacity additions, EIA is forecasting 39GW of coal based capacity additions/replacements (that is about a $39 billion investment or 390 100-MW plants) and over 100 GW (that is about 1,000 100-MW plants) of gas based additions by 2015. This is still a substantial market which will grow even more after 2015. The global market remains huge. As a result, we have made some changes in the program (such as increased emphasis on initial capital cost reduction through technology advances), but our major program goals remain as before. The Fossil Energy RD&D

program maintains a balanced support for a number of technologies in its portfolio. This balanced approach reduces the overall risk in achieving the Fossil Energy mission. The mix of technologies, their respective development schedules, their respective performance potentials and other factors are considered in the formulation of our budget request profile.

LOW EMISSION BOILER SYSTEMS

*Question.* Information supplied by the Department indicates that the funding request for LEBS for fiscal year 1998 would only be sufficient to fund one of the three competing technologies. How does the Department propose to make a rational, competitive selection of the best LEBS proposal in the face of these funding constraints?

Answer. The process for selecting a developer to continue Phase IV of the LEBS program will be to form a Federal team of experts who will review and evaluate the Phase II and Phase III results as submitted by each of the three contractors. Selection will be based on an evaluation of the submissions and arrived at by a ranking grounded on a set of technical and other criteria.

*Question.* Has the Department attempted to restructure Phase IV of the program in a way that might allow performance, as opposed to available funding, be the determining factor in the downselection?

Answer. While we have considered some alternatives, the down-selection to a single contractor for Phase IV is in keeping with the original program concept. Fossil Energy intends to evaluate the three submissions for Phase IV based on a comprehensive set of criteria as stated above.

PARTICULATE CONTROL/AIR TOXICS

*Question.* In Advanced Research and Environmental Technology, an increase is requested for Fine Particulate Control/Air Toxics while a decrease is requested for Super Clean Systems. Will the Department terminate support for the B&W Air Toxics Facility in fiscal year 1997 as indicated in the budget justification?

Answer. Funding support of the B&W Air Toxics Facility as originally planned was completed in fiscal year 1996. Funding support for this facility was not included in the fiscal year 1997 Appropriation, and no funds are being requested for fiscal year 1998.

*Question.* Will the increase in Particulate Control/Air Toxics simply allow for more contracts to be pursued from the fiscal year 1995 Mega PRDA, or will it accommodate more costly work being done on the same contracts?

Answer. In fiscal year 1998 the MEGA PRDA contracts reach the end of phase 1 at which time the plans are to select a reduced number of projects to enter phase 2. Since the phase 2 research will be at a somewhat larger scale, the amounts required for each project selected will be greater than it was in phase 1.

Therefore, the requested funding will support a reduced number of projects in phase 2, but those supported will likely be funded at higher levels than they were in phase 1.

*Question.* What would be the impact of maintaining Particulate Control/Air Toxics at the fiscal year 1997 level?

Answer. Funding below the requested level would require reductions in technology base research on new methods of measuring and characterizing mercury emissions, thereby increasing the risk that current inaccurate approaches would be employed by the EPA in setting standards. That could lead to significant over-control with very high cost implications, since current methods are believed to overestimate the emissions which could be subject to control.

There would also be a reduction in the number of MEGA PRDA projects that could be funded, and possibly would require stretchout or reduced funding of those that were funded. This would increase the risk that no cost-effective technology for reduction of mercury emissions would be forthcoming. As of now, there is no cost-effective technology for achieving control of mercury.

*Question.* How does work being done in both Particulate Control/Air Toxics and Super Clean Systems relate to the EPA's proposed rule on particulates and ozone?

Answer. All of this work addresses improving the cost-effectiveness of control technologies for all the above emissions. In Super Clean Systems, advanced technologies are being developed to further reduce $SO_2$ and $NO_x$ emissions, which are precursors to ambient fine particulate levels. Reduced $NO_x$ emissions will be required to meet proposed ozone regulations. Hence, all of this work is applicable to addressing the need for improved approaches to meeting potential future regulatory requirements for reductions of those precursor species.

*Question.* Why is funding for contracts under Super Clean Systems being decreased while those under Air Toxics are being increased?

Answer. Given the need for reduced levels of Federal expenditures and the many competing R&D needs, not all of the activities can be fully funded.

Since there are no acceptable methods for measuring, characterizing, or controlling mercury emissions, which are a primary focus of attention under the air toxics provisions of the Clean Air Act, that activity was assigned a higher level of funding.

ADVANCED RESEARCH AND TECHNOLOGY DEVELOPMENT

*Coal technology export*

*Question.* $1,047,000 is requested for Coal Technology Export. Exactly how will these funds be used?

Answer. A goal of the Department of Energy's Strategic Plan is to enhance energy productivity to strengthen the United States economy and improve living standards by promoting programs that will establish the United States as a world leader in developing and deploying energy technologies and services throughout the world. Fossil Energy will achieve this goal by funding coal technology export programs that will:

—Protect and expand international demand for U.S. coal and U.S. coal technology;
—Provide technical assistance to foreign governments;
—Level the playing field for U.S. industry by helping to eliminate economic/political/social barriers to international trade; and
—Facilitate trade promotion and trade finance.

*Question.* Travel costs for DOE personnel on trade missions?

Answer. Travel costs are usually covered within Fossil Energy's Program Direction line item. No Fossil Energy Coal Technology Export funds are planned to be used to pay for any travel costs.

*Question.* Technical support?

Answer. Fossil Energy does have a series of Memoranda of Understanding and other international agreements where technical information is shared between countries. However, none of Fossil Energy's international programs provide for "direct technical support" to a foreign government or industry.

*Question.* How do funds expended in this activity relate to functions performed and services provided by the Department of Commerce, the State Department and other agencies?

Answer. Fossil Energy's efforts are complementary to and are not duplicative of efforts done by other agencies. The work of Fossil Energy is focused upon expanding the use of Clean Coal and Advanced Power Technologies into world-wide markets. Fossil Energy is a member of a number of inter-agency committees (e.g., Trade Promotion Coordination Committee—Dept. of Commerce) to ensure that Federal agencies are not duplicating efforts and that the most effective use of the Federal dollar is realized.

BIOPROCESSING OF COAL

*Question.* Funds are requested in fiscal year 1998 to continue work on the bioprocessing of coal. Does work in this area have any significant relationship to gasoline and diesel desulfurization work being performed with support from the Office of Industrial Technologies' Petroleum program?

Answer. At this time, there is no significant relationship between work being done on the bioprocessing of coal and research on gasoline and diesel desulfurization work supported by the Office of Industrial Technologies Petroleum (OITP) program. OITP issued a solicitation in January 1997 seeking proposals for the biodesulfurization of gasoline (total funding is $800,000). However, there is an ongoing coordination effort between FE and OITP regarding the development of coal derived diesel fuels employing FE liquefaction processes for OITP diesel engine applications.

The Office of Fossil Energy's bioprocessing program is focused on producing inexpensive liquid fuels from coal that can be used in power systems, and ethanol that can be used as an additive to gasoline for motor vehicles.

UNIVERSITY COAL RESEARCH

*Question.* An increase of approximately $1 million is requested for University Coal Research, with a smaller increase requested for HBCUs. Will this entire increase be used to fund the Innovative Concepts program described in the budget request?

Answer. No. Only about $500,000—$750,000 will be directed to seeking innovative concepts having the potential of making revolutionary advances in coal utilization technologies. The rest will be used to address key focus areas of high priority in the Fossil Energy program, such as $NO_x$ control, mercury abatement, and $CO_2$.

*Question.* Could the program be initiated with a lesser amount of funding and grants?

Answer. The effectiveness of the program would be severely reduced with further budget reductions. The program had been supported at about $5 million through fiscal year 1995. It was reduced to about $4 million in fiscal year 1996, and further reduced by Congress to about $3 million in fiscal year 1997. So the fiscal year 1998 request is merely a partial restoration of the funding needed to adequately address the broad spectrum of research and the novel and innovative concepts that may spawn this nation's next generation of advanced, cleaner and more efficient coal conversion and utilization technologies.

*Question.* Can the Department provide some examples of research that has been funded in this activity during the last few years that has contributed directly to the development of coal power system technologies being developed with DOE support?

Answer. Since the inception of the University Coal Research (UCR) Program in 1979, research grants awarded to U.S. Colleges and Universities have contributed directly to the development of more efficient and environmentally acceptable coal power system technologies. Many of these researchers have received patents and various citations. The following are just a few examples:

Researchers at the Virginia Polytechnic Institute developed a coal cleaning process that produces a "super-clean" coal using microbubble flotation. It provided a way to significantly reduce the ash and pyritic sulfur in U.S. coals thereby enabling the use of coals that were previously discarded as waste because they could not be cleaned with conventional technology. Initial development of the process, which is now known as the Microcel Process, was supported by the UCR program over a period of four years. It is now in commercial use throughout the world.

University of Pittsburgh researchers received a patent for their work originating from a UCR Grant in coal liquefaction catalysis. Through their research efforts, a method for synthesizing methanol at temperatures far below those used in commercial synthesis was developed.

Dr. Sarofim, the recipient of several UCR awards, has contributed significantly to the understanding of the mechanism of coal combustion, leading to research in reducing the environmental impacts of coal. He was recognized for his work in combustion engineering and nitrogen oxide chemistry by receiving the 1995 Homer H. Lowry award from the Secretary of Energy. This is the highest such award in the area of fossil energy by DOE.

Dr. Donald P. Olah, University of Southern California, won a University Coal Research grant to study superacid catalysts for coal conversion. He subsequently received the Nobel Prize for his work in the creation of these superacids. Dr. Olah's work significantly contributed to technologies for producing lead free gasoline and numerous industrial processes.

INTERNSHIP PROGRAM

*Question.* Why is the Department requesting new funds for an internship program that will focus on undergraduates at colleges without graduate programs in science and engineering?

Answer. The Internship subprogram element, which is part of the UCR program, provides opportunities for undergraduate science and engineering students nationwide to experience a graduate level research environment. Students who apply to and are accepted in the program are placed at host laboratories across the country for 10-week summer internships. Hosts for the students are grant recipients under the UCR program. The host provides a research project, space, and materials for the intern and the intern's costs (room, board, stipend, and travel) are covered by the Internship Program. This provides an opportunity for promising undergraduate students to make decisions about entering into graduate programs that deal with energy-related research, and ultimately work in energy-related fields that promote technology development.

*Question.* How does this help meet the goals of the Fossil Energy Research and Development program?

Answer. The internship program provides opportunities for undergraduates to be exposed to high levels of scientific research which may influence their pursuit of graduate education in their areas of interest, as applied to Fossil Energy. This program promotes the development of U.S. based technical expertise in fossil energy and energy-related technologies. The Administration's technology plan of February 23, 1993, recognizes this by setting a key goal for the Nation, to be a world leader in science, mathematics, and engineering. Furthermore, the Performance Agreement between the President of the United States and the Secretary of Energy supports

the Administration's Goals 2000 objective of recapturing U.S. preeminence in science and math education.

*Question.* Is $5,000 per internship a reasonable price for this activity?

Answer. The intern's costs for room, board, travel, and stipend for 10 weeks are marginally covered by the $5,000 per student. If these funds are not provided, many of our potential hosts will not be able to accept interns based upon local costs of living and travel costs. Targeted students will not be able to make up the difference in most cases.

MINORITY INSTITUTIONS ELIGIBLE FOR FUNDS

*Question.* What are the "other minority institutions" eligible for funds appropriated for the HBCU activity?

Answer. Beginning in fiscal year 1997 the Office of the Assistant Secretary for Fossil Energy expanded the program to include Other Minority Institutions. This was requested by Congress in order to be in compliance with the Department of Energy Hispanic Outreach Initiative Strategic Plan. Eligible OMI organizations must be on the official Department of Education—Office of Civil Rights—listing of Minority Institutions. There are certain ethnic population requirements of school enrollment to be classified as a Minority Institution. Institutions that have more than 25 percent Hispanic, Asian, or Native American are eligible.

*Question.* When did such institutions become eligible for these funds?

Answer. They became eligible in fiscal year 1996, but because of confusion over the official definition of what constitutes a minority institution, a decision was reached by Fossil Energy management to postpone OMI inclusion until fiscal year 1997.

*Question.* How many such institutions are there?

Answer. According to our information there are 360 "other" minority institutions that fit the definition of minority institutions as described in 10 U.S.C. 2323(a)(1)(c) and 20 U.S.C. 1135-d–5(3). This definition is used by the Department of Education from which we derived our list.

*Question.* Given the expansion in eligibility for these funds, is there an appreciable difference in the way in which HBCU and University Coal Research funds are utilized?

Answer. Yes, there are several differences in the way the funds are utilized which overshadow the similarities of the UCR and HBCU/OMI Programs. Those differences include:

—1. The HBCU/OMI Program includes oil and natural gas, while the UCR program does not.

—2. The HBCU program covers a broad spectrum of energy-related areas, while the UCR program addresses "key research focus areas" that deal with specific coal technology needs, and an "innovative concepts" area that takes advantage of research outside of the traditional fossil energy area.

—3. The UCR Program is open to all Universities/Colleges, while the HBCU/OMI Program is restricted to just those that are actual HBCU or minority institutions.

—4. A research and technology transfer symposium is held annually in the HBCU/OMI Program that includes more than just technical papers. It is a forum for various DOE sites and offices (national labs, EE, ER, etc.) to showcase opportunities for the HBCU/OMI. It also focuses on the students of the institutions and includes oral presentations and poster presentations by the students.

NATURAL GAS

*Question.* The Department is again requesting funds to initiate development of a "revolutionary/smart drilling system." Has the Program Research and Development Announcement been issued for this program?

Answer. A solicitation for cooperative agreement proposals for "Advanced Drilling Systems" was issued on December 2, 1996. Proposals were received on February 3, 1997.

*Question.* If so, what was the response and how many contracts have been entered into?

Answer. The proposals are under technical and cost evaluation at this time. Information relative to the number of proposals can't be released at this time due to procurement regulations. The solicitation provided for multiple awards, however the actual number of awards can't be identified at this time due to procurement regulations.

*Question.* Does the Department anticipate the same funding profile described to the Committee pursuant to last year's hearing?

Answer. The revised funding profile anticipated for the project is as follows: fiscal year 1996—$200,000, fiscal year 1997—$781,000, fiscal year 1998—$750,000, and $1,769,000 of outyear funding.

COAL MINE METHANE PROGRAM

*Question.* The Department has again request funds for a coal mine methane program. How would these funds be administered?

Answer. These funds would be administered through the Federal Energy Technology Center (FETC), which has responsibility for implementation of the coal mine methane program. The funds would be awarded to five contractors selected for Phase II engineering design preparation.

*Question.* As competitive grants?

Answer. Ten Phase I awards were made in fiscal year 1995 for feasibility studies in response to a competitive solicitation that sought proposals for cost-shared demonstrations of alternative ways by which recoverable methane released in the course of underground coal mining could be economically utilized. Based on FETC assessment of these studies, five of the proposers were selected for Phase II engineering design preparation.

*Question.* How many demonstrations would the requested amount likely fund?

Answer. The requested amount would fund the Phase II Engineering Design for the five contractors selected.

*Question.* Would the demonstrations be multi-year?

Answer. The demonstrations would be multi-year. Subject to the Phase II results, three demonstrations might possibly be sufficient to define the most cost-effective and greatest benefit options for commercialization.

*Question.* How much time and Federal investment would likely be necessary to demonstrate methane recovery to the point where mining operations would regularly employ such technology?

Answer. The time and investment for the methane recovery and utilization technologies selected for mine demonstration will likely vary for each of the alternatives selected. For any given technology to be regularly used in mining operations, we would expect a period of about 5 years to be required. Individual mine demonstrations should be completed in three years. Adopting successful technology for use in a significant share of mining operations would require another 2 years. Total additional funds required, including the fiscal year 1998 request of $963,000, are estimated to be $4 million. For any given mine demonstration project, the industry cost-sharing contribution will be greater than the Federal funds required.

ADVANCED TURBINES PROGRAM

*Question.* The Department is requesting $31.4 million for the advanced turbines program. If funded at the request level, how long would completion of the turbines program be delayed?

Answer. A delay of up to 2 years would result.

*Question.* When would Phase III be completed and a downselection be made for Phase IV?

Answer. The Department anticipates that it will complete Phase III in early fiscal year 1998, assuming no unforeseen technical issues or other program uncertainties arising that might impact cost and schedule.

*Question.* What is the estimated Federal cost of Phase IV?

Answer. Based on the current schedule, the estimated federal cost of Phase IV of the program is approximately $155 million.

*Question.* How would the stretch-out associated with the budget request impact market entry of advanced turbine technologies?

Answer. The primary impact of the stretch out on market entry would be a 2-year delay, possible cost increases due to the increased development costs. It is reported that the turbine manufacturers believe that it is in the best interest of program cost and U.S. competitiveness to maintain the currently planned levels of funding given in the Report to Congress, inclusive of additions to the Administration's fiscal year 1998 budget request that have been identified in recent public testimony. They believe this will achieve the lowest total program cost and provide a commercially available, U.S. manufactured system to the marketplace earliest, allowing U.S. companies to challenge other international competitors for major orders which will produce U.S. jobs.

*Question.* Is it the Department's view that the "market window" for this technology has been pushed back, enabling the development program to be stretched out?

Answer. The demand for new generation and uncertainties in the market due to the electricity industry restructuring have had some effects that could likely widen the domestic "market window" for some of the technologies planned for market entry during the post-2000 timeframe. In addition, the advanced turbine development program stretch out, as is the case for most of the program in our power systems technology portfolio, is necessitated in order to meet budget constraints and to maintain a balanced funding for all these promising technologies.

*Question.* Is the Department considering modifications to the program that would prolong Phase III and increase contractor participation/risk in Phase IV?

Answer. The baseline program as reflected in the fiscal year 1998 budget request assumes a down selection to one developer for Phase IV. The Department is also evaluating the feasibility of modifications to the program that would continue government participation with both contractors. This could allow the DOE to invest government funds in only critical areas to reduce industrial risks and achieve the goals of the program. Under this scenario, the Phase IV long-term demonstration would be completed by the contractors without government participation.

*Question.* How would this impact costs in fiscal year 1998?

Answer. The cost impact in fiscal year 1998 would remain unchanged.

*Question.* How much funding would be required in fiscal year 1998 to keep the program on schedule?

Answer. As indicated in our 1994 Report to Congress, $58.6 million would be required in fiscal year 1998 to keep the program on schedule.

*Question.* Is market entry for utility-scale advanced turbines likely to occur at the same time as the industrial-scale turbines being developed with Energy Conservation support?

Answer. Yes; market entry for both utility scale and industrial-scale advanced turbines is anticipated to occur within the same timeframe.

*Question.* Can one program accommodate stretch-out better than the other?

Answer. Both programs are of high priority to the Department and target different markets. The fiscal year 1998 budget takes into account our balance of these programs, along with others in our energy portfolio, given the current budget constraints.

GAS UTILIZATION

*Question.* In Gas Utilization, the Department is investigating technologies that would allow economic delivery of Alaska North Slope gas via the Trans-Alaska Pipeline. What is the estimated window of opportunity for development and implementation of this technology?

Answer. A recently completed, detailed study for the Department (Economics of North Slope Gas Options, August 1996), placed the period of 2009–2016 as the time within which production from existing ANS reservoirs would dwindle to the point that continued operating viability of the Trans-Alaska Pipeline (TAP) would be jeopardized because of low oil throughput. This would mean that supplemental GTL liquids, miscible with the crude still being transported, would be desirable by 2009. Allowance for a minimum of 2 years of construction time and 2 years for permitting, design and early component ordering would mean that economical, commercially ready (demonstrated), advanced GTL technology should be ready by 2005 or so, to be prudently ready for early onset of low flow TAP problems. Thus, advanced GTL process development and pre-commercial testing should be done by 2005 so that initial commercial implementation on the North Slope could be attainable by 2009 to insure that TAP operation is not halted because of insufficient liquid throughput.

A number of factors influence when the critical flow point is reached: production from new ANS reservoirs, gains in crude prices, improved oil recovery and others factors could act to extend the TAP "jeopardy" time horizon. However, lower than expected reservoir recoveries or crude prices, or other events could trigger an earlier date than 2009 for pipeline jeopardy.

*Question.* How much interest and financial commitment is there from companies doing business on the North Slope?

Answer. Since becoming aware of the North Slope gas option analysis undertaken in 1995 and 1996 for the Department by its Idaho National Engineering (and Environment) Laboratory (INEL), Arco and BP (the principal North Slope oil operators) appear to have increasing interest in GTL as a possible option for utilization of North Slope gas now seen as essentially unmarketable. This is particularly the case for the 21 trillion cubic feet (TCF) of recoverable gas at the giant Prudhoe Bay reservoir. Produced with the oil, this gas is currently being reinjected into the reservoir to maintain reservoir pressure for optimum oil recovery. However, with the projected conclusion of Prudhoe's oil producing life in 10 or so years, this gas will be

ready for sale around 2005. The operators were helpful to INEL in reviewing an early study draft for factual accuracy, and they also have recently agreed to add GTL to their joint study efforts directed to reducing investment costs of North Slope gas marketing options.

*Question.* Is gas-to-liquids technology likely to be equally applicable on the North Slope as in the Gulf of Mexico?

Answer. It is too early to comfortably suggest gas-to-liquids (GTL) technology has equal potential in the Gulf as on the North Slope. Much will depend upon how a number of factors will stack up for respective companies in specific situations. The highest potential situations would be those where gas is totally without a nearby market (North Slope) and thus very low value gas. Pipeline access will also be an important factor. If such access is not readily available through gathering line extension, and if the lack of gas transport means that production of the potential flow of associated crude oil is not permitted, the producer might well be interested in relatively costly GTL simply to obtain the profit from the otherwise locked in oil. Other situations will also bear examination, including those that might fit market niches, where gas could be converted into 'liquefied natural gas' (LNG) at a remote Gulf site and barged to shore for use in peak gas storage activity. This is why the GTL research program seeks to encourage development of a variety of GTL process options, geared to both large and modest-scale operations, and development of technologies that can be adapted to these specific situations.

*Question.* Is it likely to become economical in one location before the other?

Answer. At the current constrained pace of GTL development, and for reasons cited earlier, a definitive answer is extremely difficult. Given the economics of scale of current GTL technology, despite the capital and operating penalties of working in the climatic conditions of the North Slope, a best guess at this point in time is that advanced GTL technology would show better economics for the North Slope than for operations in the Gulf using higher priced gas.

STATUS OF CERAMIC MEMBRANE PROJECT

*Question.* What is the status of the ceramic membrane project initiated with AMOCO?

Answer. After several months of negotiations between Amoco and Air Products, the firm that allied with Amoco in submitting an unsolicited proposal to develop and demonstrate the ceramic membrane technology for gas-to-liquids (GTL) application and which was accepted by the Department, it became apparent to Department procurement officials that the two firms could not consummate a formal agreement to collaborate in this work. After due notice by the Department, the proposal acceptance was canceled in September 1996. Because the work was deemed important and appropriate for the GTL research program, however, a competitive solicitation for comparable work was prepared and announced in December 1996, with a closing date of February 28, 1997. Proposals are currently being evaluated with selection tentatively scheduled for Spring 1997.

ENVIRONMENTAL TECHNOLOGY DEVELOPMENT

*Question.* A significant increase is requested in Environmental Research/Regulatory Impact Analysis for Technology Development. Are there specific regulatory requirements that precipitated the requested increase?

Answer. The request for increased funding in Environmental Technology Development was not prompted by specific regulations, but by the identification of this area as a high priority for the industry and the nation. The Department not only has expertise and technology to offer to the industry through the national labs and other facilities, but the process of developing and applying lower cost environmental compliance technologies can lead to a better understanding of environmental risks that contributes to better regulatory decisionmaking.

However, in turning to industry to ascertain their technology development priorities, the program has found that those priorities are driven by regulatory requirements. For example, industry advisors recommended that the fiscal year 1997 request for proposals from national laboratories-industry collaborations focus on two areas: produced water minimization and treatment, and stationary source air emissions control, both the subject of recent EPA rulemakings. Additional recommended priorities for fiscal year 1998 include risk assessment for decision making, treatment and disposal of naturally occurring radioactive materials (NORM), and soil remediation, all areas that are the subject of ongoing regulatory discussions at the state and federal levels.

FUEL CELLS

*Question.* $32.7 million is requested for the Molten Carbonate program. How does the amount requested compare to the amount called for in the original molten carbonate cooperative agreements?

Answer. Original funding estimates in the two molten carbonate cooperative agreements show somewhat larger DOE amounts for fiscal year 1998 than the request for that year (a total for the two agreements is $35 million in fiscal year 1998, but the total for fiscal year 1997 in the agreements was $55 million, indicating a prior significant shortfall). The impact is a slippage in the original schedule by about two years.

*Question.* How much would be required in fiscal year 1998 to complete the program according to the original schedule?

Answer. The original schedule had a completion date of 2000. The amount estimated to be required in fiscal year 1998 toward completing the program according to the original schedule is $50 million.

*Question.* How much would be required to prevent further slippage?

Answer. The amount estimated to be required in fiscal year 1998 to prevent further slippage beyond 2002 is $32.7 million.

*Question.* Is it the Department's position that a delay in the molten carbonate program will have minimal impact on the success of the two contractors due to changing market windows?

Answer. A delay in the molten carbonate program will have an impact of a 2-year delay on the ability of the two contractors to enter the market on original planned schedule of 2000. However, the time window of market opportunity has widened given the changes in the domestic power generation market due to the restructuring of the electricity generation industry.

*Question.* In response to questions posed by this Committee last year, the Department stated that it would be prepared to evaluate the results of the three major fuel cell contracts at the end of fiscal year 1997, and that it was likely that only two contractors would continue full system development in fiscal year 1998. Is this still the Department's view?

Answer. The Department intends to support all three fuel cell developers on a stretched out basis. Each of the three fuel cell developers is aiming for different power generation applications with different technologies. One molten carbonate developer is targeting the onsite cogeneration application, the other is focusing on distributed generation. The solid oxide fuel cell developer's thrust is a combined cycle system with gas turbines for the central station power application. All three contractors are making good progress in their respective technologies. It is in the best interests of this nation to allow all three to build a strong domestic fuel cell industry to compete in the international fuel cell market and produce very clean, highly efficient energy, to create numerous domestic high value jobs, and other economic benefits that fuel cell power systems promise for the U.S.

*Question.* How much would be required to fully fund one molten carbonate contract while continuing to fund only component and stack development for the other?

Answer. Funding required to fully fund one molten carbonate contract to develop a commercially ready power system in the year 2002 would require about $20 million per year. Although the capital cost of a fuel cell stack is expected to be about 30 percent to 40 percent of the total powerplant cost, this ratio does not apply relative to amounts for development funding. The bulk of technology development for a fuel cell power system must be focused on the more challenging cell and stack issues. Thus, continuing to fund only component and stack development for the other contractor is estimated to be about $15 million per year.

*Question.* Does the Department view the technological problems experienced at the Santa Clara demonstration plant as significant, or as routine and surmountable?

Answer. The general assessment by all the participants in the Santa Clara field test is that the plant operation was successful in spite of problems encountered that are unrelated to the fuel cell technology itself. All systems operated such that full rated power was produced resulting in the largest operating fuel cell power system in the U.S. The fundamental problem is easily surmountable and is not an issue in the redesign configuration for the next prototype system.

*Question.* The Department is requesting $12.8 million for the solid oxide fuel cell development program. What would be the impact of this funding level on the estimated completion date of the program?

Answer. The requested funding of $12.4 million for the solid oxide fuel cell development is expected to stretch out the development schedules for two years and reach a commercially ready power system in about 2002.

*Question.* What would be required to keep the program on its original schedule?

Answer. Funding level required to keep the program on its original schedule is estimated at $20 million.

*Question.* The Department of Defense has been involved in the commercialization of phosphoric acid fuel cells. Is any money requested in DOD's fiscal year 1998 budget for fuel cells?

Answer. There is no known funding requested in the DOD fiscal year 1998 budget for a Climate Change rebate program for fuel cell systems.

*Question.* If so, is the program limited to phosphoric acid technology? Why?

Answer. It is our understanding that the Climate Change rebate program for fuel cells is intended for fuel cell systems that are available commercially and is not focused on any specific fuel cell technology. Phosphoric Acid Fuel Cell systems happen to be the only fuel cell technology being offered commercially at this time, but we know of no funding requested in the DOD fiscal year 1998 budget for the Climate Change rebate program.

*Question.* Would either of the molten carbonate contractors be prepared to prepared to participate in this type of buy-down program?

Answer. Either of the molten carbonate fuel cell contractors might be prepared to participate in this type of buy-down program at a later time when they are ready to make such commercial offerings.

RESERVOIR CLASS PROGRAM

*Question.* Much of the research being performed in the Oil Technology program is designed to increase the economic life of domestic wells. What progress has been made in this regard?

Answer. The expected benefits from the Reservoir Class Program are proving to be greater than originally projected although the program is only 4 years into its 10 year duration. The economic life of wells in Utah, Texas, Michigan, Colorado, and Oklahoma have been increased through several early successes. Industry participants estimate, based on documented production and reservoir modeling, that transfer of the technologies demonstrated in 32 projects will provide an additional 500 million barrels of domestic production. Thus far, over 43 million barrels in increased reserves have been achieved through initial technology transfer.

*Question.* Have we slowed the rate at which wells are being shut-in?

Answer. We have slowed the abandonment rate in the basins where these early successes were achieved. It is difficult to assess the overall impact we have had on the national abandonment rate because this data usually lags production data by 2 years and our program is less than half completed.

*Question.* $2.1 million is requested to revisit Classes I, II and III of the Reservoir Class Program. What have been the benefits of the Class program thus far in terms of enhanced domestic oil recovery?

Answer. Industry participants estimate, based on documented production and reservoir modeling, that transfer of the technologies demonstrated in 32 projects will provide an additional 500 million barrels of domestic production. Thus far, over 43 million barrels in increased reserves have been achieved through initial technology transfer.

Examples of some early successes include:

—Lomax/Inland Resources' waterflood in the Uinta Basin of Utah, going against conventional wisdom in the region, established viability of waterflooding in the area. During the 44 months of the project, 1.13 million barrels of incremental oil has been produced with tax revenues and royalties totaling $5.9 million. Thirteen new waterflood projects have been initiated by other companies in the region as a direct result of the DOE project, with an anticipated minimum of 31 million barrels of additional oil recoverable, worth $160 million in tax and royalty revenue.

—Michigan Technological University, teaming with an operator in the Michigan Basin, targeted production from the Dundee Formation in the Crystal Field, one of 137 older fields that are nearing abandonment. The application of horizontal drilling strategies coupled with new computer modeling and analysis methods has resulted in a demonstration well producing at a rate of 100 barrels of oil per day (BOPD), 20 times the best conventional well in the field. The successful results have caused 9 new horizontal wells to be permitted for drilling in the Crystal Field and 20–30 additional horizontal wells to be permitted in some of the other fields in the basin. Additional development in the Crystal Field alone is expected to recover 2 million barrels of oil. The redevelopment of other fields is anticipated to produce between 80 to 100 million additional barrels with an anticipated tax revenue of about $210 million. This technology has also been

transferred through the Kansas region office of the Petroleum Technology Transfer Council, and operators are in the process of drilling a Kansas horizontal well.

—Offshore, in the Gulf of Mexico's Outer Continental Shelf, the Lamont-oherty Earth Observatory of Columbia University evaluated the hypothesis that some Gulf Coast reservoirs are "recharged" periodically along faults. 4-D seismic technology was used to model subsurface fluid flow and to locate growth faults that may be pathways for oil flowing up from deeper formations. The first well drilled as a result of the 4-D seismic technology initially produced 1,500 BOPD. Federal revenues from this well alone will equal the amount of funding provided by DOE within five years. Also as a result of this project, $400 million in contracts have been signed between Western Geophysical and producers to track reservoir recharge using 4-D seismic.

*Question.* What is the estimated increase in production on Federal lands attributable to technologies developed in the Class program?

Answer. The technologies demonstrated in the Class program were actually developed by the oil and gas industry. The purpose of the Class program is to promote the technology. In an effort to estimate the relative "improvement" of Federal lands due to the DOE Reservoir Class Program, the "Change Resource Implementation Probability" software was run on the eight Reservoir Class projects found on Federal Lands (of the total 29 Reservoir Class projects). The estimated increase in production on Federal lands attributable to technologies demonstrated in the Class program is almost 300 million barrels of domestic production.

*Question.* What is the estimated increase in royalties and taxes accruing to the Federal government as a result of the increased production on Federal lands?

Answer. The estimated increase in royalties and taxes accruing to the Federal government as a result of the increased production on Federal lands is 1.3 billion dollars.

*Question.* In the Department's view, would this increased production have occurred, been delayed, or not occurred in the absence of DOE support?

Answer. The Department believes that these increases in production would not have occurred in the absence of DOE support due to the risk involved and the availability of financing. An offset operator to Lomax/Inland Resources noted that, "My management would not have attempted their waterfloods without seeing the results of the Monument Butte flood."

NATIONAL LABORATORY/INDUSTRY PARTNERSHIP PROGRAM

*Question.* A $2 million increase is requested for the National Laboratory/Industry Partnership program. Can the Department provide some examples of technology gains that have been achieved in this program in the last year?

Answer. Prototype devices for five geophysical imaging technologies have been completed and are undergoing field trials, and one technology has been commercialized. The exploratory well success rate has improved to 48 percent for the first 4 months of 1996, and continued improvements are expected as new geophysical technologies, including those developed by DOE, are adopted by industry.

The five new data processing and simulation methods projects successfully completed interim products. These improvements are expected to increase U.S. oil and gas production by 1 million barrels of oil equivalent starting in 2001. Accomplishments to date include: computer code that provides a three-fold acceleration for parallel processing of subsalt seismic data; multiphase fluid simulator for underbalanced drilling; publications on prototype computer model to predict geopressured reservoirs; prototype data server available on the Internet; and synthetic seismic data sets for a subsalt structure and an overthrust structure available for industry use in calibrating processing systems.

*Question.* How many additional projects would be funded by this increase?

Answer. The Industry Review Panels will review ongoing projects to determine their progress against stated goals. Early in fiscal year 1998, a call for new proposals would be issued as older projects are completed. With the $2 million increase an additional 5 or 6 new or continued projects could be funded.

UPGRADING RESEARCH

*Question.* $900,000 is requested for Upgrading Research, with a focus on using biotechnology to remove sulfur and heavy metals from crude oil. Is this program coordinated with the biocatalytic desulfurization research being performed under the auspices of the Office of Industrial Technologies' Petroleum program? If not, why not?

Answer. Yes. This program is coordinated with the biocatalytic desulfurization research being performed under the auspices of the OIT Petroleum program. The Fossil Energy program is sponsoring biochemical research to prevent the formation of pollution by removing sulfur, nitrogen, and heavy metals from heavy crude oil before it is refined. The proposed OIT research program will be directed at upgrading gasoline by biocatalytically removing sulfur, thereby, satisfying the need for cleaner fuels. The OIT program issued a Request For Proposal (RFP) which closes the end of March 1997. As evidence to the cooperation between the two offices, Fossil Energy scientists have been asked to help review the anticipated proposals received in response to the RFP and OIT representatives will be attending Fossil Energy's 1997 Oil Processing program review. The programs are supportive of each other and cover the broad spectrum of interest to the industry, i.e., economically upgrading heavy crude and producing an ultra low sulfur gasoline.

PROGRAM DIRECTION

CONSOLIDATION OF PITTSBURGH AND MORGANTOWN ENERGY TECHNOLOGY CENTERS

*Question.* The fiscal year 1997 Interior and Related Agencies Appropriations Act approved the consolidation of the Pittsburgh and Morgantown Energy Technology Centers into a single management structure. What is the status of the consolidation?

Answer. While there are a multitude of administrative details (e.g., new position descriptions, performance elements and standards) to be completed, the consolidation is essentially complete. The final organization structure was defined December 2, 1996. The employee crosswalk was completed on January 13, 1997, with employees beginning to work in the proposed new organizations on February 10, 1997. The Organization Change Proposal was approved February 26, 1997, to be effective March 2, 1997. All employees have been realigned into the new Federal Energy Technology Center organizations; office moves consolidating staff are well under way; reviews, revisions, and creation of administrative procedures are in process; and senior staff has begun development of a FETC strategic plan.

*Question.* What plans does the Department have to consolidate support services and contracts at the two sites? What savings might be realized from such consolidation in fiscal year 1998? Do these savings justify the entire reduction in Contract Services, or will there be a general reduction in services beyond the reductions attributable to the consolidation?

Answer. The primary site support contractor for the Morgantown office is EG&G WASC, Inc. The primary site support contractor for the Pittsburgh office is a team comprised of Burns and Roe Services Corp., Parsons Power, and SAIC. These organizations submitted, during February, an approach to jointly provide support services to the FETC. In response, a request to the contractors for a detailed technical and cost proposal is being made. The target is to have a joint venture or cross-teaming arrangement in place and fully operational for fiscal year 1998 operations.

In addition, other support contract activities presently conducted at each site are being studied for combined operations and consolidation efficiencies.

The budget proposed a reduction in contract services and contracts of $5.4 million based on preliminary estimates of consolidation savings by the field. The current field estimate is that approximately $3 million in total savings from the consolidation of contract activities during fiscal year 1998 can be expected. Once the consolidation process is underway additional savings may be identified. Otherwise, reduction would be necessary in the types and nature of current services to meet the budget target. An analysis of such potential savings has not yet been done.

*Question.* As part of the fiscal year 1997 appropriations Act, the Department was directed to study the integration of the Federal Energy Technology Center into the field management reporting structure. What is the status of this study? If complete, what did the study conclude? How does the Department propose to implement the recommendations of this study?

Answer. A large working group of Departmental field and headquarters staff was assembled to initiate the process to conduct this study. The decision was made to approach the Appropriations Committees about postponing the performing of the required analysis. Office of Fossil Energy senior staff consulted with the Committees about postponement until the Secretary of Energy assesses overall Departmental organizational requirements.

PRIVATIZATION OF NATIONAL INSTITUTE OF PETROLEUM RESEARCH

*Question.* Last year the Committee also approved the privatization of the National Institute of Petroleum Research (NIPER). What is the status of the privatization?

Answer. Privatization of NIPER is on schedule. The M&O contract was amended in August 1996 to facilitate privatization. The research activities of the M&O contract have been relocated off-site. DOE personnel and the programmatic support activities of the M&O contract are scheduled to move off-site May 1997. The remaining activity for full privatization is the environmental remediation necessary for GSA to market the facility. This activity is on schedule to be complete by November 1998 at the completion of the M&O contract.

*Question.* What is the status of DOE personnel at the Bartlesville Project Office?

Answer. The DOE personnel at the Bartlesville Project Office will continue to implement the Oil and Related Environmental Research Programs. The Program office is co-locating with the Southwest Power Administration in Tulsa, Oklahoma on May 5, 1997. Some personnel will relocate to Tulsa and others will commute.

*Question.* Is it anticipated that staffing at BPO or its successor will remain steady or decline?

Answer. It is anticipated that staffing at the new office, the National Petroleum Technology Office, will remain steady for the near future. National Oil Program management activities assigned to the M&O contractor will revert to the federal staff in November 1998. This will create a need to reevaluate staffing levels.

*Question.* How is transition funding for NIPER addressed in the budget request?

Answer. NIPER transition funding is being supported in the research and program direction accounts with no specific request being made for transition.

COOPERATIVE RESEARCH AND DEVELOPMENT

*Question.* The Department has requested $1,966,000 each for WRI and UNDEERC, plus an additional $1,864,000 for coal research at UNDEERC only. Is there any technological reason why the Department has requested additional funds specifically for UNDEERC?

Answer. UNDEERC has excellent R&D capabilities in areas particularly important to the Coal Program and the additional funds were requested for the Center to carry out Department directed projects.

*Question.* Given that the Department proposed to terminate the Cooperative R&D program two years ago on the basis that funds should not be appropriated to specific facilities, how does the Department justify the earmark for UNDEERC?

Answer. Since the Congress has provided funding each year for WRI and UNDEERC, it was felt that it would be best to try and direct funding for these two centers to the areas of R&D that would be most beneficial to DOE. Thus, the language directing the additional funds for UNDEERC to be targeted toward projects in the Coal Program selected by the Department.

*Question.* Does the Department feel that politicizing the Cooperative R&D program will increase the quality of the research performed in the program?

Answer. No. Our request was not intended to politicize the Cooperative R&D program.

*Question.* Is the Department trying to provoke Congress into terminating the Cooperative R&D program?

Answer. The Department does not intend to provoke the Congress into terminating the Cooperative R&D program.

ENVIRONMENTAL RESTORATION

*Question.* $2.5 million is requested for restoration actions associated with the closing of NIPER. What is the total cost remaining for such activities?

Answer. The total remaining cost for restoration actions at NIPER is $2.5 million. This amount will allow all restoration requirements to be completed that are necessary for the site to be placed with GSA for disposal. These activities must, by State and Federal law, be completed before DOE is free of responsibility for the site.

*Question.* Is it imperative to the privatization of NIPER that the funds requested be appropriated?

Answer. Yes; the funds are essential to bring the site to the point where GSA can accept it for disposal.

*Question.* What would be the impact of a lower funding level?

Answer. A major goal of the privatization effort is to realize the cost savings of not owning and operating the NIPER site. The facility must be environmentally clear before GSA will take it for disposal. The requested funds are essential to bring the facility to that point. If funds are reduced, the schedule for turning the facility over to GSA will slip beyond the November 1998 date schedule for closeout of the M&O contract. This will require the M&O to be extended and the overhead cost of owning the facility to continue until the requested funds are obtained and the necessary work completed.

MINING RESEARCH AND DEVELOPMENT

*Question.* The budget justification indicates that the Albany research center will begin crosscut research to complement Fossil Energy R&D objectives. What types of complementary research will be performed?

Answer. The Albany Research Center is developing a program which complements the Office of Fossil Energy while retaining current customers and identifying potential future customers having needs which can be met by the capabilities resident at the Center. The Materials Program at Albany will contribute to FE objectives by formulating partnerships to determine or develop materials for use in current and future power systems. Efforts will focus on research which provides data on the performance characteristics of materials being specified, on developing cost-effective materials for construction of new and enhanced power systems, and for solving potential environmental emission problems of such energy producing systems. An emphasis is also being placed in Albany's Research Program on resolving near-term materials problems associated with the retrofitting of existing coal-burning powerplants.

A CRADA was signed with the Wyman-Gordon Company to produce specific alloys using the reactive foil bonding fabrication technique developed at ALRC. Phase I of the proposed and planned work has been completed and discussions have begun with manufacturing personnel from Wyman-Gordon to apply this technology to specific high-wear components of fossil energy/power generation systems.

*Question.* Is work being performed at Albany coordinated with activities funded by the Department of Energy's Office of Industrial Technologies?

Answer. The Office of Industrial Technologies in EE offers a variety of opportunities for materials-related research. The Albany Center is a member of the OIT Laboratory Coordinating Council and actively participates in the Industries of the Future Program. The research cupola melting studies conducted at Albany are currently part of the OIT Metal casting program. Other opportunities for cooperation are being actively pursued.

*Question.* If not, might there be opportunities for coordination, particularly in the area of metal casting?

Answer. ALRC's research capabilities are aiding other activities in DOE. Currently, discussions with the Office of Transportation Technologies' (OTT) program manager on advanced automotive materials indicates the potential for utilizing light metal (Ti and Al) expertise/capabilities at ALRC. The Center is planning to partner with OTT through the Northwest Alliance for Transportation Technologies, NATT, by leveraging the low-cost Ti program.

The Center is a cooperator in an EM test program which includes Clemson University, Clemson, SC, and AJT Enterprises, of Charleston, SC. Albany has conducted a series of melting tests on contaminated soils from the Charleston (South Carolina) Naval Shipyard in preparation for the subsequent vitrification of these residues in the larger pilot-scale vitrification furnace at the Center. The Center also provides support to DOE in evaluations of the treat ability of contaminated soils at specific, identified sites in the Formerly Utilized Sites Remedial Action Program (FUSRAP). Research includes mineralogical characterization of soil matrices to determine the nature of contamination; conceptual design of potentially effective volume-reduction strategies with accompanying cost analysis; and technical review for DOE of studies of contaminated sites by other contractors.

*Question.* How much reimbursable work is currently being performed at Albany? In cooperation with what agencies?

Answer. Albany is currently performing reimbursable work in cooperation with the following agencies:

—1. U.S. Environmental Protection Agency (EPA), Metal Contaminant Speciation for Superfund Site Cleaning Research, $180,000

—2. U.S. Environmental Protection Agency (EPA), Environmental Technology Initiative (ETI), $774,000

—3. U.S. Agency for International Development (USAID) Asia Sustainable Energy Initiative, $366,000

—4. Department of Defense (DOD), U.S. Army and Army Corps. of Engineers, $76,000

—5. Department of the Interior (DOI), National Park Service, $2,500

These activities are in various stages of completion. All funding amounts, therefore, represent total project funding since inception of the agreement.

CLEAN COAL TECHNOLOGY

*Repayments*

*Question.* The tables included in the budget justification indicate that significant repayments are being realized from Clean Coal Technology projects that are currently in operation. What is the total of repayments received through the end of fiscal year 1996?

Answer. The tables in the budget justification on the Clean Coal Technology Program indicate that 15 projects are "in commercial use" as noted by the asterisk. "In commercial use" means that the technology has been retained for commercial operations after completion of the Cooperation Agreement or the technology has sold commercially or the technology is being used commercially during the operational phase of the demonstration to produce revenues. The term "in commercial use" is not the same as repayment. Qualification for repayment from those projects which are in "commercial use" must follow the terms and conditions of the Cooperative Agreements.

Currently, $385,953 has been repaid to the government from the Clean Coal Technology Program. Repayments from most projects will be derived from future commercial sales of the technology after completion of the demonstration project. The larger and more expensive power projects, which are currently in design, construction and operation, aren't expected to achieve commercial sales until after 2000.

*Question.* What are your estimates of repayments through the end of fiscal year 1997 and fiscal year 1998?

Answer. Significant sales from CCT projects are not anticipated until after fiscal year 1998. Estimates for repayment through fiscal year 1997 and fiscal year 1998 are expected to be minimal and will probably remain at approximately $400,000. Several environment retrofit technologies may achieve commercial sales after fiscal year 1998 for Clean Air Act compliance. Sales of the large power project technologies are not expected until after 2000.

*Question.* Milestone decisions on the YORK and PENELEC projects are due to be made at the end of May. These decisions have an impact on the funding requirements for the Clean Coal Program. Is the Department confident that it will be able to meet these target decision dates?

Answer. Yes; the Department continues to be hopeful that decisions on restructuring these projects will be made by the end of May 1997. However, any changes among the proposed team members or the proposed project sites could cause some delay beyond May.

*Question.* Press accounts indicate that the NOXSO project is undergoing some difficulty. Given that no decision milestones remain on the project, what are the Department's options if the project is terminated?

Answer. If the current difficulties being encountered by the NOXSO project cause the industrial participant to withdraw from the project, the Department will proceed in the same manner that it has in the case of other projects that have encountered similar difficulties. The cooperative agreement will be closed out and the funds remaining will be returned to the Clean Coal Technology Program for use in accomplishing the program's objectives.

*Question.* What costs would the Department be able to recover for use elsewhere in the program?

Answer. At the time the industrial participant withdraws from the project and steps are taken to close out the cooperative agreement, the Department's funds that have not been committed or needed in the close out activities will be returned to the Clean Coal Technology Program. Additional funds may be recovered during the close out negotiations. The amount will be dependent upon the agreements reached in coming to some settlement about facilities constructed or commitments made.

PROGRAM DIRECTION FOR CLEAN COAL TECHNOLOGY

*Question.* The budget justification indicates that $15,866,000 will be required for Clean Coal Technology Program Direction. What have been the costs of Program Direction in each of the last 5 fiscal years?

Answer. The following costs have been incurred for Program Direction over the past 5 fiscal years for the Clean Coal Program:

*Incurred costs for program direction*

| | |
|---|---|
| Fiscal year: | |
| 1997 (estimate) | $16,000,000 |
| 1996 | 14,768,416 |
| 1995 | 17,914,680 |

*Incurred costs for program direction—Continued*

| | |
|---|---|
| 1994 | 17,445,440 |
| 1993 | 19,017,348 |

*Question.* What are the projected requirements for Program Direction in the next several fiscal years?

Answer. The following are the estimated requirements for Clean Coal Technology Program Direction for the next several fiscal years:

| Fiscal year: | |
|---|---|
| 1998 | $15,850,000 |
| 1999 | 14,833,000 |
| 2000 | 13,112,000 |

*Question.* Is the Department confident that the resources devoted to Program Direction are appropriate and comparable to other Fossil programs?

Answer. We believe the estimated Program Direction costs are appropriate to support the Clean Coal Technology (CCT) program activities which include 40 projects in various stages. The Program Direction in budget for CCT is expected to decline in the out years as more projects are completed. We will continue to review these requirements and update the budget estimates to reflect changing program requirements. In comparison to other Fossil programs the CCT program direction costs as compared to total program obligations represent about four percent in fiscal year 1997 and were among the lowest of Fossil Energy programs.

INTEGRATED GASIFICATION COMBINED CYCLE PROJECT IN CHINA

*Question.* The budget includes a $50 million request for a technology introduction program in the People's Republic of China. For what specific purpose will these funds be used?

Answer. The funds will be used to reduce the cost differential between a U.S. IGCC plant and a less clean, less efficient conventional plant. The funds will be used either as a direct buy down of costs or to leverage more favorable financing, to compete with foreign technology and financing terms.

*Question.* Will all funds be used simply to buy down the cost of Integrated Gasification Combined Cycle (IGCC) projects to be located in China?

Answer. Yes, funds will be used to offset the increased costs of doing the first project for IGCC in China.

*Question.* How many individual projects does the Department anticipate the $50 million would support?

Answer. It would support less than 50 percent of the differential cost of one project.

*Question.* Over what period of time?

Answer. The funds would be expended over 3 years (1999–2002).

*Question.* Will any of the funds be used for research and development?

Answer. A small portion of the fund will be used for coal testing and adapting U.S. IGCC technology for the China market.

*Question.* While the Committee recognizes that China is a huge potential market, why is the proposed program being limited to China?

Answer. It is being limited to China to best leverage success. The requested funding is sufficient to buy down the cost differential for only one project. China represents the single largest global market for power generation equipment, reportedly planning to add 10–20 GW of capacity annually. The U.S. leads the world in coal based IGCC technology. Success in penetrating the Chinese market should assure continuing sales of U.S. IGCC systems or components.

*Question.* Does it not make sense to make some of the funds available for use in India or in other key markets so that U.S. technologies are more widely distributed?

Answer. It may, but it would require additional funds. The present request is sufficient to buy down the cost deferential for only one project.

*Question.* Why is the China program focused only on Integrated Gasification Combined Cycle (IGCC) technology?

Answer. This technology has been identified by China as a priority for demonstration. Another technology of importance is a large fluid bed combustor of 300 MW, but this would require additional funds. In the long term, the technology with the largest projected market share is IGCC.

*Question.* Why shouldn't the program be open to other advanced power generation technologies that might be of interest to China?

Answer. It could be, but this was judged to offer the greatest probability of success.

*Question.* With at least three CCT-supported IGCC projects slated to be operational in fiscal year 1998 and other IGCC plants coming on-line in other countries, why is additional $50 million required to make such plants palatable to China?

Answer. There are two reasons: (1) to offset the cost of doing the first IGCC in China (estimated difference, based on U.S. experience, between first and next plants is $200/kW) and, (2) to allow U.S. technology financing package to be competitive with foreign technology.

*Question.* At the conclusion of the China program does the Department anticipate that the costs of IGCC technology will be reduced to the point where the technology will be competitive in developing countries such as China?

Answer. The projections of U.S. industry are that the technology would be very competitive at $700/kW and 45 percent efficiency. This project would be a major stepping stone in achieving that goal.

*Question.* The focus on IGCC in the China program suggests that IGCC technology is becoming a "favorite" among the advanced power generation technologies that are being developed with DOE support. Does the China market have specific characteristics that make IGCC the obvious technology choice?

Answer. Yes. China is a coal based economy and the efficiency of IGCC is extremely important to resources used and rail transport. Also, China needs the products of a multi-generation facility that results from IGCC-power, steam, fuel gas, town gas, synthesis gas, hydrogen, and ammonia.

*Question.* What does the focus on IGCC technology mean for other technologies (LEBS, etc.) that might be available in the same market window?

Answer. The introduction of IGCC technology into the Chinese marketplace could give it a significant advantage, but it may also help in the acceptance of all advanced, clean and efficient technologies (such as LEBS and others).

*Question.* Should the Department be concentrating more of its resources on the IGCC program and less on the other advanced power generation programs?

Answer. The DOE should always maintain a balanced source of technology options. There is no universal technology option for all situations. Therefore, a suite of technology options should be developed.

CLEAN COAL TECHNOLOGY RESCISSION

*Question.* The budget proposes a rescission of $153 million and a deferral of an additional $133 million in the Clean Coal program. I also understand that the emergency supplemental funding request will include an additional $10 million rescission from Clean Coal. However, information supplied by the Department indicates that completion of projects currently underway would leave the program with a $23.8 million deficit if the proposed rescission were enacted. What additional steps does the Department propose to take to ensure that ongoing projects can be completed within the budget proposal?

Answer. The projected $23.8 million deficit assumed that all projects would proceed to completion and require all funds as committed under the current Cooperative Agreements. At the time of the proposed rescission, PENELEC has proposed to the Department to restructure and downsize the Warren Station External Fired Combined Cycle (EFCC) Project. This would result in a reduction of the Federal commitment for that project of nearly $40 million. The proposed rescission amount took these savings into account, leaving the Department with the ability to complete all remaining projects, barring any major contingencies. The Department is working closely with the industrial participants to reduce the probability of future cost growths.

*Question.* Is the $10 million rescission reportedly included in the supplemental request based upon new information that was not available during formulation of the fiscal year 1998 budget request?

Answer. The proposed supplemental $10 million rescission was based on a re-evaluation of Program needs after consideration of the restructuring of the Warren Station Project and the resulting small amount of uncommitted funds made available. The supplemental rescission limits the ability of the Department to fund future cost overruns, however, the Department is working closely with the industrial participants to reduce the probability of future cost overruns.

*Question.* The fiscal year 1997 budget requested a rescission of $325 million from the Clean Coal program, but Congress approved a more conservative rescission of only $123 million. The sum of the rescission approved in fiscal year 1997 and the rescission proposed in the fiscal year 1998 budget request is only $276 million—substantially less than the $325 million proposed in the fiscal year 1997 budget. What

has changed in the last year that caused the Administration to lower its estimate of the total that can safely be rescinded from the program while allowing for the completion of ongoing projects?

Answer. Since the beginning of fiscal year 1997, the Department has made one project award and approved the restructuring of several other projects that were already under Cooperative Agreements. These actions have committed significant funds that otherwise would have been available for rescission.

*Question.* In light of the $50 million increase in estimated funding requirements since last year's request, why should the Committee have confidence in the fiscal year 1998 estimate?

Answer. The proposed rescission in the fiscal year 1998 budget request represents surplus funds that actually became available in fiscal year 1996 and early fiscal year 1997 from approved project restructuring and projects that officially ended prior to completion. These funds are in surplus of the requirements needed to fully fund (excluding large cost increases) the active Cooperative Agreements currently in the Clean Coal Technology inventory. The fiscal year 1997 request was based only on the "probability" that projects would be restructured or evaluated prior to completion. The proposed deferral of funds in the fiscal year 1998 budget request reflects known and acknowledged schedule delays in several projects.

STRATEGIC PETROLEUM RESERVE

*Question.* The Administration has submitted a proposal to rescind $11 million from the Strategic Petroleum Reserve account. How has the Administration determined that a rescission of this magnitude is justified? Is there new information that was not available during the fiscal year 1997 appropriations process that might justify the rescission?

Answer. The Strategic Petroleum Reserve is in a transition due to two factors. First it is well into its Life Extension Program, which is designed to standardize, streamline and simplify the surface facilities of the Reserve in addition to extending the useful life expectancy to the year 2025. As that program proceeds, it is resulting in cost reductions that could only be estimated until the work was actually complete, but which we are starting to realize now.

Second, the Department signed its first agreements to commercialize certain facilities that are critical to drawing down the Reserve but which otherwise sit idle. One of these facilities, the St. James terminal, part of the Capline complex on the Mississippi River, was leased to Shell Oil and custody actually transferred. While the signing of this contract was foreseen during fiscal year 1997, the timing of the actual transfer was highly problematic and the Department planned to occupy the facility and perform maintenance and provide security for the whole fiscal year. The cost of those functions now transfers to Shell under the terms of the lease, and accounts for the bulk of the $11 rescission.

These savings had been anticipated for the whole of fiscal year 1998, but were not originally projected to reduce the budget for fiscal year 1997, and absent the rescission, the funds would not be spent in fiscal year 1997.

*Question.* What impact would this rescission have on Reserve operations, drawdown readiness, Weeks Island decommissioning, life-extension, etc.?

Answer. The rescission will have no programmatic impact, the funds are available because of savings from activities already completed. All of the program areas are progressing at the fastest responsible rate. If the money were not rescinded it would not be obligated by the Department during fiscal year 1997.

*Question.* Does the proposed rescission include the $1.36 million remaining from the reserve expansion study, or have these funds already been reallocated?

Answer. The rescission does not include the $1.36 million remaining of the appropriation for a Strategic Petroleum Reserve Plan Amendment, nor have the funds been reallocated, which would require legislation. The Administration has proposed amendments to the Energy Policy and Conservation Act, but the Congress has not acted to amend the Section 159(j) of the Act which requires the Secretary to amend the Strategic Petroleum Reserve Plan to prescribe plans for completion of storage of one billion barrels of petroleum products in the Reserve. The Department plans to request the transfer of the remaining funds appropriated for the purpose of preparing the Plan Amendment after the Congress acts to remove the legislated requirement for an immediate plan amendment.

DECOMMISSIONING OF WEEKS ISLAND SITE

*Question.* Decommissioning of the Weeks Island site will be largely completed during fiscal year 1998. Does the Department have a high degree of confidence that the

decommissioning will be completed within current cost estimates? Is there any significant chance that DOE will carry substantial liabilities beyond fiscal year 1998?

Answer. We are very confident that the Weeks Island site can be emptied, refilled with brine, and decommissioned without any extraordinary unplanned cleanup costs, all within the cost estimate. However, liability is a legal concept, and the Department cannot guarantee that it will not have to defend against claims for actions taken in the past or during the decommissioning. The Department shares ownership of the salt dome with Morton Salt, and Morton has at times asserted that the Government's actions have had negative impacts on Morton's interests.

*Question.* There are currently 117 million barrels of unused capacity in the Reserve. Does the Department have a cohesive policy as to the use of this excess capacity? Is it the Department's position that the entire excess capacity should be leased to foreign governments? If such lease agreements are not forthcoming, does the Department plan to simply maintain the capacity in anticipation of future acquisitions, or is there a long-term policy for reducing the total size of the Reserve?

Answer. The Department has proposed to lease excess capacity in the Strategic Petroleum Reserve to other foreign governments. While the Department would like to lease as much of this excess capacity as possible, the precise amount of capacity leased will depend on the number and nature of the contracts negotiated. The level of capacity will also vary depending on specific terms negotiated, such as whether commingled or segregated storage is desired.

If such lease agreements are not forthcoming, the Department plans to maintain the capacity in anticipation of future acquisitions. The existence of the extra storage capacity will allow the United States to quickly start acquiring oil if circumstances dictate that the inventory of the Reserve should be increased. If we sell or decommission any of the existing sites, creating a new site would be prohibitively expensive and would take many years.

*Question.* Information supplied to me by the Department indicates that by 2010, the number of days for which the SPR inventory could displace imports will decline to 44 days in absence of any further oil sales. I also understand that current international commitments obligate the U.S. to maintain a 90 day reserve capacity, including both public and private reserves. Given that U.S. private reserves seem to be declining, is there any point in the foreseeable future in which the U.S. will not be able to meet the 90 day reserve requirement?

Answer. If imports continue to expand and private inventories continue to decline by a half percent per year, protection will decline to 90 days of import protection by the year 2010. A host of events, including low oil prices that encourage consumption and discourage domestic production, could cause the 90 day threshold to be reached before that time. We must also consider that Reserve might be drawn down in an emergency, further reducing the inventory and the days of protection.

As a matter of foreign policy we would like to continue to lead the International Energy Agency and encourage all member countries and applicants to increase their petroleum stocks.

*Question.* Does the Department anticipate generating any revenues from similar activities in fiscal year 1998?

Answer. The Department will continue to generate revenues for the Federal Government during fiscal year 1998 from the facilities leased during 1996 and 1997. Estimated annual lease revenues from the St. James Terminal and Bayou Choctaw pipeline will be $1 million based on a percentage of the gross revenues generated from its commercial operations. In addition, the Department expects lease revenues of approximately $500,000 to be received from its lease of the Big Hill pipeline.

## NAVAL PETROLEUM AND OIL SHALE RESERVES

*Naval petroleum reserves–1*

*Question.* I am aware that the Chevron Corporation has filed a lawsuit regarding the equity determination for a portion of NPR–1. How might this lawsuit affect the schedule for the sale of NPR–1?

Answer. On March 17, 1997, the U.S. District Court for the Eastern District of California entered an order which denied Chevron's motions and granted the United States' motion for summary judgment. Accordingly, the suit is now dismissed and will not affect the sale schedule.

*Question.* In the last calendar year, the Appropriations Committees have approved two reprogrammings making available over $23 million for sale-related activities. This amount far exceeds original estimates of sale costs. Is the Department confident that it will be able to execute the sale within the amounts already made available for this purpose?

Answer. The Department has just completed hiring the last set of contractors as required by section 3412(d)(1) of the National Defense Authorization Act for Fiscal Year 1996. These contractors are five independent experts in the valuation of oil and gas fields who will conduct separate assessments of the value of the interest of the United States in NPR–1. Based on the preliminary cost estimates for these contractors, the Department believes that the present level of funding authorized to execute the sale should be adequate.

*Question.* If the requirements of the Defense Authorization Act are not met, or if the sale does not proceed for some other reason, the Department will have to operate the field for all of fiscal year 1998. Would the Department be able to operate the field for the entire year within the amount requested in the President's budget?

Answer. The amount contained in the President's budget provides for operation of NPR–1 for seven and one-half months of the fiscal year, through mid-May 1998, and for operation of NPR–3 and the NOSRs for the entire fiscal year.

*Question.* If not, what is the minimum additional amount necessary to operate the field for the remainder of the fiscal year, assuming no significant development activities were initiated?

Answer. The minimum additional amount necessary to operate NPR–1 through the remainder of fiscal year 1998 is estimated at $34 million. This does not include any significant development activities.

*Question.* Should the sale not occur, how would Federal revenues be affected if no additional funds were made available for the operation of NPR–1 for the remainder of fiscal year 1998?

Answer. If NPR–1 received no additional funds for the remainder of fiscal year 1998, it is estimated that operations would close down in mid-May of fiscal year 1998. Production and sale of petroleum and related products would cease at this time, resulting in a short-term revenue loss to the Federal Government estimated at $35 million per month for the remainder of the fiscal year. Further, cessation of operations at NPR–1 would probably result in reservoir damage, and additional production and revenue losses in the future.

*Question.* Many different estimates have been made regarding the sale value of NPR–1 and the value of the revenue stream from NPR–1 should the Federal government retain ownership. Many of these estimates factor in scoring rules, scoring windows and other budget-related arcana. Setting these factors aside, are there any market or programmatic reasons why the sale price of NPR–1 would be significantly lower than the net present value of the projected revenue stream, provided that the sale attracts a number of competitive bids?

Answer. In compliance with the National Defense Authorization Act for Fiscal Year 1996, five independent experts in the valuation of oil and gas fields will conduct separate and independent assessments of the value of the interest of the United States in Elk Hills. In preparing their assessments, these independent experts will consider the net present value of the anticipated revenue stream that the Treasury would receive if the reserve were not sold, adjusted for any anticipated increases in tax revenues that would result if Elk Hills were sold. This net present value calculation will be prepared by the Department in conjunction with the Office of Management and Budget. The minimum acceptable sale price may be set no lower than the average of the five independent assessments or the average of three of these assessments after excluding the high and low assessments, whichever is higher. This process effectively ensures that, in setting the minimum acceptable sale price for Elk Hills, the Department will be able to consider six separate assessments, including the government's net present value calculation, of the future revenues that would have accrued to the government from continued operations.

*Question.* The budget justification indicates that only development activities with a short pay-back time will be undertaken in fiscal year 1998. If funded at a level higher than the request, are there activities that could be performed at NPR–1 prior to the sale date that would result in a net "profit" to the U.S. Treasury?

Answer. There are no additional activities (such as drilling or facilities work) that could be started, completed and provide a net "profit" to the U.S. Treasury by the February 1998 sale date.

*Question.* If so, what are those activities, how much would they cost, and how much revenue would they likely produce?

Answer. The only activity that provides a net "profit" in such a short time is remedial well work, which is already funded in the fiscal year 1998 budget.

MANAGEMENT AND ADMINISTRATION OF NAVAL PETROLEUM RESERVES 1 AND 2

*Question.* $20 million is requested for Management and Administration at NPR–1 and NPR–2, only $500,000 less than the amount appropriated for fiscal year 1997.

The request also indicates that $2.2 million in prior year funds will be available for this activity in fiscal year 1998, an increase from fiscal year 1997. Why is the request for this activity not reduced to reflect the sale of NPR–1?

Answer. The request for this activity was reduced to reflect the sale and estimated operating time for fiscal year 1998. However, these reductions were offset by one-time cost increases for M&O contractor severance and contract close-out activity.

*Question.* How much does the Department expect to pay for severance and other such costs?

Answer. The fiscal year 1998 budget requests $15.8 million for contractor severance costs. Of this amount, $4.6 million is budgeted in the Management and Administration activity. The remainder is budgeted in Production Operations and Technical Services. Contract close-out costs for fiscal year 1998 are budgeted at $4.5 million in the Management and Administration activity.

DEVELOPMENT DRILLING

*Question.* $26 million and $17 million were appropriated for Development Drilling in fiscal year 1996 and fiscal year 1997, respectively. Have these drilling activities been "profitable" for the Treasury, as expected?

Answer. The development drilling programs for fiscal year 1996 and fiscal year 1997 have been extremely profitable. In fiscal year 1996, 23 wells were drilled and placed on production. The response of those wells has been an increase in production of 5,000 barrels of oil per day (BOPD) and 25 million cubic feet of gas per day. On an oil equivalency basis, this represents 9,166 barrels of oil equivalent per day (BOEPD). Without assigning a value to the gas produced that is not sold (most of the gas is used on site for maintaining the pressure in the reservoirs), the payout for these 28 wells is 11 months—a very successful program.

For fiscal year 1997, five wells of the 17 planned have been drilled and completed as of March 21, 1997, and placed on production. Although production testing is currently in progress on these wells, the current oil production rate is about 970 BOPD (an average production rate of 193 BOPD/well). The wells are expected to payout within seven months and will be very profitable. The remaining wells in fiscal year 1997 development drilling program are also expected to payout within a comparable period. The total response of the 17 wells planned for fiscal year 1997 is expected to be over 5,000 BOPD and add over 11 million barrels of proved reserves. There have been no indications that this development drilling program will be anything but very profitable for the Treasury.

DEVELOPMENT FACILITIES

*Question.* $15.6 million is requested for Development Facilities, a large portion of which will be used for the Rule 4701 $NO_x$ reduction project. Are these funds sufficient to complete the Rule 4701 project?

Answer. It is not likely that the $11.4 million budgeted in fiscal year 1998 will be needed by NPRC for compliance with Rule 4701.

In fiscal year 1995, the local air district commenced a formal rule making for proposed Rule 4701 to reduce emission levels for $NO_x$ and CO and to establish a limit for volatile organic compounds (VOC). Early versions of the Rule required that all internal combustion engines in operation at NPR–1 greater than 50 horsepower meet very stringent $NO_x$/CO/VOC emission limits by May 1999. Based on preliminary engineering analyses it was determined that given the current configuration of the engines (numerous very large engines driving "one of a kind" compressor units) significant and very expensive modifications would be required to meet the proposed emission limits. The fiscal year 1998 portion of the work was estimated to be $11.4 million, and this figure was included in the NPRC fiscal year 1998 Facility Development budget.

Concurrent with engineering analysis, NPRC continued to participate actively in the rule making process with the intent of reducing the requirements that ultimately would be included in the final Rule. The rule making process continued over an approximate 2-year period before the Rule was finalized and formally put in place in December 1996. Not knowing what the final outcome of the rulemaking would be, NPRC continued to budget $11.4 million in fiscal year 1998 throughout the rule making process to cover what was believed to be the most likely rule making outcome: i.e., that NPRC's efforts to reduce requirements significantly were not likely to be successful. Upon release of the final Rule in December 1996, however, and based on Rule clarifications received from the air district on March 17, 1997, Rule requirements have been reduced significantly, and the compliance date for NPRC deferred until May 2001. On the basis of these recent developments, and re-

duced requirements, NPRC is now of the opinion that the $11.4 million budgeted for fiscal year 1998 will most likely not be required to comply with Rule 4701. It must be understood, however, that the full impact of the Rule is still being analyzed. The next step in the compliance process is for NPRC to collaborate with the air district and develop a compliance plan that is to be submitted to the district for review by December 1997. The district then has 6 months until July 1998 to approve or disapprove NPRC's plan. It is anticipated, based on experience, that during the process of compliance plan development, NPRC will be introduced to at least some requirements that to this point have not been obvious which would require funding. It is considered, however, that any such requirements can be funded with funds budgeted for Rule 4701 in the fiscal year 1997 budget.

*Question.* Is it necessary to complete this project at NPR–1 prior to sale?

Answer. No. As stated above, the project does not need to be completed until May 2001. Assuming the sale is completed in February 1998, the work on 4701 that NPRC needs to accomplish between now and sale completion is to collaborate with the air district and develop a compliance plan that reflects a thorough understanding of regulatory and engineering requirements. Understanding regulatory requirements will require intensive collaboration with the air district. Understanding engineering requirements will require data analysis, field/pilot tests, engineering studies and evaluations, cost analyses, and conception engineering designs. The goal is to have a cost effective compliance plan in place for the new owners. The actual funding of the implementation plan will fall to the new owners. The new owners should have no problem completing the compliance project if the sale is completed by or near February 1998, as scheduled.

*Question.* What would happen if the project was deferred?

Answer. With the change in compliance date from May 1999 to May 2001, together with the reduction in requirements, in effect the project has already been deferred. It does not appear that deferring of the project will have an adverse effect on NPRC.

*Question.* What sanctions would be incurred if the project is not completed by the deadline?

Answer. If an operator willfully does not meet the May 2001 compliance date, they could be fined up to $25,000 per day per violation and jailed for up to one year by the State of California. Similar sanctions are in place at the Federal level. Additionally, the district could revoke all equipment operating permits, and for each piece of equipment (approximately 500 in number) the facility could incur similar penalties.

In addition to the final compliance date of May 2001, there also are intermediate milestone date requirements (such as the requirement to complete a compliance plan by December 1997), and the same sanctions that apply to the final date also apply to intermediate dates.

*Question.* Will the requirements of Rule 4701 apply to the purchaser of NPR–1 as they apply to DOE?

Answer. Yes, the requirements of Rule 4701 will apply to the purchaser of NPR–1.

INCREASE FOR TECHNICAL SERVICES AT NAVAL PETROLEUM RESERVES–3

*Question.* A $2 million increase is requested for Technical Services at NPR–3. Is the entire increase attributable to activities at the Rocky Mountain Oilfield Testing Center?

Answer. Yes, the entire increase is attributable to the Rocky Mountain Oilfield Testing Center, and is based on increased industry interest in the test center and a large increase in proposed projects.

*Question.* Would a lesser increase simply result in fewer tests or cooperative agreements at the facility?

Answer. If funding for this activity were reduced, it would result in the completion of fewer projects.

*Question.* If provided, would the budget increase leverage an increase in non-Federal cost-sharing at the facility?

Answer. Yes, since all projects performed at the test center are cost shared, the increase requested will increase private industry cost-sharing.

*Question.* It appears that savings achieved at NPR–3 through operational and management efficiencies are being funneled into the Rocky Mountain Oilfield Testing Center, resulting in a flat appropriation request for NPR–3. Are there Development Facilities or Development Drilling activities that could be performed with these funds that would generate a net return to the Treasury over a relatively short time period?

Answer. Analyses of proposed facility and drilling projects indicate that none of the projects would generate a net positive return to the Treasury in a relatively short time period.

*Question.* If so, why were funds not requested for such activities?

Answer. Funds were not requested for these activities because technical analyses have not identified any projects that would provide a reasonable degree of profitability.

*Question.* Why is RMOTC a higher priority?

Answer. RMOTC appears to be a higher priority only because of the lack of opportunities for investments in NPR–3 drilling and facilities projects. In addition, RMOTC is generating increasing industry interest and support, and provides positive benefits through cost-shared projects.

PROGRAM DIRECTION FOR NAVAL PETROLEUM RESERVES–1

*Question.* Within the amount requested for Program Direction, the justification indicates that funds will be used for severance and employee transition. Does the Department anticipate that funds will be needed in fiscal year 1999 for residual severance costs or similar requirements related to NPR–1 personnel?

Answer. The Department plans to complete all NPR–1 severance and employee transition actions in fiscal year 1998, and no funds are anticipated to be required for these activities in fiscal year 1999. It is expected that funds will be required in fiscal year 1999 to support 10 NPR–1 employees to work on close-out of the M&O contract and the Unit Plan Contract.

*Question.* If so, how much will be required and in what account will such funds be requested?

Answer. Funding for NPR–1 employees in fiscal year 1999 will be requested in the Program Direction account for NPR–1, however estimates of the amount required have not yet been developed.

UNOBLIGATED BALANCES

*Question.* The Budget Appendix indicates that a high level of unobligated balances will exist in the NPOSR account at the end of fiscal year 1998, despite the sale of NPR–1. Is the table in the Budget Appendix correct?

Answer. The table in the Budget Appendix reflects the correct number for fiscal year 1996 of $437 million, but is not correct for fiscal year 1997 and fiscal year 1998. The correct numbers for fiscal year 1997 and fiscal year 1998 are $425 million for each year.

*Question.* What is the reason for the large unobligated balance that carries forward each year?

Answer. The large unobligated balance carried forward each year reflects program revenues deposited in the NPOSR appropriation account as a result of the appropriation law for fiscal year 1992 and fiscal year 1993. This law was subsequently changed with passage of the fiscal year 1994 appropriation, and all revenues since fiscal year 1994 have been deposited in the Miscellaneous Receipts account at the U.S. Treasury. The revenues contained in the balances brought forward total $424.5 million and are not available to the program for use. It would be appropriate for these revenues to be returned to the U.S. Treasury.

*Question.* Does the Department anticipate that at the end of fiscal year 1998 there will be any prior year balances available to the NPOSR program for use in fiscal year 1999?

Answer. The Department does not expect there will be any prior year balances available to the NPOSR program for use in fiscal year 1999.

---

## QUESTIONS SUBMITTED BY SENATOR BYRD

ENERGY SUPPLY AND THE ROLE OF FOSSIL ENERGY

*Question.* What percentage of the United States energy supply is fossil-based?

Answer. Fossil-based energy comprised 85 percent of total U.S. energy supply in 1995.

*Question.* Is the picture much different when the global energy supply is considered?

Answer. Fossil-based energy comprised 86 percent of world energy supply in 1995.

*Question.* Based on the Energy Information Administration's projections, is the energy supply mix expected to change?

Answer. U.S. fossil-based energy is projected to increase from 85 percent in 1995, to 88 percent of total supply by 2015. World fossil-based energy consumption is projected to increase 86 percent to 87 percent between 1993 and 2015.

*Question.* When we look specifically at the electricity aspect of the energy picture, how much of electricity is derived from fossil fuels?

Answer. Fossil-based electricity generation comprised 68 percent of U.S. electricity generation in 1995. Fossil-fuel use accounted for 63 percent of the world's electricity generation in 1995.

*Question.* How much of this is coal?

Answer. Coal-fired electricity generation comprised 51 percent of U.S. generation and 36 percent of global generation in 1995.

*Question.* Is the outlook for sources of electricity anticipated to change?

Answer. Total fossil-based electricity is projected to increase to 80 percent of U.S. generation by 2015. Share of U.S. coal-based generation is projected to remain basically flat contributing 50 percent (including cogenerators) to electricity generation in 2015. Globally, the share of fossil use for electricity generation is projected to increase slightly to 66 percent in 2015.

*Question.* Does any other source of fuel come close to coal in meeting our electricity demands?

Answer. No. The next highest energy source for U.S. electricity generation is nuclear which is projected to decline from 20 percent in 1995 to 10 percent in 2015. Globally, the next highest share is for use of renewable energy (including hydroelectric) rising slightly from 22 percent in 1995 to 23 percent in 2015.

*Question.* In light of these types of projections, why is the fossil budget proposed to decrease $18.3 million, or 5 percent, in the fiscal year 1998 budget?

Answer. Fossil energy R&D remains a high priority at the Department of Energy and an integral part of a portfolio of energy R&D programs to ensure a secure energy future under current fiscal constraints. The budget, along with available Clean Coal Technology funds, allows pursuit of a full range of fossil energy options for the future.

*Question.* What impact will the proposed fiscal year 1998 funding level for the fossil energy program have on the timely development of technologies that will allow for the continued use of fossil fuels in a more effective and environmentally-sensitive manner?

Answer. The Fossil Energy Program continues to be a high priority in our overall energy R&D portfolio. We believe that the proposed fiscal year 1998 funding is a reasonable level given the current fiscal constraints and the need to structure a balanced energy R&D portfolio to meet the future energy and environmental challenges. Given the current uncertainties resulting from electricity generation industry restructuring, it appears that the time window of opportunity is widened, thus allowing us to develop these technologies within a time frame that can ensure the continued use of fossil fuels more effectively and in a more environmentally-sensitive manner.

*Question.* If Congress were to fund the energy efficiency budget fully, what effect would that have on reducing our use of energy?

Answer. Estimated primary energy displaced due to DOE energy efficiency programs at the requested funding level is projected to be 0.5 to 0.8 quads in the year 2000 and 4 to 7 quads in 2010. This translates into consumer and business energy cost savings of $3.5 to $4.3 billion per year in 2000 and $25 to $44 billion per year in 2010.

*Question.* Mr. Secretary, there are a number of promising technologies under development in the fossil energy program that appear to be under funded in fiscal year 1998. The budget seems to walk away from commitments and schedules developed for cooperative programs in the area of advanced power systems, such as turbines, fuel cells, and low emission boiler systems. Yet these technologies, if proven and cost- competitive, can contribute to more efficient use of energy in a more environmentally sound manner. What effect will the proposed fiscal year 1998 budget have on our ability to complete these programs in the 2000 timeframe?

Answer. The proposed fiscal year 1998 budget may cause some slippages in the original 2000 time frame completion schedule for turbines and fuel cells by 2 years and possibly the same for the low emission boiler systems. However, we believe that the budget, as submitted, represents a reasonable balance among the various technologies in our energy portfolio given the current budget constraints.

*Question.* What are the current forecasts with respect to energy demand—is it expected to remain relatively constant, or is it expected to grow?

Answer. Between 1995 and 2015, U.S. energy demand is expected to grow one percent per year.

*Question.* What are the Department's projections about how we will meet the challenge of addressing increased demands for energy?

Answer. Increasing demand for electricity generation is projected to be satisfied primarily through increasing use of natural gas followed by increased use of coal and a modest increase in renewable energy through 2015. Nuclear electricity generation is projected to decline.

*Question.* What consequence would program "stretch-outs" have on our ability to have economically viable alternative power generation systems available to respond to projected growths in energy demand?

Answer. The uncertainty, due to the prospects for deregulation of the electricity market, has delayed the incentive for the market to deploy new technologies in its generation mix. Therefore, limited "stretch-outs" of deployment of alternative power generation are not expected to severely affect the market's ability to respond to projected growth in energy demand.

*Question.* How realistic is it to assume dramatic shifts in the foreseeable future when it comes to our energy picture—both in terms of where our energy comes from and how we use it?

Answer. Current projections of the energy picture does not anticipate any dramatic shifts in the mix of energy supply of energy use.

GLOBAL CLIMATE CHANGE

*Question.* To what extent do you believe improved technologies being pursued as part of the fossil energy program will contribute to the more efficient production of energy and improved environmental performance in a way that will help our global environment?

Answer. We believe that the improved technologies being pursued as part of the Fossil Energy Program will have a major global contribution to more efficient energy production and improved environmental performance. The goals of the advanced technologies are to almost double the efficiency of current powerplants and to reduce the carbon dioxide emission by over 40 percent. The environmental systems technologies being pursued are aimed at reducing pollutant emissions by up to 90 percent, at a fraction of today's cost. This attractive combination can encourage the deployment of these advanced technologies in the use of fossil fuels around the world to create a cleaner global environment, especially in developing and transitional countries which rely heavily on fossil fuels.

*Question.* Given that the pressure is to address the global environmental debate sooner rather than later, doesn't that argue for staying on track in the development of some of these new fossil energy technologies so that they can contribute to our having available as broad an array of economically viable options to meet our energy needs as possible?

Answer. Given current budgetary constraints, there is a need to balance our overall energy portfolio by considering many viable options, including fossil energy technologies, to address the global climate issue.

*Question.* If so, then why should the Committee concur in the proposed reductions to the fossil energy budget?

Answer. We believe that given the current budget constraints, the Fossil Energy Program budget submitted to the Committee represents a reasonable balance of the overall energy portfolio options.

*Question.* Will spending less somehow make these technologies available any sooner?

Answer. No, spending less will not make these technologies available any sooner.

*Question.* Isn't it true that some of the programs DOE is working on in advanced coal fired power generation systems can reduce emissions of carbon dioxide by more than 30 percent compared to current baseline systems?

Answer. Yes. Current conventional coal powerplants range in efficiencies from less than 30 percent for older plants to 36 percent for newer plants. Our portfolio of coal-fired powerplant technologies are aiming at efficiencies in excess of 60 percent, thus having the potential for reducing carbon dioxide emissions by close to half.

*Question.* And in terms of cleaner fuel sources, such as natural gas, don't some of the technologies under development—such as advanced turbines and fuel cells—have the potential to reduce emissions 30–50 percent compared to current systems?

Answer. Yes. Our Advanced Gas Turbine Program and our Fuel Cells Program are aimed at developing powerplants with efficiencies in excess of 60 percent and when coupled with coal, can have the potential for reducing carbon dioxide emissions within that range compared to current systems.

*Question.* Wouldn't the successful deployment of these technologies help further progress towards reducing emissions?

Answer. Yes, they would in comparison with currently available technologies.

*Question.* And if so, doesn't it make more sense to address the technological issues before considering binding targets?

Answer. It would be desirable to address the technological issues early. However, given the long-range, high risk nature of the technology being developed, the 60-percent efficiency goal for coal power systems will not be attained any earlier than 2010.

*Question.* To what extent are global environmental concerns driven not just by the U.S. but also by pollution and emissions elsewhere?

Answer. Managing emissions outside the United States is critical to solving the problem of greenhouse gas emission increases. For example, although North America $CO_2$ emissions (in tons of carbon) are projected to increase from 1.56 billion tons per year (TPY) in 1990 to 2.084 billion TPY in 2015, global totals increase from 6.07 billion TPY to 9.35 billion TPY over the same period.

*Question.* Is it not possible that the successful development of alternative technologies, which could then be exported, could contribute to the global solution as well as provide job opportunities in the U.S.?

Answer. Yes, it is possible to realize the potential for these advanced technologies, if successfully developed and exported, to contribute to the global solution, as well as provide opportunities in the United States. In fact, these are among the program drivers in the development of these technologies.

CLEAN COAL TECHNOLOGY

*Question.* The fiscal year 1998 budget proposes some restructuring of the funding profile for the Clean Coal Technology program. While I am pleased that the Administration has not proposed the huge raids on the clean coal program that have been rejected in the past, I still have some concerns about the proposal. Is it accurate that the DOE budget proposal for fiscal year 1998 assumes a "savings" in current year budget authority of $286 million from the clean coal technology program?

Answer. The Clean Coal Technology budget proposal for fiscal year 1998 includes a rescission of $153 million and a deferral of $133 million until fiscal year 1999. The proposed $153 million rescission represents savings made available from approved project restructuring and projects that ended prior to completion. The proposed deferral of $133 million would not decrease the total value of the Clean Coal Technology Program. The combined rescission and deferral represents a proposed decrease in budget authority of $286 million for the Clean Coal Technology Program in fiscal year 1998 and an increase of $133 million in budget authority in fiscal year 1999.

*Question.* Isn't this somewhat disingenuous in that the Administration recognizes that some of these are not true savings from clean coal, because the deferral amount will become available right away next year?

Answer. No. The proposed decrease in budget authority for fiscal year 1998 represents an earnest effort to be fiscally responsible in meeting budget constraints in fiscal year 1998, as well as reducing overall Clean Coal Program costs wherever possible. The combined rescission and deferral represents a proposed decrease in budget authority of $286 million for the Clean Coal Technology Program in fiscal year 1998 and an increase of $133 million in budget authority in fiscal year 1999. The proposed rescission amount of $153 million represents savings made available from approved project restructuring and projects that ended which results in a net decrease in overall program budget authority and would decrease the total cost of the Clean Coal Technology Program. The proposed deferral of $133 million would not decrease the total cost of the Clean Coal Technology Program. The proposed deferral reflects known and acknowledged schedule delays in several projects and does not represent "true savings" from the Clean Coal Technology Program.

*Question.* Is it mere coincidence that the estimated savings from the clean coal deferral total nearly the same amount of the proposed fiscal year 1998 increase for the energy efficiency program?

Answer. In the Department's annual budget process, all programs are independently reviewed in regard to their resource requirements. As a result of the schedule delays in several major Clean Coal projects, a deferral of budget authority from fiscal year 1998 to fiscal year 1999 was proposed. The overall DOE budget for fiscal year 1998 reflects many decreases and increases due to various factors including resource requirements, schedule and priorities. The overall budget constraints require decisions that trade-off savings found in some programs against increased requirements in others in order to fund a balanced energy portfolio.

*Question.* If we were to defer clean coal funding, wouldn't it make more sense to not spend any of the artificial savings in fiscal year 1998 given that the dollars will be required in fiscal year 1999?

Answer. The overall annual budget constraints for the Department require reallocation of resources between programs each year to conduct programs in the most efficient manner.

*Question.* In addition to the proposed deferral, the budget also includes a recommended rescission of $153 million. To date, Congress has already rescinded $323 million from the original clean coal program appropriation of $2.7 billion. Has DOE been able to identify $323 million in savings yet? In other words, is there enough funding in the clean coal program under current law to complete projects still in the pipeline?

Answer. Under current law, there is a surplus of funds after fulfilling all commitments for the remaining projects in the Clean Coal Technology Program. Even after the proposed $153 million rescission for fiscal year 1998, adequate funds would exist to fully fund all projects in the pipeline assuming no major contingencies.

*Question.* It is my understanding that a restructuring of the PENELEC clean coal project in Pennsylvania must occur if the clean coal program is to avoid a deficit under the proposed rescission scenario. What is the status of this project and has the necessary restructuring (and resulting savings) occurred?

Answer. Negotiations are continuing with PENELEC to restructure and downsize the Warren Station External Fired Combined Cycle (EFCC) Project. Additionally, negotiations are continuing with PENELEC to restructure and relocate the York Atmospheric Fluidized Bed Combustion (AFBC) Project. The projected savings of $40 million are associated with the downsized Warren Station EFCC Project and not the York AFBC Project. The resulting savings are expected to occur when the Cooperative Agreement is officially modified. Even after the proposed $153 million rescission for fiscal year 1998, adequate funds would exist to fully fund all projects in the pipeline assuming no major contingencies.

*Question.* When do you expect to know for sure whether the estimated savings from PENELEC will accrue?

Answer. The estimated savings which are based on the Warren Station EFCC Project will officially occur when the Department makes a decision on the restructured project and officially modifies the Cooperative Agreement. The Department expects to make a decision on both of these projects and modify the Cooperative Agreements accordingly by early summer 1997.

*Question.* What is DOE's current level of confidence on the cost estimates associated with the clean coal projects currently in the pipeline?

Answer. The Department's confidence level in the remaining Clean Coal projects is the same as it has been for all the other projects. The cost estimates on all these projects are normally accurate to within plus or minus 20 percent in the early design stages, and the accuracy increases as the projects progress toward completion. We are likely to incur cost increases with the remaining projects, as they are large repowering and greenfield projects, which are in the design stage. However, as most of the Clean Coal Technology projects are either in operation or have ended, the need isn't as great to maintain as large a management reserve for cost increases. Please note that each Cooperative Agreement states that the government will consider cost sharing cost increases subject to available appropriations, but the government is under no obligation to fund them.

*Question.* Under the proposed rescission, is there any allowance being provided for the possibility of cost growth?

Answer. Yes. The Department has taken into account the anticipated savings from restructured projects, the risk of projects not continuing to completion, and probable cost increases on other projects in arriving at the proposed rescission. The Department believes that sufficient funds remain even with the proposed rescission in fiscal year 1998 to complete the existing Clean Coal projects.

*Question.* Is cost growth something that is common with new technologies?

Answer. Cost growth is common for new technology demonstrations. Cost growth was anticipated from the beginning of the program, with the Department provided the authority to share in cost growth of up to 25 percent of the originally awarded federal commitment to a project.

*Question.* Has cost growth been experienced on the earlier clean coal projects?

Answer. Of the twenty projects that have concluded operations under the Clean Coal Program, only three projects had no cost growth from the original Cooperative Agreement amount. Two additional projects had minimal cost growth to perform emissions characterization testing that was not part of the originally budgeted project. Of the 40 projects currently in the Clean Coal inventory, 26 have had some amount of federal sharing in cost growth. As of December 31, 1996, the Department

has approved a total of nearly $120 million in federal funds for cost growth in the Clean Coal Program.

*Question.* On another clean coal matter, the Administration is proposing an advance appropriation of $50 million, to become available in fiscal year 1999, to initiate an international clean coal program with China. Does the Administration envision that this will be a one-time requirement, or will there be additional international clean coal projects in the future?

Answer. This will be a one-time requirement.

*Question.* What is different about the technology proposed for this international initiative from the technologies currently being worked on as part of the domestic clean coal initiative?

Answer. The IGCC technology that would be utilized for this initiative must be adapted for the Chinese environment. Adaptations would be made to achieve lower capital costs, performance with Chinese coals, and lower operating costs. Modifications would also be made to the technology to allow for less stringent performance standards than those imposed for the U.S. market.

ADVANCED CLEAN FUELS RESEARCH

*Coal preparation*

*Question.* The fiscal year 1998 budget proposes to increase funding for air toxics by $812,000 in order to finance a down selection from three contractors to one in the area of advanced coal cleaning. Why is increased funding necessary for a downselection?

Answer. Increased funding is necessary for a downselection because of the larger scale research and development effort now necessary to fully investigate the potential of advanced coal cleaning to reduce the trace elements that are precursors to potential hazardous air pollutants that could be emitted during coal combustion. Research work on air toxics (Phase I) has already demonstrated some good results that are worthy enough to proceed with obtaining economic, as well as technical, information on the technology.

*Question.* Does going to one contractor correlate with proceeding to a next phase of the air toxics program?

Answer. Yes, going to one contractor correlates with proceeding to Phase II of the air toxics program.

*Question.* If so, what will be the next major objective to be accomplished by the remaining contractor?

Answer. The next major objective to be accomplished by the remaining contractor is a proof-of-concept demonstration of a coal cleaning technology for control of hazardous air pollutant precursors.

*Question.* The budget proposes an increase of $140,000 for advanced dewatering research to enable the commercial deployment of advanced coal cleaning systems already developed. How will the increased funding proposed expedite the resolution of problems in this area which have impeded commercial development?

Answer. The budget proposes an increase of $420,000 for advanced dewatering research to facilitate greater commercialization of advanced dewatering and fine coal cleaning technologies. This increased funding will expedite the resolution of problems in this area by supporting the formation of a coal preparation or solid fuels consortium that will interface with industry and conduct appropriate research related to solid fuels processing. The consortium will include academic, industry, and government involvement.

*Question.* If the technology involved is otherwise commercially viable, why is this not an investment that the owner of the technology should make?

Answer. The owner of the technology does not have sufficient resources to make the initial investment necessary to fully commercialize the technology.

*Question.* An increase of $266,000 is proposed to fund new ideas for lab scale research. The budget indicates these funds will be used for research on solid fuels for advanced combustion systems. What benefit would come from this higher funding level?

Answer. This $266,000 increase is due to increased funding for a greater level of effort in advanced dewatering research as discussed in previous answers.

*Question.* Why is it important to spend money on solid fuels for advanced combustion systems?

Answer. The benefit that will come from the higher funding will be greater commercialization of fine coal cleaning technologies. It is important to spend money on solid fuels for advanced combustion systems because these technologies have the potential to effect significant improvements in coal-based power systems, including improved efficiency, economics, and environmental performance. Other benefits include

the potential to develop coal-based fuels of consistent quality for new boiler applications, the ability to reduce emissions of acid rain and hazardous air pollutant precursors from coal-fired power systems, and a reduced dependence on imported oil.

DIRECT LIQUEFACTION

*In-house research and advanced liquefaction*

*Question.* A reduction of $279,000 is proposed for in-house research on advanced liquefaction. This will affect activities at the Pittsburgh site. What impact will this funding reduction have?

Answer. The reduction of $279,000 is proposed in the key activity for laboratory and bench scale innovative research which includes FETC in-house research. Therefore this reduction will come out of in-house innovative research activities which support coprocessing of coal and waste and direct liquefaction. This reduction is consistent with the redirection of priorities leading to a change in emphasis of activities at FETC. The development of liquefaction technologies will proceed on a longer schedule while efforts on other activities will be accelerated.

*Question.* What activities will be eliminated at the lower funding level?

Answer. $200,000 of this reduction will come out of in-house innovative research activities which supports coprocessing of coal and waste and direct liquefaction. Therefore, these activities will be stretched-out. It is not anticipated that any projects will have to be eliminated.

COPROCESSING OF COAL AND WASTE

*Question.* An increase of $595,000 is proposed for coprocessing of coal and waste. What is the objective of conducting bench-scale studies in this area?

Answer. Coprocessing of waste products from coal is the most promising approach very recently found for greatly reducing the cost of liquid fuels from coal (while also eliminating waste products). Development of a continuous bench scale database for coprocessing of wastes (such as plastics, tires refinery wastes, and mixed solid wastes) with coal and petroleum resid technology offers the potential for producing a supplementary source of low sulfur liquid distillate for refinery upgrading. The distillate crude could compete with petroleum crude at $20 per barrel or lower. An important additional benefit will be the reduction of landfill required for waste disposal.

*Question.* What additional benefits are expected if the funding is increased from the current level of $300,000?

Answer. The bench scale database for the concept would be expanded to include municipal solid waste which is primarily paper materials and refinery waste materials. This would significantly increase the availability of waste materials for production of distillate liquids and would also provide additional significant environmental benefits by reducing landfill space and providing environmental waste cleanup. This database would be available for use in feasibility studies and economic evaluation of this coprocessing concept.

*Question.* How will this research area contribute to achieving the goal of developing economically competitive and environmentally acceptable technology for the manufacture of liquid fuels from coal?

Answer. The development and demonstration of coprocessing of coal with resid and waste materials (plastics, tires, refinery wastes, municipal solid wastes) technology offers the potential for producing low sulfur, premium distillate crude which could compete with petroleum crude at $20 per barrel or less. The distillate would be utilized in existing refinery facilities. The liquefaction facilities would be state-of-art complying with all environmental siting requirements. The development and potential demonstration activities which will be partnered with industry would be directed to mitigate technical, economic and environmental concerns, so that commercialization of these technologies could be accomplished by the private sector without further government involvement.

*Question.* What is different between this research initiative and the activities being pursued by the Consortium for Fossil Fuels Liquefaction?

Answer. This research is focused on continuous bench scale development to achieve a database which can be utilized in further development of the technology leading to engineering scaleup and feasibility studies. The Consortium for Fossil Fuels Liquefaction is comprised of five universities (University of Kentucky, University of Pittsburgh, Auburn University, West Virginia University. University of Utah) and is chartered to conduct innovative studies to improve our understanding and providing novel approaches to direct liquefaction of coal. For the last several years the consortium has been conducting innovative laboratory research in the coprocess-

ing of coal and waste materials, expanding the database by looking at additional sources of waste to be processed. This information is utilized as the basis for defining the continuous bench scale tests. The Consortium work and the continuous benchscale research is complementary.

PIONEER PLANT FEASIBILITY STUDY

*Question.* The fiscal year 1998 budget proposes $100,000 for a "pioneer plant feasibility study". What is the proposed plant, and how is it different from liquefaction technologies that have, as of yet, not been cost-competitive?

Answer. The purpose of the feasibility study is to further define the concept, feed materials including coal to be used, database requirements and siting issues related to the design of a "pioneer plant" by an industrial team. The direct liquefaction pioneer plant is envisioned to be a small commercial plant to demonstrate technology for coprocessing of coal with resid and wastes. It would be built adjacent to an existing refinery which would provide the resid for coprocessing, the low sulfur distillate crude would be returned to the refinery for upgrading to produce refined products, the waste gases produced in the liquefaction facility would be processed in the refinery and petcoke produced in the refinery could be used to produce hydrogen for the liquefaction process. The combing of these activities would substantially lower the capital cost of the liquefaction facility.

The purpose of the first-of-kind "pioneer plant" demonstration, which would be partnered with an industrial group, would be to answer technical, economic and environmental issues so that private sector could finance and economically operate these facilities without any government involvement.

The economic analysis based on bench scale data suggests that the syncrude distillate from a commercial coprocessing liquefaction plant could compete with crude at $20 per barrel or less.

*Question.* Who are the partners on this feasibility study?

Answer. The Federal Energy Technology Center earlier this year distributed a Sources Sought Announcement which asked for parties who would be interested in participating in feasibility studies to submit responses of interest. These responses from interested parties are currently being reviewed. The Office of Fossil Energy envisions significant participation from the private sector and interested stakeholders, such as state and local governments.

*Question.* What is the cost-sharing that will be associated with this effort?

Answer. There are no specific project discussions at this juncture. The Office of Fossil Energy is interested in substantial cost-share to be provided by the industrial and stakeholder partners for this activity.

*Question.* What is the estimated cost to construct the plant?

Answer. The specific costs of the pioneer plant will not be known until a feasibility study is completed which will define site specific aspects and produce the required engineering database. Preliminary estimates based on the existing bench scale database suggest that a plant to produce 12,000 barrels per day of distillate crude could cost in the $350 to $400 million range.

*Question.* What would be the Federal share?

Answer. The funding of the first-of-kind "pioneer coprocessing plant" would have to be negotiated between the industrial and stakeholder partners and the government. The staff of the Office of Fossil Energy, is studying innovative approaches to identify possible options that may be ways to pay the up-front costs for this "first-of-kind" pioneer plant demonstration. The proposed effort is to conduct a cost-shared feasibility study to better define engineering aspects and development concepts that could result in a successful project.

INDIRECT LIQUEFACTION

*Air separation membrane development*

*Question.* In fiscal year 1998, the Department proposes to spend $191,000 to initiate development of an "air separation membrane". Why is development of this product necessary?

Answer. In indirect coal liquefaction, oxygen or enriched air from the air separation plant is used to combust the coal in the gasifier to produce synthesis gas which is the precursor for liquid fuels and chemicals. Current air separation plants use cryogenic technology which is both capital and energy intensive and accounts for a significant portion of the product costs for indirect liquefaction. Recent advances in membrane R&D have shown its use in air separation offers great promise as a cheaper alternative to the conventional cryogenic technology. Any liquefaction tech-

nological developments that can significantly lower the cost of oxygen will result in U.S. technologies being more competitive in the global market.

*Question.* How is it anticipated to contribute to lowering costs?

Answer. In the conversion of coal, petroleum coke, biomass, waste plastics, and any other carbonaceous material to electricity, fuels, and chemicals via gasification, the production of oxygen via conventional cryogenic air separation technologies can account for up to 25 percent of the total capital cost of the facility. Preliminary indications are that the use of ceramic membranes for producing oxygen has potential for reducing the cost of oxygen by 35 percent. In a current CRADA, the economic impact of this novel technology on the cost of fuels and power from IGCC, Indirect Liquefaction, IGCC/indirect liquefaction coproduction, and advanced combustion technologies are being assessed. If such economic improvements are confirmed, it is envisioned that a joint project between the Indirect Liquefaction, IGCC, and Advanced Power Systems programs would be initiated to speed the development and commercialization of this technology. If successful, improvements in efficiency will result in their being competitive in the market in the next decade.

*Question.* What previous investments in indirect liquefaction are failing to realize their potential because of this problem?

Answer. None. The major thrust of the indirect liquefaction program has been to develop a novel liquid phase reactor to convert synthesis gas from advanced coal gasifiers to premium fuels and chemicals. The accomplishments from this program include the successful proof-of-concept (POC) scale development of liquid phase methanol technology which is now under commercial demonstration at the Eastman Chemicals plant in Kingsport, Tennessee with the support from the DOE Clean Coal Technology program. The current effort is to extend the know-how in this technology to the liquid phase Fischer-Tropsch (F-T) technology which is to convert synthesis gas to premium hydrocarbon fuels and chemicals. The proposed work on air separation membrane represents a new initiative which is to further reduce the costs of indirect liquids through a system integration approach.

*Question.* What is the estimated total cost to resolve the air separation membrane issue?

Answer. The proposed program would be structured in two phases: Phase 1 is laboratory research to validate technical feasibility. The federal cost of the phase 1 program is estimated to be $12 million over three years, assuming at least 50 percent industrial cost share. In addition, due to the applicability of air separation technology to both fuel and power systems it is anticipated that federal costs would be shared through a joint program in this area. If the proposed effort were started in fiscal year 1999, phase I activity would be completed around 2002.

CONSORTIUM FOR FOSSIL FUEL LIQUEFACTION SCIENCES

*Question.* A group of six universities, including West Virginia University, has been conducting research and investing promising technologies for ways of converting waste materials into oil using coal liquefaction technology. If a cost-effective means can be determined, this may be a way to achieve the environmental benefit of helping dispose of urban waste by co-processing it with coal to develop a new domestic oil source. What results have been achieved to date as a result of Federal support provided for this consortium?

Answer. The Consortium for Fossil Fuel Liquefaction Sciences has conducted considerable laboratory experimentation of coal with waste material such as tires, plastics, paper and other waste materials to provide the fundamentals which are now being exploited at the continuous bench scale level. The consortium is also performing a study to determine the optimum feeds and conditions for a conceptual waste/coal liquefaction facility. This approach has the potential of reducing the cost of coal derived liquid fuels to below $20 a barrel.

*Question.* Are there important "next steps" that need to be taken?

Answer. The next steps would include development of a continuous bench scale database for coprocessing of coal/petroleum resid/waste materials. The continuous database is being developed by Hydrocarbon Technologies, Inc. (HTI). Emphasis is being placed on establishing process conditions and expanding the waste materials that can be effectively handled. This database will be utilized for future feasibility studies for a coprocessing "pioneer plant" facility.

*Question.* In fiscal year 1997, the consortium is funded at a level of $1 million. The group has requested $1.7 million for fiscal year 1998, but no funding is proposed in the DOE budget. What could be accomplished if the Consortium's requested funding level ($1.7 million) is provided?

Answer. If the requested funding of $1.7 million for fiscal year 1998 is provided, the Consortium could continue investigating additional methods for pre-treatment

and exploring additional coprocessing feed mixtures utilizing coal with municipal solid waste, plastics, used tires, and other hydrogen-rich waste. The program would be able to explore additional commercial opportunities to utilize the cleaned product stream and convert it into high value products such as commercial chemicals for transportation fuel production. Efforts would also increase to improve the environmental performance of direct liquefaction concepts leading to potential reduction in carbon dioxide production.

*Question.* What would be achieved if the prior year funding level ($1 million) is maintained?

Answer. With the restoration of the prior year (fiscal year 1997) funding level of $1.0 million, the Consortium could continue to maintain the present level of effort in conducting bench-scale research to improve the data base of knowledge for coal/waste coprocessing.

ADVANCED CLEAN/EFFICIENT POWER SYSTEMS

*Advanced pulverized coal-fired powerplant*

*Question.* A major objective of this program is to redesign the currently widely-used pulverized coal combustion system to gain major performance improvements. In the end, it is hoped that the result will be a powerplant design with very low emissions (<1/6 New Source Performance Standards) and significantly higher efficiency (> 42 percent) than conventional plants. If this can be achieved, export opportunities for these technologies could be pursued.

*Low Emission Boiler System (LEBS).*—This program was conceived as a four phase technology development effort to test at a scale sufficient to provide performance guarantees for a commercial system when the test is completed. Three contractors completed phase II (engineering development) in fiscal year 1996; during fiscal year 1997, three contractors will complete Phase III (engineering design of proof-of- concept test facility); for fiscal year 1998—budget proposes downselect to one contractor to continue Phase IV (proof-of-concept facility construction and operation). Based on the results to date in the LEBS program, are there particular strengths of the various technologies being developed by the three contractors that would lead DOE to support continuing more than one contractor to Phase IV?

Answer. The program objectives, plant efficiency, emissions levels, and cost are the same for each contractor. Although each contractor uses different technologies, based on the results, to date, it appears each will meet the requirements for Phase II and Phase III. Currently, it is premature to judge the specific strengths and weaknesses of the technologies under development. However, it can be observed that two distinct development approaches are being pursued. One, the Kalina cycle, represents a high risk, revolutionary approach to bring a totally new power technology into the marketplace. The other represents a low risk approach to greatly extend the performance of pulverized coal plants in a less revolutionary manner. The process for selecting a developer to continue in Phase IV of the LEBS program will be to form a Federal team of experts who will review and evaluate the Phase II and Phase III results as submitted by each of the three contractors. Selection will be based on an evaluation of the submissions and arrived at by a ranking grounded on a set of technical and other criteria.

*Question.* Are the economics of some of the technologies under consideration more attractive than others?

Answer. Until the submission of the results for Phase II and Phase III, there is no basis to conclude that one technology is more economically attractive than another technology.

*Question.* How so?

Answer. A thorough and critical evaluation of the results for Phases II and III is required before a conclusion regarding the economics of each technology can be made.

*Question.* What is the schedule for making a down-selection prior to the start of Phase IV?

Answer. Results for Phase II and Phase III are due at the end of July 1997. A 2-month evaluation period is planned. Phase IV is scheduled to begin in early fiscal year 1998.

*Question.* Might the selection of one contractor's proposed technology as compared to another's affect the funding requirements for fiscal year 1998?

Answer. Yes, but we expect to negotiate a cost, a cost-sharing level, and a schedule for the project acceptable to both DOE and the contractor.

*Question.* To what extent is the overall DOE funding required over the life of Phase IV a factor in the down selection decision-making process?

Answer. We expect to select the best proposal based on a thorough evaluation of the results from Phases II and III as ranked against a set of criteria. For the anticipated funding, we expect to negotiate a cost, a cost-sharing level, and a schedule for the project acceptable to both DOE and the contractor.

*Question.* What funding is necessary in fiscal year 1998 to begin Phase IV?

Answer. We believe the request for $5,462,000 allows us to begin Phase IV in fiscal year 1998.

*Question.* What was the original program plan for the duration of Phase IV?

Answer. The duration of Phase IV was always anticipated to be approximately 3 years.

*Question.* Is it possible to stick to this schedule at the funding level proposed for fiscal year 1998?

Answer. Until a developer is selected and negotiations begin, it is premature to know, with any certainty, the actual duration of Phase IV. For the larger proposals, the schedule could be extended beyond three years if funding levels could be increased sufficiently in future years.

INDIRECT FIRED CYCLE

*Question.* The High Performance Power Systems (HIPPS) program incorporates a new high temperature advanced furnace that integrates the combustion, heat transfer, and emission control processes. As with LEBS, HIPPS is geared at increased efficiencies (>45 percent) and reduced emissions (<one-tenth New Source Performance Standards). These system efficiencies will also contribute to reduced carbon dioxide emissions levels. The fiscal year 1998 budget proposes continuation of Phase II (engineering development and testing) for the HIPPS program. There are presently two contractors participating in this program. An increase of $1.5 million is proposed to put the program on a schedule to complete Phase II by the year 2000. What is the estimated cost to complete Phase II?

Answer. In order to complete Phase II at the end of fiscal year 2000, a total of $44 million is required for fiscal years 1998 to 2000.

*Question.* What level of cost-sharing are the partners contributing to this program?

Answer. The cost sharing required in Phase II of the HIPPS project is 25 percent.

*Question.* Given the significant additional costs and time required to complete Phase II, should this program be continued?

Answer. We recommend that HIPPS be continued. The Fossil Energy RD&D Program has a number of technologies in its portfolio, HIPPS being one of them. This balanced approach reduces the overall risk in achieving the Fossil Energy mission. To not continue HIPPS, increases this risk.

*Question.* What consequences will accrue if the increased funding for HIPPS is not provided for fiscal year 1998?

Answer. The schedule will be stretched. However, the current re-structuring occurring in the electrical power industry has widened the window of opportunity for advanced pulverized coal technologies. At this time, a delay of several years does not appear to have a major impact on the potential success of HIPPS technology.

*Question.* Will the schedule be stretched to the point that it no longer makes sense to continue HIPPS?

Answer. It depends on how it is stretched. A schedule based on historical funding does not appear to place the success of HIPPS technology in jeopardy since it is a longer-term technology.

*Question.* Which is more important based on technological promise—continuing more contractors to Phase IV in LEBS or continuing the HIPPS program?

Answer. While LEBS currently is of higher priority, both LEBS and HIPPS are promising technologies—LEBS for the near-term and HIPPS for the mid-term. Both should remain in the Fossil Energy portfolio of technologies. The approach of including several technologies that would enter the market at different time periods reduces the overall risk of Fossil Energy achieving its mission.

INTEGRATED GASIFICATION COMBINED CYCLE

*Question.* This technology can convert coal into a clean gas used to fuel gas turbines and provide steam for a steam turbine cycle. Increased efficiencies (>52 percent) and reduced emissions (<one-tenth NSPS) are the goal. To date, costs have not been reduced sufficiently to make this a widely used technology. DOE's program is focused on hot gas sulfur and particulate removal and control of air toxics and pollutants. To assist in these efforts, a desulfurizer process development unit (PDU) is being constructed at Morgantown. What is the status of construction of this unit?

Answer. As of February 1997, PDU construction is 78 percent complete and scheduled for start of shakedown operation in fall 1997. Integrated operation will begin in June 1998.

*Question.* Are additional funds necessary in fiscal year 1998 to complete construction?

Answer. No funds in addition to the fiscal year 1998 Budget Request are needed to complete construction. Within the funding for IGCC, $2.4M will be required to complete construction activities and $530,000 will be required to complete shakedown operation activities during fiscal year 1998 (total $2.93M).

*Question.* Are these funds included in the budget request?

Answer. Yes, the required funds have been included in the fiscal year 1998 budget request.

*Question.* What is the significance of the desulfurizer PDU to making integrated gasification combined cycle technology more cost-competitive?

Answer. The Hot Gas Desulfurization (HGD) PDU is a flexible facility capable of operating either as a fluid-bed or transport-bed reactor. Reactant gas is provided by a synthesis gas generator that can simulate a broad range of coal gasification product compositions. The PDU will operate over a wide range of sulfur concentrations and process conditions to optimize performance and provide engineering data for a wide variety of IGCC applications. Compared to other HGD technologies, the transport and fluid-bed reactors provide for a stable operation, improved heat integration, improved sorbent performance and life, and lower capital cost. These features are expected to lead to a reduction in capital cost, as well as higher efficiencies for future IGCC applications. The engineering data and capital cost reduction to be provided by the PDU are expected to lead to a reduction in the cost of electricity.

*Question.* How will the PDU contribute to better efficiency and reduced emissions?

Answer. Development of the fluid-bed and transport reactor technology for hot gas desulfurization is expected to result in approximately a 2 percentage point improvement in overall plant thermal efficiency compared to conventional technologies. Such improvements in efficiency from hot gas desulfurization coupled with further developments in advanced power cycles, advancements in air separation technologies using ceramic membranes, and the coproduction of environmentally superior transportation fuels and/or high value chemicals, has potential for achieving very high thermal efficiencies, approaching 55–60 percent by 2010. At these efficiencies, IGCC technologies will be among the cleanest, environmentally friendliest technologies for the generation of electricity and other products.

*Question.* The budget also includes a proposed increase of $1.251 million for enhanced testing of sorbents to address hot gas clean-up and sulfur controls. What portion of this funding will be used for testing of sorbents in the desulfurizer being constructed at Morgantown?

Answer. No portion of this funding increase will be used for testing of sorbents in the FETC Morgantown hot gas desulfurization PDU. The funding increase is for continued R&D and testing of novel and advanced sorbents to control sulfur and $NO_x$ emissions, completing R&D on sulfur recovery concepts, and validating performance of promising hot gas cleanup materials, components, or subsystems in facilities through slipstream/coupon testing. Such work is to be conducted at General Electric, Research Triangle Institute, and industrial companies yet to be determined through competitive solicitations.

*Question.* Why is it important to conduct tests both at Morgantown and at the IGCC clean coal project at Tampa?

Answer. Two very different reactor concepts are being tested by Tampa Electric and FETC Morgantown. The Tampa project will demonstrate the General Electric moving-bed desulfurizer concept for hot gas cleanup. This concept has been developed by General Electric over the past 10 years through DOE sponsorship. It has been taken through the research scale-up process from bench-scale simulated gas testing to real coal gasifier-fired Process Development Unit testing. It is ready for demonstration in a commercial setting as planned for this year at Tampa Electric's Polk Power Station. The FETC desulfurizer is at the Process Development Unit testing scale. It employs two reactor concepts, the fluid-bed and transport-bed reactor for hot gas desulfurization. It is fired by a simulated coal gas, and initial R&D efforts will focus on transport-bed desulfurization.

All three concepts are being developed and proven out in order to establish the most efficient and effective desulfurizer system for hot gas cleanup. Hot gas cleanup is a critical subsystem to both IGCC and PFB technologies in order to achieve much higher efficiencies. The Department believes that it is necessary to develop more than one desulfurizer system to minimize the technical risk. Additionally, the two desulfurizers at FETC Morgantown will be used to test and develop various sulfur

sorbents. The Tampa CCT project is demonstrating the larger G.E. moving-bed desulfurizer as a critical subsystem versus conducting a sorbent R&D test program.

PRESSURIZED FLUIDIZED BED

*Question.* This technology involves high combustion and heat transfer efficiency; sulfur dioxide removal through the introduction of sorbents; and low $NO_x$ emissions as a result of low combustion temperatures. In fiscal year 1998, an increase of $796,000 is recommended for continued research at Morgantown on hot gas particulate cleanup and to improve understanding of combustion in the PFB technology. The objective is to reduce the risks associated with commercialization of PFB technology. To what extent is the funding necessary for the research at Morgantown linked to technical issues that have surfaced as a result of testing done at the Wilsonville facility?

Answer. Filter testing to date at Wilsonville is limited to shakedown mode of operation. There are insufficient hours of operation for technical issues to surface to date. The Wilsonville Advanced PFBC pilot scale process, which includes high-temperature filter systems, is scheduled to go into operation in first quarter 1998. The Morgantown Research Development Program is the primary center of effort which focuses on filter systems development in support of future testing at Wilsonville. For example, the filtration systems are being developed in partnership with scientists at the Oak Ridge National Laboratory and with cost-share industrial vendors such as Westinghouse Science & Technology Center (Pittsburgh, PA); Pall Corporation (Cortland, NY); Babcock & Wilcox (Lynchburg, VA); DuPont/Lanxide (Newark, DE); Techniweave (Rochester, NH); Combustion Power Company (San Mateo, CA); and Industrial Filter & Pump Mfg. Company (Cicero, IL). Other vendors providing systems and components include Coors Ceramics (Golden, CO); 3M (St. Paul, MN); Refractron Technologies Corp. (Newark, NY); and CeraMem (Waltham, MA). This research is necessary in support of the performance of advanced PFBC systems in order to meet current and future particulate emissions standards and stringent gas turbine inlet specifications. In addition to supporting the Wilsonville facility, the Morgantown research also supports the DOE Clean Coal Technology Program which currently has one advanced PFBC project that will utilize this technology.

*Question.* If the increased funding is not provided, what consequence will this have on making further progress towards proving the viability of the PFB technology?

Answer. If the increased funding is not provided, it would significantly delay resolution of key filter issues, e.g., long-term temperature degradation, overall system reliability, and would significantly increase the performance risks associated with the hot gas cleanup system operation at Wilsonville and the Lakeland Advanced PFBC CCT Demonstration project.

NATURAL GAS RESEARCH

*Coal mine methane*

*Question.* The fiscal year 1998 budget proposes $963,000 for research into the issue of coalmine methane. Current mining practices often result in venting of methane gas to the atmosphere, which is a concern in terms of greenhouse gases. Is the release of methane gas into the atmosphere a problem for all mines, or is it particularly focused on smaller mines?

Answer. Methane emissions from coal mines are a significant source of greenhouse gas. EPA estimates that in 1988 about 9.0 to 12.6 million metric tons of carbon equivalent (MMTce) was released from the methane emission of 60 mines classified as large and gassy (greater than 0.5 million tons of coal per year and greater than 500 cubic feet of methane per ton of coal). EPA further estimates that 19.2 to 30.0 MMTce will be released from coal mines in 2000.

*Question.* Why is it more of a problem for smaller mines?

Answer. The goal of the program is to expand existing research efforts to broaden the range of cost-effective technologies/methods for recovering and utilizing methane associated with mining, especially in smaller mines where the economics of methane recovery is marginal.

*Question.* How would the proposed funds be used?

Answer. Ten Phase I awards were made in fiscal year 1995 for feasibility studies in response to a competitive solicitation that sought proposals for cost-shared demonstrations of alternative ways by which recoverable methane released in the course of underground coal mining could be economically utilized. Based on an assessment of these studies, five of the proposers were selected for Phase II engineering design

preparation. The requested amount would fund the Phase II Engineering Design for the five contractors selected.

ADVANCED TURBINES PROGRAM

*Question.* In fiscal year 1997, Congress funded the advanced turbines program at a level of $46.6 million. In fiscal year 1998, the Administration proposes to reduce this program by $15.2 million to a level of $31.4 million. This reduction occurs despite indications that development of advanced turbines is a high priority because of the potential results—high efficiency (greater than 60 percent, as compared to current power generation systems in the 35 percent range). When the turbine program began, the Department laid out its plan for a comprehensive program and a series of timetables. Based on the funding provided to date for this program, what is the current schedule for completion of the turbines program?

Answer. Based on the funding to date, and assuming future funding is consistent with the ATS Turbine funding profile provided to Congress in fiscal year 1994, estimated completion is the end of 2000. However, with the fiscal year 1998 budget request of $31.4 million, the estimated completion is the end of 2002.

*Question.* How does this compare to the initial proposal?

Answer. The funding provided thus far is consistent with the same completion date as the initial proposal. However, with the fiscal year 1998 budget request, the estimated completion is stretched out by two years.

*Question.* How does the funding level proposed for fiscal year 1998 affect the schedule?

Answer. The administrative budget for fiscal year 1998 of $31.4 million would stretch out the program by 2 years.

*Question.* What are the advantages and disadvantages of stretching out the schedule?

Answer. An advantage to stretching out the schedule is that budget needs are spread out over a longer time period, thus enabling us to deal with budget constraints. The disadvantage to stretching out the schedule is the potential loss of market share to foreign competitors and increases in overall program cost due to slip in schedule.

*Question.* How does it affect the overall cost of the program?

Answer. The overall cost of the program would escalate due to general inflation caused by a stretch in the schedule. This is due to work that will have to be performed at a date later than currently planned with attendant higher labor and material costs.

*Question.* Does the fiscal year 1998 budget include adequate funding to complete all aspects of Phase III (full scale component and sub-system testing)?

Answer. The fiscal year 1998 budget of $31.4 million is adequate to complete the originally planned baseline activities for fiscal year 1998 (including Phase III), but will stretch out the overall program schedule by up to 2 years.

*Question.* Are there promising technological advances thus far in the turbines program that merit further investigation as part of phase III?

Answer. With the funding levels of fiscal year 1997 ($46.6 million) Phase III has remained on schedule and several promising technological advances have been made in the program. Both General Electric and Westinghouse have performed tests and collected data to verify that their advanced gas turbine designs can be successfully manufactured and operated. During the past year, both General Electric and Westinghouse have made significant progress in advanced turbine engine design and technology validation testing. GE successfully completed heat transfer testing on full-scale, first-stage nozzle cascades at their laboratory in Evendale, Ohio. Results of the test showed that steam cooling is as effective as predicted with pre-test calculations. Steam cooling is a revolutionary technique which has not yet been used to enable gas turbine operation at ultra-high efficiencies. The GE Advanced Technology Combined Cycle promises improved economics of electric power generation with outstanding environmental performance in natural gas and coal-fired applications. Under the first year of Phase III, Westinghouse has also been highly successful in technology development and testing. During this stage of the program, Westinghouse has successfully developed and tested the piloted-ring combustor for ultra-low $NO_x$ emissions with excellent stability, advanced seals for increased turbine efficiency, new thermal barrier coatings (TBC), and a new inspection tool to spot TBC defects before they become a problem. These promising technologies developed during Phase III may merit further investigations beyond the originally planned baseline activities for Phase III.

*Question.* If so, what funding is necessary to conduct the investigations?

Answer. Funding required to conduct the investigations and to remain on the original schedule is estimated at $58.6 million for fiscal year 1998 as given in the 1994 Advanced Turbine System Program Report to Congress.

*Question.* If the increased funding is not provided, how will DOE proceed?

Answer. A stretch out in the program will occur and certain activities planned to be initiated in fiscal year 1998 will not begin until fiscal year 1999.

*Question.* There are presently two major contractors participating in the utility-scale aspect of the turbines program. Is it DOE's estimation that a logical down-selection to one contractor should occur after completion of phase III and prior to initiation of phase IV?

Answer. The original baseline program is structured to include a down-select to one contractor to continue in Phase IV. Down-selection to one contractor for Phase IV continuation could occur prior to final completion of Phase III if sufficient information from Phase III exists upon which to base a selection. The Department is also evaluating options for a restructured program that could include the retention of both developers, while maintaining cost to the Government within the original program estimate.

*Question.* What funding is necessary to initiate phase IV and keep the program on-schedule?

Answer. Funding of $58.6 million (as indicated in the 1994 Report to Congress) is necessary to initiate Phase IV and keep the program on-schedule.

*Question.* Is this amount included in the fiscal year 1998 budget request? If not, what funding level is necessary to stay on schedule?

Answer. No. The fiscal year 1998 budget request of $31.4 would result in a shortfall of $27.2 million needed to stay on the initial schedule. The funding level of $58.6 million would be required to stay on that schedule.

*Question.* What is the estimated total cost of phase IV?

Answer. The anticipated Government cost for Phase IV of the program is approximately $155 million.

*Question.* What level of cost-sharing is anticipated?

Answer. The anticipated range of industrial cost share for Phase IV is in the 60 percent range. It will vary depending on final selections and negotiations.

FUEL CELLS

*Question.* Fuel cells represent another technology supported in the fossil energy program because of their promising prospect as a highly efficient and environmentally "clean" power system. Technology development continues to address cost barriers that preclude widespread market introduction. These systems, which can be operated using natural gas, and gas and coal (liquefied into gas), offer reduced pollutants and lower emissions than conventional power systems. When combined with gas turbines, fuel cells have the potential to operate at higher efficiencies (70 percent) and low emissions. The fiscal year 1998 budget proposes $46.3 million in total for the fuel cell program, a decrease of $3.8 million from the fiscal year 1997 level. As with the turbines program, multiple contractors are involved in a multi-year program. What impact does the proposed fiscal year 1998 funding level have on the schedule for the molten-carbonate fuel cell program?

Answer. The requested funding level for molten carbonate fuel cells for fiscal year 1998 is $32.7 million and is a result of having to balance the funding priorities given budget constraints. The impact is a 2-year slippage in the original schedule. It is now expected that developers would have a commercially ready molten carbonate fuel cell power system in 2002.

*Question.* What funding would be necessary to maintain the current schedule?

Answer. The estimated amount as reported by the contractors required in fiscal year 1998 to maintain the current schedule is a total of $50 million.

*Question.* If the fiscal year 1997 funding level cannot be restored, would DOE consider downselecting to one contractor in the molten carbonate program?

Answer. Downselecting to one contractor in the molten carbonate program is not planned. The prospects of successful market entry and a sustained domestic fuel cells industry are enhanced by maintaining both developers although it may result in the schedule being slipped.

*Question.* What are the advantages and disadvantages of doing such a downselection at this time? (Appear to be in Phase III—product improvement and cost reduction—which is anticipated to last through fiscal year 1999).

Answer. The advantages of a downselection to one contractor at this time are the concentration of requested molten carbonate funding to the remaining contractor thus allowing acceleration of that contractor's schedule. Disadvantages of down selection of a developer at this time include the following: It could result in collapse

of the downselected developer or entry of foreign investors to fill the gap; since each developer is targeting a different power system application, it would leave that application unfilled; it would not protect the taxpayers' investment in this highly beneficial technology; the establishment of a strong, diverse, domestic fuel cell industry would not be realized; clean, highly efficient energy benefits, high value jobs and other economic benefits to the United States would be limited.

*Question.* A different type of fuel cell technology is the solid oxide fuel cell. This program is proposed for funding at a level of $12.4 million in fiscal year 1998, roughly level with the fiscal year 1997 appropriation. It is my understanding that the industry partner in this program has identified a need of $16 million for SOFC in fiscal year 1998. If this higher level is not provided, what do you anticipate will happen with the program?

Answer. The requested level for fiscal year 1998 for the solid oxide fuel cell is a result of having to balance fiscal constraints with program needs to generate an overall balanced portfolio of technologies. The effect is that the developer is expected to stretch out the development schedules for 2 years and reach a commercially ready power system in about 2002.

---

## QUESTIONS SUBMITTED BY SENATOR COCHRAN

### STATE AND LOCAL PARTNERSHIP PROGRAMS

*Question.* Mr. Secretary, I've heard some good things about DOE's State and Local Partnership Programs as they operate in Mississippi. These funds have been used by our State Energy Office to create partnerships with other levels of government, non-profit entities, and businesses to leverage substantial additional funding and resources. While the fiscal year 1998 Request would provide a modest increase over last year, it is still far below the level provided back in fiscal year 1995. Are you aware of the success that some of the States have achieved with these funds?

Answer. We are indeed aware of the success of these programs. As example we cite the following programs sponsored by the State of Mississippi:

*Master Lease Program.*—Utilizing services of legal and financial consultants funded under a DOE State Energy Program, the Mississippi Department of Economic and Community Development (MDECD)—Energy Division worked with state government leaders and secured legislative authority to establish a tax-exempt loan program through which a third-party financier would provide pre-arranged, tax-exempt financing for energy efficiency projects in public facilities. The Master Lease Program reduces high origination fees associated with individual project financing and streamlines an otherwise lengthy funding process. The Energy Division provides technical assistance to the public administrators in determining an energy management improvement plan and provides the financier with verification of project need. Currently, more than $2.5 million in energy projects with an estimated $400,000 annual energy dollar savings are underway in facilities operated by public school and local governing authorities.

*Alternative Passenger Rail Program.*—Funding provided by the MDECD-Energy Division along with other state, federal, local government units, and private entities has enabled four Mississippi coastal municipalities to renovate or construct manned or unmanned passenger facilities for both passenger and freight rail services. The renovations, such as parking lot improvements, upgrading handicapped facilities, and enhancing public waiting areas, enables the municipalities to promote energy efficiency by diverting traffic into intermodal activities such as park-and-ride and use of public transit for local travel along the Mississippi Gulf Coast.

*Energy Efficient Building.*—Through local, state and federal funding, an energy efficient, environmentally controlled Math/Science Complex building was constructed on the campus of Northeast Mississippi Community College, Booneville, Mississippi. The MDECD-Energy Division provided both technical assistance and funds to install the most energy efficiency technologies currently available. The building has served as a model for energy efficient management planning for public use facilities. It has also been featured on national and international radio and television stations and in national consumer and trade magazines.

Over the history of the State Energy Program and its predecessors, the State Energy Conservation Program and the Institutional Conservation Program, on a Nationwide basis over 8,000 State energy projects of many types have been funded, and over 69,000 schools and hospitals buildings have been made more energy efficient. Additional funding provided by DOE end-use sector offices since fiscal year 1996 has allowed States to implement additional State-oriented building, industrial, transportation and utility sector programs.

*Question.* Given these good results, why isn't the funding for the State Partnership Programs being increased even more to bring it back in line with the fiscal year 1995 level of $53 million?

Answer. In addition to the increased funding the Administration has proposed for the State Energy Program, which includes the State partnership activities, the Department of Energy has provided funding from end-use sector offices for Special Projects under SEP. Those funds totaled $11.2 million in fiscal year 1996 and $9.8 million in fiscal year 1997. It is anticipated that Special Projects funding will continue in fiscal year 1998. Traditionally State Energy Offices have been able to leverage their Federal funds for this program at the rate of 4 non-Federal dollars for each Federal dollar received, and have leveraged as much as 13 to 14 non-Federal dollars for each Federal dollar for some activities.

CLEAN COAL TECHNOLOGY

*Question.* Mr. Secretary, there is a very large clean coal technology project currently underway in Mississippi. What are your thoughts on DOE's long-term commitment to the Clean Coal Technology Program?

Answer. The DOE is fully committed to the successful completion of the Clean Coal Technology Demonstration Program. Considerable effort is being dedicated to careful financial management and project stewardship of the program to successfully achieve a number of objectives. These objectives include completion of all projects in the program that continue to show success in achieving their technical milestones while at the same time providing the fiscal management that permits the Department to recommend the rescission of funds as they become excess to the needs of the program in accomplishing it's objectives.

---

QUESTIONS SUBMITTED BY SENATOR LEAHY

ENERGY INFORMATION ADMINISTRATION

*Question.* Given this winter's unusually high prices for many fuel commodities across the country, especially home heating oil and propane, what actions is the Energy Information Agency planning to take to address the need for increased tracking and dissemination of information on trends in fuel prices?

Answer. The Energy Information Administration took a number of measures to make the public aware of price volatility in the market place during the 1996/1997 heating season. EIA increased the frequency of its State Heating Oil and Propane Program (SHOPP) survey from semimonthly to weekly, thereby providing residential heating oil and propane prices on a more timely basis. In addition, EIA prepared numerous briefings, presentations, and articles, keeping the public informed of current market conditions. In early November, EIA cosponsored the Winter Fuels Conference in Washington, D.C., to inform energy officials about heating fuel outlooks for the upcoming winter heating season.

Weekly price and supply information were disseminated through publications, market watch publications, phone (price hotline), fax-on-demand, and the Internet. Through its energy emergency communications protocol with State Energy and Emergency Management offices, EIA was able to exchange information with states regarding any concerns and problems associated with transportation logistics, motor driver waiver restrictions, refinery problems, and heating fuel shortages. EIA also participated in biweekly conference calls with state offices to keep them informed of energy markets, as well as the status of the Low Income Home Energy Assistance Program. Currently, EIA is conducting an analysis of the propane market to examine the supply and demand conditions of the past heating season. This report will be published in May 1997.

With respect to increasing the tracking and dissemination of fuel price information, EIA recognizes that there are several gaps in its coverage of sensitive winter fuels. These include timely data on retail natural gas prices year around and on other winter fuels during critical stock building periods in the late summer. There is little likelihood these gaps can be filled with existing resources. EIA will continue, however, to conduct the SHOPP survey for the upcoming heating season, publish monthly price and supply data, provide heating fuel assessments as needed, and coordinate energy information with State and Federal agencies.

*Question.* In particular, I am concerned about the effects of potential cuts in EIA's budget on the provision of state-based data. How will EIA insure that this information is produced?

Answer. EIA recognizes that state-level data is essential to many users and expects to continue its current coverage within the 1998 budget. This has been pos-

sible through smaller samples and more efficient editing, processing, and dissemination procedures, including electronic methods. Nevertheless, any erosion of EIA resources from proposed levels may jeopardize all programs, including state-level data.

*Question.* The Administration has stated that one of its primary goals for the coal program of the Fossil Energy and Research Development is to develop super-clean emission control systems for $SO_2$, $NO_x$, air toxics and particulate matter that can be applied to existing plants. Has the Department conducted studies or models on how these developments will assist industry in meeting the proposed EPA ozone and fine particulate standards and what cost-savings have been projected for industry in developing new systems?

Answer. We have not conducted any modeling studies of the proposed EPA ozone and particulates standards. However, the goals of our programs are to achieve greater than 95 percent reduction in $SO_2$, 70- to 90-percent reduction in $NO_x$ at one-half the cost of currently available approaches, and to reduce particulate emissions to less than one-tenth New Source Performance Standards. Achievement of those goals could significantly reduce the cost of meeting potential new standards and the regulations implemented to achieve those standards.

ELECTRICITY DEREGULATION

*Question.* As states begin to develop and implement their utility restructuring plans, a number of questions arise about the future of existing energy generating facilities that face regulatory and other costs that may affect their competitiveness. Some may argue that the closure of these plants will have environmental benefits and the federal government should look at ways to assist these facilities to be converted to more cost-effective power generation or decommissioning. Has the Department considered the establishment of a "decommissioning fund" to assist facilities and their surrounding communities reduce the economic impact of the transition.

Answer. The overall impact of restructuring on plant retirement patterns is unclear, but we would not be surprised if it hastened the retirement of some existing fossil and nuclear generation units. We are aware of the potential economic hardships related to plant retirement, particularly in a small community that has relied on the plant as both a major source of employment and tax revenue. The Department has not, however, considered the idea of an economic decommissioning fund. The core of the problem appears to be the need for new economic development in communities affected by plant closures. We see this as an issue that states need to address as part of their overall plans for the transition to competition in retail electric markets.

---

## QUESTIONS SUBMITTED BY SENATOR DORGAN

COOPERATIVE RESEARCH AND DEVELOPMENT

*Question.* The scientific community, as well as the Administration itself in its 1994 report: "Science in the National Interest", recognizes the significance of basic research as the foundation for emerging technologies. The basic research component of the Jointly Sponsored Research program under the DOE Cooperative Agreement ensures that development activities address the public interest and not the special interests of individual industry partners; it is the antithesis of "corporate welfare". Yet, each year the Department of Energy's budget request fails to include funding for basic research under this program. Congress has traditionally restored funding for the basic research component so this crucial function has, fortunately, been able to continue. Can you provide me with the Department of Energy's justification for not including basic research funds in the Cooperative Research and Development Account?

Answer. The Department is very satisfied with the cost sharing that both the Western Research Institute (WRI) and the University of North Dakota Energy and Environmental Research Center (UNDEERC) are receiving under the jointly sponsored research program. In order to get the greatest benefit from our limited budget resources, it was decided to support the cost shared aspects of this program instead of the base program, because it leverages the government funding to provide for significantly more research, and better assures its development in the marketplace.

*Question.* The Department has recognized the EERC's expertise by including $1.864 million for cost-shared coal related research approved by the Department of Energy and which is consistent with the Fossil Energy mission. Did the DOE intend to limit this research initiative to coal to the exclusion of oil and gas, and if so, why?

Answer. The Department, in requesting funds for University of North Dakota Energy and Environmental Research Center (UNDEERC), has anticipated a need to

utilize the specific, recognized talents of the UNDEERC employees in the area of coal research. Currently, UNDEERC is providing support to Fossil Energy in the Advanced Clean/Efficient Power System area and it is possible that the Department would have a need for additional research in this area or in the Advanced Clean Fuels Research area.

ADVANCED FUEL CELLS

*Question.* During your testimony before the subcommittee last year, you mentioned that you would be testing in the commercial market "advanced fuel cells" that were developed under the Fossil Fuel R&D Program. Can you advise me of the results of these tests?

Answer. The Molten Carbonate Fuel Cell Program has two field test demonstrations of technology developed under the Fossil Energy R&D Program. The first is a megawatt-scale integrated unit in Santa Clara, CA, operated by the City of Santa Clara. Testing has just been completed. The general power plant operation was successful despite some technical problems encountered. The unit operated as designed and produced full rated electric power into the power grid resulting in the largest fuel cell power plant operated in the United States. The fundamental problems experienced were not caused by principal developmental equipment and are easily surmountable. Plant operating time was limited to about 4,000 hours primarily by private-sector funding. The second field test demonstration is a 250-kilowatt integrated unit near San Diego, CA, operated by the local utility. It contains the world's largest molten carbonate fuel cell stack. Operation began in January and is currently successfully generating about 80 percent of full electric power and co-generated heat. Operating time of about 8,000 hours is scheduled. No significant technological problems have been encountered.

SUBCOMMITTEE RECESS

Senator GORTON. The subcommittee will stand in recess until 9 a.m., Thursday, April 10, when we will receive testimony from the Bureau of Indian Affairs and the National Indian Gaming Commission.

[Whereupon, at 4 p.m., Thursday, March 13, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, April 10.]

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

**THURSDAY, APRIL 10, 1997**

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

The subcommittee met at 9 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Slade Gorton (chairman) presiding.

Present: Senators Gorton, Cochran, Domenici, and Bennett.

## DEPARTMENT OF THE INTERIOR

### BUREAU OF INDIAN AFFAIRS

**STATEMENT OF HON. ADA E. DEER, ASSISTANT SECRETARY FOR INDIAN AFFAIRS**

**ACCOMPANIED BY:**

**HILDA A. MANUEL, DEPUTY COMMISSIONER OF INDIAN AFFAIRS**
**JOANN SEBASTIAN MORRIS, DIRECTOR, OFFICE OF INDIAN EDUCATION PROGRAMS**
**DEBORAH J. MADDOX, DIRECTOR, OFFICE OF TRIBAL SERVICES**
**TERRY VIRDEN, DIRECTOR, OFFICE OF TRUST RESPONSIBILITIES**
**JAMES H. McDIVITT, ACTING DIRECTOR, OFFICE OF MANAGEMENT AND ADMINISTRATION**
**LINDA RICHARDSON, DIRECTOR OF AUDIT AND EVALUATION**
**JERRY SCHWEIGERT, FACILITIES TRANSITION PROGRAM STAFF**
**ROSS MOONEY, DAM SAFETY OFFICER, BIA**

#### BUDGET REQUEST

Senator GORTON. Good morning. The subcommittee meets today for the second of its hearings on 1998 budget requests for agencies funded by the Subcommittee on Interior and Related Agencies.

This morning we will hear testimony regarding the 1998 budget request for the Bureau of Indian Affairs and the National Indian Gaming Commission. Testimony on the Office of the Special Trustee for American Indians will be heard in conjunction with the Secretary of the Interior's hearing.

We will begin with the Bureau of Indian Affairs and then proceed to the National Indian Gaming Commission [NIGC]. Because members of the subcommittee may have questions on both programs, we ask that all of the witnesses remain at the table for the duration of the hearing.

Ada Deer, who has announced her departure from the BIA but who has not yet been replaced, will present testimony on the BIA

budget together with staff. Ada Deer will also testify on behalf of the NIGC as the Commission's Acting Chairman. I encourage both the Bureau and the Commission to complete their processes for finding a permanent Assistant Secretary and Chair.

Before you begin I would like to remind everyone here of the formidable task before the subcommittee. We are responsible for funding a number of diverse agencies. A large part of the bill is devoted to funding the four land management agencies: the Park Service, the Bureau of Land Management, the Fish and Wildlife Service, and the Forest Service. The cost of day to day management of our natural resources continues to increase in spite of a reduction in the rate of land acquisition, and inventories of infrastructure maintenance backlogs are increasingly unmet and growing into the billions of dollars.

The second significant group of agencies in our bill is more loosely defined and consists of scientific agencies, like the Geological Survey, the Minerals Management Service, and the Office of Surface Mining, each of which has important regulatory, land management, or study responsibilities.

The third major group of agencies in our bill are cultural: the Smithsonian, the National Gallery of Art, the Kennedy Center, and the National Endowments for the Arts and Humanities. While these agencies account for only a small portion of the total funds appropriated in the Interior bill, they are in many cases responsible for the protection of our Nation's heritage. As for the endowments, I imagine you are aware of the vocal support they receive from people all across the country, as well as from many Senators on both sides of the aisle.

The fourth grouping of funding is for a portion of the Department of Energy programs.

A final group consists of programs for the benefit of native Americans, including the BIA and the NIGC, but also including the Indian Health Service, for which the cost of simply maintaining existing levels of health services increases at an annual rate that exceeds inflation by a substantial amount.

The bill will be increasingly burdened also by the costs associated with reform of trust responsibility functions.

I have broken the bill out this way, Ms. Deer, so that you can see what your challenges are. The competition for funds will be even more fierce if the President and Congress are unable to enact a budget that includes measures that enable us to achieve balance without relying almost exclusively on reductions in discretionary spending. It is becoming ever more possible that such draconian measures are likely.

The President's budget this year is relatively generous with this subcommittee, but the President's budget is also, by any rational and conservative standard, dramatically out of balance, and we will simply not get the allocation in the President's budget unless there is an agreement on entitlement reform and a number of other issues that have caused dramatic differences between the Congress and the President in the past.

I hope we are going to be able to get that full allocation, but I am going to have to plan for a markup which has considerably less. As I told you each of the last 2 years, under those circumstances

we are going to need your aid and assistance in setting priorities for the programs that are under the jurisdiction of the Bureau.

With that, I will be delighted to hear your opening statement.

SUMMARY STATEMENT OF HON. ADA DEER

Ms. DEER. Thank you, Mr. Chairman, and the other distinguished members of the committee when they arrive.

Senator GORTON. We hope we will have some more of them here before you are finished.

Ms. DEER. I am delighted to be here today to present testimony on support of the President's request for the Indian affairs budget. Rather than read the prepared testimony which has already been submitted for the record, I will present a very short summary.

INTRODUCTION OF ASSOCIATES

Accompanying me we have: Hilda Manuel, Deputy Commissioner; Deborah Maddox, Director of Tribal Services; Terry Virden, Director of the Office of Trust Responsibilities; Joann Sebastian Morris, Director of Tribal Education; and Jim McDivitt, budget and administration. I am not sure I have your correct title, but those are your functions.

Mr. MCDIVITT. Close enough.

Ms. DEER. This budget is extremely lean. Yet it is responsive to the needs of the tribal communities. It provides funds for the basic operation of the Bureau and will permit us to alleviate some backlogs in trust programs. Great care has been taken in its preparation and we strongly urge this committee to appropriate funds at the President's requested level of $1.73 billion.

The proposed budget contains a modest increase of $126 million over the fiscal year 1997 appropriation. Nearly one-half of this increase will accrue to the tribal priority allocation to support vital tribal governmental services such as law enforcement, social services, child welfare programs, among others.

Since 1995 shortfalls in these programs have been particularly serious. The exceptionally harsh weather patterns of the past 2 years have damaged buildings, roads, bridges, and other physical infrastructure in many areas, increasing needs as well.

About one-third of the requested increase will benefit Indian schools. I have made a point of visiting as many tribal and BIA schools as possible. Recently I had the opportunity to visit the Chief Leschi High School in Washington State. While I was there I learned, Mr. Chairman, that you have been a strong advocate and supporter for the school, and I want you to know how much your efforts are appreciated.

It is a wonderful school, one of the finest, and any community would be proud to have a school like this. I wish that every school in our system was like the Chief Leschi High School. Unfortunately, this is not the case. Classrooms are overcrowded in virtually all of the schools and some are in a disgraceful state of dilapidation and disrepair. The bus fleet is aging, a process accelerated by the rough roads and harsh climates in much of Indian country.

Funding has not kept pace with the needs of our school system, which are growing. We anticipate an annual increase in enrollment

of approximately 3 percent. One-third of the BIA's requested construction budget will be used for education construction so that we can continue to replace some of the unsafe schools on the priority list.

The schools on that priority list are some of the oldest, most dilapidated schools in our system; $8 million of the requested increase in the facilities improvement budget and repair will be used for school repairs.

At a minimum, we must provide children a safe learning environment in schools that meet accreditation standards and good teachers who are provided essential training and continuing education. The requested resources are vital to this result.

The remainder of the requested increase will be used to address high priority needs in a number of areas, particularly in relation to public health and safety. Some $4 million of the increase will be used to repair structural deficiencies in high-hazard dams on Indian lands. This is particularly important given the severe flood conditions in many areas of the country this past year.

We have requested a $12 million increase for public safety and justice construction, which will fund the construction and repair of detention centers and the establishment of fire protection safeguards and schools and other facilities.

Mr. Chairman, I know that you are interested in determining the level of tribal investment in various tribal governmental operations in comparison to the Federal contribution. I am pleased to be able to address this issue here today. While there are some differences between the accounting methodologies used by Federal and tribal governments respectively, we were able to produce a reasonably reliable snapshot based on information in the single audit reports filed by tribal governments.

We reviewed the expenditures documented by 192 tribes in these reports. The total came to 1.3 billion. You may be surprised to learn that 45 percent of the total, or $593 million, came from the tribes' unrestricted general fund. Department of the Interior contributed slightly less than 25 percent or $324 million. The remaining 30 percent, or $399 million, came from other Federal and State sources.

Finally, Mr. Chairman, I know you have had serious concerns about the BIA's efficiency. I would like to take this opportunity to emphasize that we have been sensitive and responsive to fair criticism. I have long been a strong and outspoken advocate of measures to make the Bureau a more efficient, effective responsive, and responsible agency, and I have pushed hard to improve its management and operations.

We have also worked hard to carry out Congress' intent to shift greater authority and responsibility for program and service delivery to tribal governments. Accordingly, we have been able to reduce our FTE level by more than 2,000 positions since 1995, achieving our lowest staffing level in more than 15 years. This is due to large congressional budget reductions as well as increased tribal contracting.

In spite of diminished resources, we have achieved a 66-percent improvement in resolving material weaknesses in our management. We have satisfactorily resolved 11 material weaknesses, bringing

the number from 16 to 5 in the last 4 years. We have closed all of the 123 overdue external audits which existed when I was sworn in and none are overdue at this time.

We have dramatically improved the rate at which corrective actions are taken to problems identified in internal audits, 11 internal audits have been closed just since September.

While we have worked hard to improve our management and become more efficient, we have realized some negative impacts from downsizing. The backlogs in land titles and records have increased. Recently the inspector general identified problems in our computer operations attributable to lack of staff. There was a loan servicing failure in the Phoenix area because of insufficient staff.

The few modest increases requested in this budget will allow us to alleviate some of the most severe backlogs in our trust operations, including land titles and records and administrative records management, and to continue work toward replacement of the facilities management information system.

PREPARED STATEMENT

We have made a real difference in the way our Nation conducts its affairs with the first Americans. Today 90 cents of every dollar directly serves tribal communities and tribal members. Gone is the attitude that the Bureau knows what is best for Indian people. Today the Bureau works to empower tribal governments. It is a new era. Yet we must be cognizant of and act consistently with the solemn duties and obligations to which our Nation pledged itself some 200 years ago.

There are no frills in the budget that we have presented today. Hard choices were made and priorities were set. We urge favorably the consideration of the President's request.

Thank you and we are open for questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ADA DEER

INTRODUCTION

Good morning, Mr. Chairman and Members of the Committee.

The Bureau of Indian Affairs (BIA) is the principal bureau within the Federal Government responsible for the administration of federal programs for federally recognized Indian tribes, and for promoting Indian self-determination. In addition, the BIA like all Federal agencies has a trust responsibility emanating from treaties, statutes, judicial decisions and agreements with tribal governments. The mission of the BIA is to enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and properly manage the trust assets of Indian tribes and Alaska Natives. The BIA provides resources and delivers the kinds of services to support tribal government operations similar to those provided by State, city, and municipal governments. These services include, but are not limited to: law enforcement, social services, education, housing improvements, loan opportunities for Indian businesses, and leasing of land.

The BIA currently provides Federal services to approximately 1.2 million American Indians and Alaska Natives who are members of more than 550 federally recognized Indian tribes in the 48 contiguous States and in Alaska. The BIA administers more than 43 million acres of tribally-owned land, more than 10 million acres of individually-owned land, and over 400,000 acres of federally owned land which is held in trust status.

The Bureau is headed by the Assistant Secretary—Indian Affairs, who is responsible for BIA policy. Reporting to the Assistant Secretary are the Deputy Assistant Secretary for Indian Affairs, the Deputy Commissioner of Indian Affairs, the Director, Office of Indian Education Programs and the Directors of the Offices of Amer-

ican Indian Trust, Self Governance and Audit and Evaluation. Day-to-day operations of the BIA are directed by a Deputy Commissioner of Indian Affairs, who has authority over 12 Area Offices, 83 Agency Offices, three subagencies, six field stations, and two irrigation project offices. The Director of the Office of Indian Education Programs has direct authority over 26 education line officers. At the end of fiscal year 1996, the BIA's total employment was 10,672 full-time equivalents.

STREAMLINING

While increased tribal contracting of programs and the transfer of schools to tribal operation has resulted in a consistent decline in BIA staff over the last decade, the most significant change in Bureau staffing levels occurred in fiscal year 1996 as a result of Congressional budget reductions. The number of BIA staff is at its lowest level in over 15 years; FTE levels have been reduced by more than 2,000 since 1995.

The BIA Central Office has been trimmed to a "residual" level where only trust and inherently federal functions remain. Management and administrative positions have been reduced bureau wide to levels at or below the ratios and proportions recommended by the National Performance Review. Budget specialists, acquisition specialists, accountant positions, and personnel specialists have all been reduced by significant numbers.

At the field level, many FTE reductions are taking place as a result of increased tribal contracting and self-governance compacting. One recent example is the Red Lake Agency in Minnesota, where the Red Lake Band of Chippewas is now contracting for all BIA funded programs resulting in the displacement of more than 70 Bureau employees. Another example is the Mississippi Band of Choctaws who are taking over all of the BIA facilities operations at the Choctaw Agency displacing 12 to 15 BIA employees. Many tribes which have not previously contracted with the BIA are issuing notices of intent to contract an entire agency, such as in the Albuquerque Area, or law enforcement programs, as has occurred at several agencies.

FISCAL YEAR 1998 BUDGET OVERVIEW

The fiscal year 1998 budget request for the BIA is $1.73 billion in current appropriations, an increase of about $126 million above the 1997 enacted level. The budget emphasizes the resources tribes need to provide basic reservation programs, develop strong and stable governments, ensure accreditation of Bureau schools, address critical infrastructure needs, and meet the Secretary's trust responsibilities. The BIA continues to keep administrative costs low; more than nine of every ten dollars appropriated to the BIA is provided directly to reservation programs.

While the BIA's role has changed significantly in the last two decades with an increasingly greater emphasis on Indian self-determination, Indian tribes still look to the Bureau to provide a broad spectrum of critical and complex services administered either by the tribes or the BIA: from an education system for an estimated 52,400 elementary and secondary students; to 24 tribally controlled community colleges; to law enforcement and detention services on more than 200 reservations; to social services programs for children, families, the elderly, and the disabled; to management of the forest, mineral, fishery and farmland resources on trust land; to the maintenance of more than 25 thousand miles of roads and bridges on rural and isolated reservations; to economic development programs in some of the more depressed areas in the U.S.; to the negotiation and implementation of legislated land and water claim settlements; to the replacement and repair of schools and detention centers; and to the repair of structural deficiencies on high hazard dams.

OPERATION OF INDIAN PROGRAMS

In fiscal year 1998, the total request for Operation of Indian Programs (OIP) is $1.54 billion, an increase of $105 million over the fiscal year 1997 enacted level.

Within OIP, the single largest budget activity is tribal priority allocations (TPA) on which tribes depend for basic necessities and services such as law enforcement, child welfare, scholarships, natural resource management, and other programs critical to improving the quality of life and the economic potential of the reservations. Congress has given the tribes the flexibility to prioritize funds among TPA programs according to their unique needs and circumstances. TPA supports the goals of Indian self-determination by providing tribes with a choice of programs, as well as the means of delivery, either by the tribe or the BIA.

In fiscal year 1998, TPA will comprise nearly half of the BIA operating budget. The TPA activity is funded at $757 million, an increase of $76.5 million over the fiscal year 1997 enacted level, to help tribes address the unmet needs in basic pro-

grams. Shortfalls in these programs have become particularly serious with the reductions in this activity since 1995.

In fiscal year 1998, the BIA will continue to operate as a highly streamlined and decentralized agency, with maximum resources going to tribal programs. The BIA has identified $3.4 million that will be transferred to TPA programs in fiscal year 1998. The BIA anticipates that about half of the fiscal year 1998 operating budget will be spent directly by tribes which elect to operate various Bureau programs under self-determination contracts, grants, or self-governance compacts. Self-governance compacts, which give tribes greater flexibility to administer BIA programs, now number 60 and are expected to rise to more than 70 in 1998.

Congress continues to fund specific Indian Education programs in response to treaty requirements and federal statutes. Current Indian Education programs are governed by a number of laws, including the Snyder Act, the Johnson O'Malley Act, the Elementary and Secondary Education Act, the Tribally Controlled Community Colleges Assistance Act, the Tribally Controlled Schools Act; the Education Amendments of 1978; the Hawkins Stafford Act; and most recently, Goals 2000 and the Improving America's Schools Act. Collectively, these laws are aimed at ensuring quality education of Indian youth and improving the long-term employment and economic opportunities on reservations.

The fiscal year 1998 budget includes a significant investment in Indian education. The request for School Operations, which will fund schools and dormitories serving an estimated 52,400 elementary and secondary students in 23 States, is $467 million, an increase of $16.8 million over fiscal year 1997. The increase is needed to ensure that schools can deliver quality education, maintain accreditation, and provide safe and adequate transportation for an estimated 3 percent annual increase in enrollment. The BIA anticipates that between School Years 1996–97 and 1998–99, the student population will increase by more than 3,000.

The budget provides an additional $3 million for operating grants to the 24 tribally controlled community colleges, which have been successful in providing college-age and adults with college degrees and eventual professional employment. It is also anticipated that this increase will support Tribal Community Colleges as they provide job training, continuing education and GED's to those seeking employment due to Public Law 104–193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Welfare Reform).

The budget includes trust investments crucial to saving additional costs in the out years. The BIA environmental management program is increased by $3 million to begin to address the backlog of environmental cleanup work, which is estimated at approximately $200 million. An additional $1.5 million is needed for water rights studies and negotiation, as successful negotiations are always less costly than litigated claims. An additional $3.4 million is requested to address the backlogs in adjudication and certification of title and ownership to Indian lands. Until the backlog is eliminated, trust income cannot readily provide an accurate and timely reflection of account holders' land interests and related revenues.

CONSTRUCTION

The request for the BIA Construction appropriation is $125.1 million, with over one-third for Education Construction. In the last 2 years, the BIA has made progress in eliminating the unobligated balance in Construction facilities projects, mainly due to an increasing emphasis on tribal contracting for projects. The unobligated balance at the end of 1996 was the lowest in 5 years.

The Replacement School Construction program funds the replacement of older, unsafe, and dilapidated schools on reservations according to a Congressionally approved priority list, which is currently limited to 16 schools. In fiscal year 1998, $14 million is requested to construct the Many Farms High School in Arizona, the fourth school on the Priority List. The main facility was demolished due to structural building failure; therefore, the 400 children at Many Farms are attending school in portable trailers that are more than 17 years old and have now deteriorated to the point where children's safety could be at risk. The Education Facilities Improvement and Repair Program is funded at $32 million and includes an increase of $8 million to continue to address the $682 million backlog of repair work in existing education facilities.

The budget also requests $16.5 million, an increase of $12 million above the fiscal year 1997 level, for Public Safety and Justice construction. This activity funds detention centers on reservations and fire protection safeguards in schools and other facilities. Tribes cite law enforcement as a top priority; without adequate reservation detention facilities, offenders are prematurely released into the community. An increase of $2 million is requested for facility improvement and repair of existing de-

tention facilities. The budget also includes $9.1 million for replacement of the Ute Mountain Ute Detention Facility in Colorado and $1 million to complete the design of the facility to replace the Salt River Detention Center in Arizona. Inmates of the current Ute facility are housed in a building so overcrowded that the health and safety of the inmates are a serious concern. A recent consent decree requires the BIA to immediately address the overcrowded conditions at the Ute facility.

The budget includes $22 million, an increase of $4 million over fiscal year 1997, for the correction of structural deficiencies of high hazard dams on Indian lands. The backlog of repairs to hazardous dams currently exceeds $400 million. In fiscal year 1998, the BIA will begin correction of high risk problems on dams in Wyoming, New Mexico, and Montana.

INDIAN LAND AND WATER CLAIM SETTLEMENTS AND MISCELLANEOUS PAYMENTS

The program provides payments to meet Federal requirements for legislated settlements. The fiscal year 1998 budget request includes $59.4 million for payments for settlements resolving long standing tribal claims to water and lands. A large portion of the fiscal year 1998 request is dedicated to the Ute Indian Rights Settlement, in order to move closer to the funding schedule set forth in the settlement.

TRIBAL SHARES AND THE NATIONAL PERFORMANCE REVIEW

The centerpiece of the National Performance Review Reinventing Government Phase II in the BIA is the tribal shares process. Along with the negotiated rulemaking process for self-governance compacts and self-determination contracts, the tribal shares process is the mechanism that the BIA is using to accelerate the transfer of program operations to tribes and, ultimately, to downsize and restructure the BIA. The tribal shares process builds on the Administration's commitment to the policy of self-determination and local decisionmaking.

The first attempt to implement tribal shares was completed by a BIA team in February 1996. However, the process was delayed because consultation meetings with tribes revealed that tribes wanted full tribal participation in reviewing and determining inherently federal functions and their costs. The tribes feared that additional dollars identified for tribal shares would again be taken by the Congress for budget reductions as had occurred in fiscal year 1996. Tribes were also disappointed by the relatively small amount of funding being made available for tribal shares which offered little financial incentive to choose to contract/compact BIA programs. Some small tribes were also concerned about the diminishing amount of resources available to provide for tribes which did not contract services from the BIA.

Since September 1996 the Deputy Commissioner authorized and directed the election of 24 tribal representatives, two from each of the 12 areas, to serve as members of a tribal workgroup to establish a mutually agreeable tribal shares determination process in partnership with the Bureau. The joint federal/tribal workgroup recently met and achieved consensus on their plan to publish a list of inherently federal functions in the Federal Register by May 1, 1997. During the 90-day comment period, May 1–August 1, 1997, three regional tribal consultation meetings will be scheduled to obtain feedback and explain the list of functions. A revised list of inherently federal functions will be published as final in September 1997. The next phase of the tribal shares process is the identification of the costs associated with performance of the inherently federal functions, as well as the costs associated with functions available for contracting. The projected completion date is May 1998.

GOVERNMENT PERFORMANCE AND RESULTS ACT

As required by the Government Performance and Results Act (GPRA) of 1993 (Public Law 103–62), the BIA intends to submit a final strategic plan to the Congress by the end of fiscal year 1997. Based on a multitude of statutes, court rulings and treaty obligations, the plan will define the Bureau's long-term mission, broad goals and objectives. The program goals and objectives reflected within the budget justifications support these broad goals. In fiscal year 1998, the BIA will complete the fiscal year 1999 annual performance plan which will expand upon these programs goals by adding performance measures. These performance measures will help indicate the BIA's progress in meeting its mission as set forth in the strategic plan.

The BIA has made progress in implementing a GPRA pilot project for forestry and ecosystem restoration in the Pacific Northwest. The project's strategy included tribal participation in prioritizing projects which has resulted in a noticeable improvement in the tribe's satisfaction with funding distribution. The BIA is continuing to refine its methodology of collecting accurate data to measure overall project performance.

CONCLUSION

The funds requested in the President's fiscal year 1998 budget are critical to the health and well-being of tribal communities, tribal governments, and the tribal resource base. This funding will allow the Government as trustee to fulfill trust obligations and reduce the liability for failure to meet legally defined trust obligations.

This concludes my opening comments. My staff and I would be happy to respond to your questions.

SOURCES OF MONEY FOR TRIBAL GOVERNMENT

Senator GORTON. Thank you, and let me say before I begin my questions that, at least for myself, I am quite favorably impressed with the changes that you have made, not only in your administration, but with respect to tribal shares, over the period of your time here. You have a right to be proud of a great deal of what you have done, because much of it is not just purely administrative, but based on a set of theories.

I would like you to go over once again those sets of figures of the sources of money for tribal governments and exactly what services it is that they cover. Would you read that for me?

Ms. DEER. Level of tribal investment in various tribal government operations?

Senator GORTON. Yes, yes.

Ms. DEER. In comparison to the Federal contribution?

Senator GORTON. Yes; that is what I am after.

Ms. DEER [reading]:

While there are some differences between the accounting methodologies used by Federal and tribal governments respectively, we were able to produce a reasonably reliable snapshot based on information in the single audit reports filed by the tribal governments. We reviewed the expenditures documented by 192 tribes in these reports. The total came to $1.3 billion.

You may be surprised to learn that 45 percent of the total, or $593 million, came from the tribes' unrestricted general fund. The Department of the Interior contributed slightly less than 25 percent, or $324 million. The remaining 30 percent, or $399 million, came from other Federal and State sources.

Senator GORTON. OK, that is what I would like to pursue. Those figures relate to the moneys expended by tribal governments on their governmental activities, am I correct in that understanding?

Mr. MCDIVITT. Yes; that is correct.

Senator GORTON. That does not include their expenditures on other activities, even though some of them may have been funded by the BIA? Or does that include all the distributions of moneys from the BIA to the tribes?

Ms. RICHARDSON. Mr. Chairman, it includes all expenditures from the BIA and Federal agencies to the tribes, the general fund expenditures of tribes' unrestricted funds. Then tribes have a special revenue fund and in the special revenue fund all of the Federal funds are accounted for, and State funds as well.

Senator GORTON. Now, how, Ms. Deer—or any of your staff can answer this question if they wish—how do you determine at this point how much each tribe receives out of that fund?

Ms. MANUEL. Out of the special revenue fund or the general fund?

Senator GORTON. The general fund.

Ms. MANUEL. We do not have any control over the general fund. These are typically funds that are generated from tribal enterprises.

TRIBAL FUND DISTRIBUTION

Senator GORTON. No; I do not mean what the tribes are spending. I mean how do you determine—I have got the wrong question. How do you determine, of the money that we appropriate to BIA and that you distribute to the tribes, how do you determine how much each tribe gets?

Ms. MANUEL. Historically, the funding that has been allocated to tribes has been based on an old system that the Department and the Bureau had in place for several years called the Indian priority system, where the tribes in each location and each area establish what they felt was their need for funding on the basis of population, land base, forestry dollars. They looked at the number of forestry acres.

There was a process that actually was followed which to this day when we look at funding for new tribes we take the same factors into consideration.

So the funding was established years ago and it has been pretty constant. Tribes pretty much know what their base funding has been for the past several years.

Senator GORTON. And is it affected at all by your individual agreements with individual tribes on tribal shares? Do those agreements guarantee a certain share?

Ms. MANUEL. They should not, but we are finding in some locations where, especially where you have multitribe agency situations where the tribes all share an agency and one of the tribes or two of the tribes may want their shares, there is a process that the superintendent and the area director have to undertake to ensure that, if they provide a share to the requesting tribe and it is a share of a program or an activity that is funded to benefit all the tribes in that agency, if they take their share there has to be a determination that the reduction in funding and resources will not impact or harm the remaining tribes who do not take their shares.

Senator GORTON. Now, in making these determinations do you take into consideration the relative prosperity or poverty of the individual tribes, the income that the tribes are receiving from other sources?

Ms. MANUEL. No.

Senator GORTON. You do not?

Ms. MANUEL. Not in determination of tribal shares. It is based strictly on what has traditionally been available to that tribe through the budget formulation process.

Senator GORTON. Well, that leads me to a policy question for Ms. Deer. Through my State news clippings the other day I learned of a story about the Colville Tribe in north-central Washington. The thrust of the story is that the members of the tribes were going to meet on the following Saturday to determine how to distribute $10 million in gambling profits.

They had four proposals that were going to be before them, I think all of which included distributions—or most of which included per capita distributions to the members.

Is it appropriate, Ms. Deer, for us to consider the profits that tribes are making from gambling over and above the salaries they pay, in determining how much money the taxpayers of the United

States should distribute to those tribes for their annual governmental activities? Should the tribes be required to put some of those profits into activities that demonstrate a degree of self-sufficiency in the case of those tribes that have gambling enterprises that make profits?

Ms. DEER. As you know, Senator, the tribes must spend money, according to the Indian Gaming Regulatory Act, for tribal economic development, for improving the tribal welfare, for improving the quality of life on their reservations. They make contributions also to other governmental, and charitable purposes.

I have not seen that particular article you are referring to, but the tribe must submit and receive permission to dispense these per capita payments.

Senator GORTON. I am sorry? Must receive permission to do what from whom?

Ms. DEER. There has to be a request made by the tribe. They must receive permission from the Secretary.

Senator GORTON. In other words, from you.

Ms. DEER. Well, it is just not me, but it is the whole process, yes, in order for the per capita payments to be distributed.

I would point out that the States also have lotteries and that there is no, at this point as far as I know, no tie-in for dispersal of Federal funds in relation to the State lotteries. The tribes are opposed to that type of testing. The Bureau does administer some eligibility criteria in some of their programs, such as housing improvement and higher educational services and general assistance.

So I think from your point of view it is a question that has arisen and would require some additional study and discussion in my opinion.

Senator GORTON. Well, I have here the statute and one of the purposes for the use of those revenues, to quote from the statute, is to "fund tribal government operations and programs."

Ms. DEER. That is true.

Senator GORTON. Now, my question is whether or not your formula for distribution for government operations programs should not reflect those profits, so that more of your distributions would go to tribes that are isolated and do not have this form of income and less should go to those tribes that do have that, the ability to fund at least some of their governmental operations through gambling revenues.

The answer was that you have got a formula that is an ancient formula, that has hardly ever changed. Should it not change in the light of these, these relatively new sources of income?

Ms. MANUEL. I think the IGRA does provide that opportunity, because if you look at the statute it does require that the Secretary be satisfied that the tribe—before we approve a revenuesharing per capita plan, we have to make a determination that in fact the tribe is spending—and we have established that to be at least one-half or 50 percent of whatever the gaming revenue is, for the purposes that are authorized in the statute, before they can distribute it as per capita.

And I would certainly encourage my area directors to look at situations where, if there is a shortfall in tribal government funding and clearly the tribe has revenue from gaming that could offset

that and they are not looking at spending it for offsetting their shortfall, we would have to take a real hard look at their per capita plan before it is approved.

Senator GORTON. So that the last alternative I see here in this clipping, which says $8 million for per capital distribution and $2 million for government activities, would be unlikely to be approved?

Ms. MANUEL. That is right, that is right.

Senator GORTON. We now have Senator Domenici here. Since I have a whole long lists of questions and I know that Senator Domenici is responsible for the whole budget, I am going to defer to him for any statement he has and any questions that he has.

Senator DOMENICI. Sir, I would prefer that you go on maybe 15 minutes.

Senator GORTON. All right. Well, you tell me whenever it is that you would like to ask questions.

Senator DOMENICI. May I just comment, however, on the one issue you have raised with reference to Indian profits from gaming. The one thing that is of concern to me in any effort to do a new formula is that we clearly should understand the great disparity, even among casinos and gambling profits.

My State has been in a state of turmoil, as you know, as to whether or not our Indian casinos are legal or illegal. It has nothing to do with us. It has to do with State law. After many months of wrangling, they are going to make them legal.

We have some that make very little money, some that make a lot of money, and I think it is all going to change.

Senator GORTON. And some that are so isolated that they cannot do it at all.

Senator DOMENICI. What bothers me is, if you get into a formula where you then have all those who do not have casino profits that are getting a certain amount, and then all of a sudden the gaming falls off and then you have got to change the amount they are getting. I think before we do anything like that we ought to be very careful to understand it.

I also truly believe that, from the standpoint of Indian economic development, unless there is some big social damage occurring, gaming is a source of funding. People take one side or the other of that with reference to gambling all the time. It does seem to me, however, that Indian people have hit upon something that does give them an opportunity to raise their standards of living and to do some very exciting things for their people.

Whatever one reads about the very, very wealthy, those who are making millions and millions of dollars, it is a lot different than my State. A lot of my casinos in New Mexico—casinos in New Mexico; I should not say mine. I do not have anything to do with it. [Laughter.]

Sometimes I refer to New Mexico that way, but I should stop that.

In any event, a lot of gaming revenue is going for improvements. It is rather interesting. A couple of Pueblos have built some very exciting facilities for their people. They are very positive projects. I have not visited every one, but I have visited enough to say that there are some very responsible, in anybody's sense, uses of these funds for the Indian people.

I think we need a little time to see how that works in States like mine, as compared with perhaps a few that have the biggest casinos in the world. I guess there is one up there on the east coast. So they are very different. I think the question is a legitimate one, but clearly I still believe it is a little premature to decide how to change gaming. I guess I would resist your efforts if you move that way this year.

TRIBAL SHARES

Senator GORTON. Ms. Deer, on this subject of tribal shares agreements and decentralization and greater authority on the part of the individual tribes, how far have you proceeded? How many tribes now have such agreements?

Ms. DEER. Are you talking about tribal shares?

Senator GORTON. Yes.

Ms. DEER. That whole process has not been completed yet. Ms. Manuel, can you explain a little more about that? There have been many, many meetings on this.

Ms. MANUEL. We do not have any tribes that are taking their shares under the authority of title I of Public Law 93–638, which is the contracting self-determination part. We do have, as you know, about I believe 60 tribes that take their shares under self-governance. In other words, they have negotiated self-governance compacts and are now in the self-governance program.

As I reported, I believe a year ago, we were looking at having completed the tribal shares process, where we have clearly identified inherently governmental functions or inherently Federal functions, identified the contractable, compactable activities and functions in a very detailed manner. That process has been further delayed by actually the tribes themselves.

I established a work group in July of last year to ask them to provide us assistance and to work with us in developing this final process to enable the tribes that had indicated at that time their desires to take their shares under the 638 title I section. They have spent—the tribal work group, which consists of two representatives from each of our 12 areas, tribal leaders, who sit on this work group, in turn established a smaller work group to work with Bureau staff in trying to come to some final closure on the tribal shares process.

Last month in Albuquerque, the complete work group met, heard from the subwork group, and determined that they were still at least 2 years away from completing and coming to some final tribal shares process.

What we are going to do, and in fact, I believe in May, we are taking to the Federal Register a notice to the public of a preliminary list of inherently Federal functions, what we, working through the tribal work group, have identified as inherently Federal or inherently governmental functions, that will be published for public comment.

Senator GORTON. So you do not need any further authority, then? Only 60 tribes take their shares, and you have got a process that is going to take another couple of years. I think in each of the last 2 years we have expanded the number of tribes.

Ms. MANUEL. I do not believe we have.

Senator GORTON. You do not need any additional authority in that connection?

Ms. MANUEL. No; I think the authority we have now under title IV is sufficient. We expect that we will probably have at least 10 more tribes. The 60 compacts do represent 200-plus tribes.

Senator GORTON. That is right, OK. But you have enough authority?

Ms. MANUEL. Yes; that is right.

Senator GORTON. You are not going to need any more from us this year?

Ms. MANUEL. That is right, no.

Senator GORTON. Now, you have already anticipated my next question, something that Ms. Deer referred to. What is an inherently Federal function? Is it a short enough list so you can tell me right here what you are going to publish among those functions that you think are essentially Federal?

Ms. MANUEL. No; it is not short enough. That is why we want to publish the list, because I am sure there are probably functions or activities that we did not think of and the public will have the opportunity to come and let us know. And even the definition has created some great debate and discussion within the tribal work group, within the Federal work group, and I believe even the solicitor's opinion has not been that specific or clear, and in fact has referred us to a number of governmental publications out of OMB that define how you look at and determine what is inherently Federal.

But simply, the easiest response is it is those functions which by statute or even judicial opinion can be performed only by a Federal official and cannot be delegated to anyone other than a Federal official.

Senator GORTON. So you do see a permanent and significant Bureau of Indian Affairs?

Ms. MANUEL. Yes.

Senator GORTON. You do not see the end of this process being one in which there is a set of formulas or block grants pursuant to which aid goes directly from the Congress to each individual tribe and each individual tribe makes all of its own decisions? That is not the end process?

Ms. MANUEL. No; in fact, as you know, Indian tribes and Indian affairs is the most regulated business in the Federal Government. There are just hundreds and hundreds of statutes that impose some statutory requirement on the Secretary.

Senator GORTON. Sure, but those statutes could be repealed.

Ms. MANUEL. Most are based either in treaty or have some historical foundation that is based in the political relationship between tribes and the United States.

Senator GORTON. So you do not see any time in the future in which either the bill that Senator McCain had last year from the Indian Affairs Committee or a simple block grant proposal that we had briefly in this bill last year would be appropriate? The administration is not going to recommend any fundamental statutory changes in the relationships between the Federal Government and the tribes?

Ms. MANUEL. I think there will be fundamental changes in how the Bureau conducts business as tribes become more sophisticated and progressive and take on the noninherently Federal activities and functions. You are going to see, I think, a much more streamlined organization that I think will be comprised of purely professional technical skills and abilities that are going to be there to provide technical assistance to tribes.

You are not going to see the Bureau of Indian Affairs of 10 years ago, where you had 15, 16,000 employees and the Bureau did pretty much everything for tribes. They ran the courts, they ran the police, they ran the social services program. I think you are not going to see that kind of an organization.

Senator GORTON. I have just been informed that Senator McCain is reintroducing his bill today. Assuming that it is the same bill as it was 2 years ago, will the attitude of the Secretary and the Bureau be identical to what it was a year ago?

Ms. MANUEL. From the Bureau's perspective, the concept of developing a Bureau with the active participation of the tribes is something that we believe in and we are doing for the tribal shares process. The only aspect of the bill that concerned me was the many layering of consultations and compacts that were required, and if the bill is identical I would have great problems supporting it.

Ms. DEER. Mr. Chair.

Senator GORTON. Yes?

Ms. DEER. I would like to mention that at the meeting of the tribes, the President and the Cabinet on April 29, 1994, the President did reaffirm the government-to-government relationship between the Federal Government and the tribes. So I think that that outlines the basic thrust of the administration toward the tribes to reaffirm the government-to-government relationship.

Senator GORTON. But you are not going to propose a statutory change like Senator McCain's? We are going to get nothing from you with respect to fundamental statutory change?

Ms. DEER. I doubt it.

Senator GORTON. OK.

Senator Domenici.

Senator DOMENICI. Yes.

Senator GORTON. I have finished my questions on this subject matter area, so if you have some.

Senator DOMENICI. I thank you. Thank you very much, Mr. Chairman.

EDUCATION FACILITIES

I want to talk just for 1 minute and also share with you a concern. You know, in America we all say the gateway to the future is in education, and that opportunity is closely linked. Frankly, one of the biggest shortcomings that we are foisting on young Indian people is the inferiority of the Bureau of Indian Affairs school system that they run for the young Indian people. Not all of them, I understand.

First I have four or five questions, just to make my case, of individual schools run by the BIA where I have had to intervene, or a school is left half built, or dormitories that are patently necessary

way out in Navajo country are not built, so the school does not work.

Now, it seems to me that there is an awful lot of money being spent sort of running in place and making legal decisions and determining the nuances of relationships, while in Indian country among the Indian people the education plant is falling apart. Now, is anybody here capable of telling us the current evaluation of what is needed to bring just physical plants—do not worry about whether we get enough teachers—just to bring them up to standards that others are living under in the United States? How much is that?

Is my recollection of $700 million for dilapidated buildings and inferior, second-rate schools and dormitories, correct? Is that a fair number?

What is your name, sir?

Mr. SCHWEIGERT. Jerry Schweigert. I am the Director, Acting Director, of the old Office of Construction Management. Now we are the facilities transition program staff.

Yes, we did, for the 1998 budget, we ran a new inventory or updated our inventory, and we found that to bring all of our facilities up the standards, codes and standards, it would cost approximately $890 million.

Senator DOMENICI. So close to $1 billion?

Mr. SCHWEIGERT. That is correct, sir.

Senator DOMENICI. I have heard a couple of Senators who had a chance to go out and visit Indian schools on their reservations. Maybe you have, too, Mr. Chairman. I am talking about the dilapidated condition of a school and just its total inferiority. I heard one Dakota Senator speak about that. I was wondering whether anybody could get educated in that kind of facility.

This issue causes me a great deal of concern. I will say, I am not terribly impressed with the President's budget, asking for $5 billion for here and there new construction of schools around the country, when the one school system that, for better or for worse, that we are responsible for does not even have adequate buildings to educate young Indian people. I do not think you have got a budget to take care of anything like that.

We are not even making any headway on the priority list on education. It is longer rather than shorter each year that you fulfill the top five or six requests. Is that a fair assessment?

Mr. SCHWEIGERT. Well, as the buildings age, currently we have 63 percent of our buildings that are over 30 years of age and 26 percent that are over 50 years of age. Normally we design the life of a building around 30 years. So our buildings are basically aging and 80 percent of them are education related. So as our buildings age, they escalate in deterioration. So the older they get, the faster they deteriorate.

Senator GORTON. Excuse me. Can I interrupt?

Senator DOMENICI. Of course.

Senator GORTON. Does that 30 year rule and 30 year and 50 year percentages represent a different set of standards from public schools in most of the 50 States? Aren't a majority of all of our schools over 30 years old?

Mr. SCHWEIGERT. Normally our facilities are designed and built along the same codes and standards as public schools are.

Senator DOMENICI. That was not his question.

Senator GORTON. That really was not my question. Are not most public schools more than 30 years old?

Mr. SCHWEIGERT. I have no idea, sir, on that.

Senator DOMENICI. I think for a number of reasons that is a relevant question. You might want to plug that in and see if somebody in the Department of Education knows. I will bet they do. I think that does give us another set of facts that we would want to explore.

Nonetheless, the kids, they are the ones at the bottom of this that have to get helped. They are not getting the right education. So we have got to work on that issue.

I have two or three education issues that I want to raise, as I indicated. I do not like to do this and I wish the system was running so we would not be up here doing this, so I would not be in a subcommittee saying fund this particular school even though it is not on the priority list because we ought not be running a school system as broad as that in my opinion. I think you agree with that, Mr. Chairman.

Senator GORTON. I certainly do.

Senator DOMENICI. I am going to just tick them off for you, and I would appreciate an answer for the record from whomever is qualified. Santa Clara Day School, this remains two-thirds completed. Last month I raised the issue with you, Madam Secretary, and I pointed out that the school was a monument to the incompetence—and I say this very, very forthrightly—to the incompetence of the Bureau of Indian Affairs and its monumental bureaucracy.

Somehow or another, somebody has been able to identify $300,000. Apparently it needs $900,000 to get finished, and I would ask you to explain for the record what the situation is.

[The information follows:]

SANTA CLARA DAY SCHOOL

A Public Law 93–638 contract was awarded to the Pueblo of Santa Clara on December 19, 1991, in the amount of $1,312,041. The funds were authorized for the renovation and expansion of the existing day school serving grades Kindergarten through 6th grade.

Additional funds for phase 2 were requested by the Bureau and were received in the fiscal year 1995 appropriations to complete the project. Subsequent contract modifications including phase 2 funding resulted in a revised contract award amount of $3,416,123. The phase 2 funding was requested from Congress based on the Tribe's Architect's estimate of what it would cost to complete all work on the project. However, when the Tribe awarded the construction subcontract in November 1995, the total combined appropriation was insufficient to complete all of the work in the project. The Tribe awarded the subcontract at an amount which exceeded the Architect's estimate by $643,064 or 23 percent. The Tribe has been pursuing additional funds estimated at $1.2 million to complete the renovation project.

The fiscal year 1997 Senate Report contained the following direction: "The Committee urges the BIA to continue its efforts to settle the dispute over funding for the facilities improvement and repair at the Santa Clara Day School."

Working with the Tribe's planning administrator, FMCC provided an additional $315,000 on March 4, 1997, based on items of work that were felt to be absolutely necessary and were related to safety and health conditions. In addition, in a letter dated March 3, 1997, from the Director, FMCC 997 letter to the Tribe, the Tribe was requested to provide additional information so that a final decision on additional funding could be made by FMCC. The information requested has not been received as of May 19, 1997. The tribe has requested additional items of work that were outside Congressional authorization and are not safety and health related.

The construction appropriation does not have funds to cover these costs in today's environment of constrained budgets. The major item in the Tribe's request is a new gymnasium. The Tribe has a community center, with gym, across the street from the school which the school has been using for physical education. Although unobligated balances exist in the Facilities Improvement and Repair Program, funds are already committed to specific projects which were justified in prior budget requests.

In addition to the $315,000 indicated above, FMCC will make available to the Tribe, at no cost, new surplus equipment and furnishings from completed school construction projects. We have made the offer to the Tribe and the Tribe is working with FMCC staff to determine if what we have available will meet the needs of the school.

*Conclusion*

FMCC could potentially provide an additional amount up to $185,000 without seeking reprogramming authority from Congress and without impacting other funded projects, but does not have the remaining $700,000 for non-health and safety requirements.

MESCALERO APACHE PROPOSAL

Senator DOMENICI. I have another. Again, I do not know why I should have to do these, but one of the tribes in New Mexico that ranks high in good management is the Mescalero Apaches, Wendell Chino's tribe. I think when they have a good idea you ought to give it serious thought. They want to put a manager in to manage all the programs of the Bureau that apply to them. They have had great success whenever they have had management in their various industries and businesses. I urge you to consider that request, and I am submitting for the record for you to review a letter with attached documents from Wendell Chino indicating why they think this is a good idea. Would you take a look at that, please?

[The information follows:]

MESCALERO APACHE PROPOSAL

The Tribe proposes to contract for the Superintendent's position without assuming responsibility for all agency positions and responsibilities. This would create a situation where federal employees were being supervised by a person other than a federal employee and would violate federal personnel laws.

The Superintendent provides direct service to the Tribe and, in addition, supervises federal employees, has other federal responsibilities and reports to the Albuquerque Area Director. Consequently, if contracting were to occur based on the Tribe's current proposal, in order to comply with federal law, it would be necessary for the Bureau to retain federal supervision over federal employees by withholding the supervisory portion of the Superintendent's responsibilities from the contract, and placing that function with another federal employee.

---

LETTER FROM WENDELL CHINO

MESCALERO APACHE TRIBE,
*Mescalero, NM, April 9, 1997.*

Hon. PETE V. DOMENICI,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR DOMENICI: Mescalero Apache Tribe is in the process of attempting to contract the Superintendent's position at Mescalero Indian Agency. In place of the superintendent we want to hire a manager so we can breathe new life and innovation into the agency with a manager.

For years as you know, we have utilized several managerial positions with our Tribal enterprises and they have proven highly successful. We believe it is time we applied the same concept and principle with just one position under contract at Mescalero. All of the trust obligations and responsibilities remain with the Bureau of Indian Affairs through the remaining positions and branches at the Mescalero Indian Agency.

Enclosed is a position paper we developed regarding the proposed agency manager. We are enclosing a copy of the pertinent code of Federal Regulations which allows for a contract of all or part of the Bureau Programs in Mescalero.

We trust that you will support our efforts to contract the position. In addition we hope you will convey to the Secretary of Interior about our new concept that can make the Bureau of Indian Affairs highly successful on an Indian reservation.

Very truly yours,

WENDELL CHINO, *President.*

---

AGENCY MANAGER

SCOPE OF WORK

The scope of this contract will establish a managerial position between the Mescalero Apache Tribe and the Bureau of Indian Affairs. This position will manage the work force of the Mescalero Apache Agency and will be responsible for its day to day operation.

The Agency Manager will coordinate all activities which contribute to the accomplishment of the Bureau of Indian Affairs mission statement. Much of this will be accomplished by the management of the Agency Branch chiefs as they carry out the trust responsibility of the Federal Government.

THE AGENCY MANAGER WILL

Maintain an Official relationship between the Federal government and the Tribe, providing programs and services in this capacity develops and fosters a positive relationship between the Tribe and the Bureau which supports a co-equal partnership arrangement in carrying out all governmental Trust and program responsibilities of the Bureau to the Tribe and its people.

Responsible to the Tribe for the Trust and program work of the agency branch chief and the federal employees they supervise. The Agency Manager administers these programs and services in accordance with Federal Laws, regulations, policies, procedures, and guidelines and has the authority to use discretion concerning the uses of all government resources (dollars, manpower, facilities, supplies and materials); establishes internal policies, and controls all program and activities in a manner which will best benefit the Tribe and its people.

Reviews the planning, organizing, coordinating, operating, evaluating, and controlling actions taken and recommendations submitted by immediate subordinates to assure compliance with technical, managerial and administrative requirements. Reviews justifications for resources such as personnel, funds, equipment or facilities; compares them with other requirements; and endorses, modifies, or rejects them as considered appropriate. Also, reviews a variety of progress reports, status records, comments of tribal and bureau and management officials and similar data to ensure that assigned functional objectives are being achieved.

The Agency Manager is to justify, defend, negotiate or settle matters involving significant or controversial issues. This usually involves active participation in conferences, meetings, hearings, or presentations involving problems or issues of considerable consequences or importance. The manager's contacts usually have diverse viewpoints or objectives requiring the manager to achieve a common understanding of the problems and a satisfactory solution by convincing them, arriving at a compromise, or developing suitable alternatives.

Based on knowledge and understanding of tribal goals, priorities, and needs determines the kinds and scope of programs and services to be provided by the Agency. Determines results to be achieved. Develops policies, rules, and procedures to carry out operations, organizes work into manageable units and allocated resources to each. Discusses proposed final plans with the Tribal President and make modifications as necessary.

The Agency Manager is the official responsible for settling disputes, negotiating joint ventures and finding solutions to complex problems between the Tribe, Federal Agencies, State Government and private enterprises.

The Agency Manager will direct the planning, organization staffing, and budgeting of the total Federal Government operation which provides a variety of programs and services; identify its goals, priorities, policy, guidelines and procedures; and determines, identifies, and procures the support necessary for implementation.

The Agency Manager will be supervised by the Tribal President and receive advise, counsel, and analysis from the Area Director or his staff.

The Agency Manager will have signature authority for all personnel actions, payroll, and leave.

The Agency Manager will be responsible for the faithful and efficient discharge of the Federal Government's responsibilities to the Mescalero Apache People in accordance with established laws and approved policies, objectives, and standards, and for the protection and sound management for the extensive resources and funds held in trust by the United States Government for the Tribe as well as individual tribal members.

The Agency Manager will supervise with the idea, of managing all functions through subordinate staff and allow the subordinate staff to have the latitude to manage their respective programs. This latitude will provide greater stability, span of control and confidence to supervisors giving them the ability to be more effective.

---

Subpart B—Application Process

**§ 271.11 Eligible applicants.**

Any tribal organization is eligible to apply for a contract or contracts with the Bureau to plan, conduct, and administer all or parts of Bureau programs under section 102 of the Act. However, before the Bureau can enter into a contract with a tribal organization. It must be requested to do so by the Indian tribe or tribes to be served by the contract in accordance with § 271.18.

**§ 271.12 Contractable Bureau programs.**

(a) Tribal organizations are entitled to contract with the Bureau to plan, conduct, and administer all or parts of any program which the Bureau is authorized to administer for the benefit of Indians. All or parts of any program include:

(1) Any part of a Bureau program which is divisible from the remainder of the program so long as the contract does not significantly reduce benefits to Indians served by the noncontracted part(s) of the program. However, to the extent that it is within the Bureau's existing authority and the program or part thereof involves only one tribe and one Bureau Agency or Area Office, the benefits provided to Indians by the non-contracted part(s) of the program may be reduced at the request of the tribe. When the program or part thereof serves more than one tribe, the benefits provided by the non-contracted part(s) of the program may be reduced when all of the tribes served consent to a reduction.

(2) A single employee position only when the functions to be performed provide a direct service to Indians and meets the criteria in paragraph (a) of this section.

(3) Programs or parts of programs or services that are authorized but not currently operated or provided by the Bureau.

(4) Operation of, or services provided by, previously private schools.

(5) Alterations and repairs in direct support of a contracted program. Individual construction projects are not contracted under title I of the act, but can be contracted under other authorities.

(6) Architect and engineer services.

(b) Paragraph (a) of this section also applies to trust resources programs or portions thereof. Additional criteria for contractable trust resources programs, or portions thereof are given in § 271.32.

[40 FR 51286, Nov. 4, 1975, as amended at 43 FR 37440, Aug. 23, 1978.]

EDUCATION

Senator DOMENICI. I was in error. On the school that is two-thirds completed, you found $300,000 but the total needed is $1.2 million. So they are still $900,000 short.

There is a very serious dormitory problem on the Navajo Nation. They have made a request with an inventory. I am very hopeful that you will take a look at that and give us your recommendations.

I want to share another thought with the chairman. I do not know what to do about it, but we are in the process of taking an inventory of the Indian colleges and community colleges and post-high school institutions that we are in some way obligated to pay for, and it is absolutely amazing. On the one hand, we have some that we fund on par with what it costs to run a reasonably good,

comparable non-Indian college. But we have these college institutions going up and some of the funding is, on just a rough analysis, $5,400 per student count is about average elsewhere, and we are funding them at $2,900.

I do not know how anybody would expect to run a first class institution, unless the $5,400 is outrageous, and I do not imagine it is 100 percent outrageous. Maybe 30 or 20 percent, but not 100 percent. So I just share that here is another area where here we are encouraging our young Indian people to go to those schools, and they have got to be inferior by definition.

LAGUNA INDUSTRIES

I have one last issue, since you have invited me to take my turn and use your valuable time. I want to talk about the Laguna Industries in New Mexico. Are any of you aware of that? Do you know something about it?

Ms. MANUEL. Yes.

Senator DOMENICI. Laguna Industries is one of the best success stories of an Indian group setting up a business, employing their own people, and doing some big time contracting with the U.S. Department of Defense. They are in the process of refinancing, and I would urge that you take a look at what is being recommended with reference to the refinancing package and seriously consider what might happen to that industry if the current financing is not continued in some way as you put a final package together.

They have a huge backlog of jobs. Their management is back in shape. They employ over 500 Indian people in good jobs. I would very much like you to take a look at that situation. They have $40 million in backlog of contracts. I do not want to see somebody trying to make a point up here in the bureaucracy that they are smarter than the banks and that they know what is best when there is a market out there. I would hope you will take a look at this issue.

Ms. MANUEL. We have been working very closely with Laguna Industries and the bank. There is now a new bank involved. There were a lot of problems that we have worked through with the tribe and the management at Laguna Industries, and I think as of last week my understanding is that everyone was on board and we were going to be able to do what the tribe wanted.

Senator DOMENICI. Well, I would hope then that you would take another look, will you, because I think it is not done. There is a proposal.

Ms. MANUEL. OK.

EDUCATION

Senator DOMENICI. Mr. Chairman, I hate to bother you with these kind of questions when you have the whole budget of this committee to put together, but this is a big piece of it. I thank you for the time.

Senator GORTON. Well, Senator Domenici, even on my own list of questions here, the next ones were all on education. If you want to stay around for that, I can follow up and supplement yours. And if the education gentleman wants to take a seat up here again, that would be appropriate.

First let me just ask you a factual question. Of all of the Indians of school age who live on reservations, what share, what percentage, what number, attend Indian schools and what number attend the regular public schools of the States in which those reservations are located?

Ms. MORRIS. I do not have the figures for the 23 States where schools are located. Nationally, Indian students comprise 85 percent of the public schools, 10 percent of BIA schools, and about 5 percent are in church or Catholic, various denominational schools.

Senator GORTON. Roughly, when we are speaking about this budget and this money we are speaking about schools for about 10 percent of the Indians?

Ms. MORRIS. Ten percent.

Senator GORTON. Are those schools usually in relatively isolated places?

Ms. MORRIS. Yes; consistently.

Senator GORTON. I am curious. I had a very parochial question before you came, Mr. Chairman. Ms. Deer was talking about the magnificent Leschi High School in the State of Washington, which has recently been completed and which I visited and which is a wonderful facility. It certainly is not isolated. It is about 1 mile from the city limits of the city of Tacoma.

How do you set your priorities with respect to construction funds in Indian schools? Have we done that for you? Have we just told you which ones you are going to do, as against letting BIA make that determination itself?

Ms. MORRIS. Mr. Schweigert handles the construction money.

Mr. SCHWEIGERT. We do set the priorities, Senator. Those schools were prioritized in fiscal year 1992–93, and then in 1993 Congress basically froze the 16 that were on the Federal Register. The prioritization goes back to about 1979, when the Bureau worked out the process with Congress which basically determined that the highest ranking factor would be unhoused students. Those students at Chief Leschi were basically unhoused when their school was condemned.

Senator GORTON. The previous school.

Mr. SCHWEIGERT. So they competed, and in 1993 when we went through the process and only five schools were eventually put on the Federal Register, 66 schools actually applied and would have been eligible, but the criteria has weighting factors that were determinative.

Senator GORTON. How many of those five schools or the earlier 16 are still on a priority list? Are some of them under construction? Would the others still be priorities?

Mr. SCHWEIGERT. Well, we basically froze the 1992–93 list, and so far we have built seven schools, and Chief Leschi was the last. We have nine more schools to go and that includes Many Farms, which was in the 1997, is now in the 1998 list as well.

Senator GORTON. Does this budget have enough money in it for the completion of that school?

Mr. SCHWEIGERT. Many Farms, yes. We put $14 million in the 1998 budget, yes.

Senator GORTON. Senator Domenici, you came up with that figure of $890 million on the backlog of school facilities. My notes say

that there is another $400 million backlogged on dam repairs and $2 billion for irrigation projects. And the whole budget request for facilities construction is less than $74 million out of that $2 billion, which certainly supports the point you made earlier.

In addition, assuming you get that $74 million, how much of the funds that have already been appropriated are still unobligated, for all kinds of construction projects?

Mr. SCHWEIGERT. Well, for education we have a little over $100 million currently unobligated. Those are all earmarked for specific projects.

Senator GORTON. All on that list of 16?

Mr. SCHWEIGERT. No; Many Farms is the only one.

Senator GORTON. The rest is for rehabilitation?

Mr. SCHWEIGERT. FI&R, facilities improvement and repair projects that go back several years. And with 638 and self-determination regulations, we deal with the tribes and a great many of those projects are joint efforts between the tribes and the government, and it takes a while to get them designed and constructed.

Senator GORTON. So would it be fair to say that with respect to the moneys that you have and are seeking now, the higher priority is for repair and rehabilitation than for new construction?

Mr. SCHWEIGERT. Well, in the current budget, we have a much higher figure, $30 million-plus for facilities improvement and repair, versus $14 million for new construction, yes.

Senator GORTON. And can I infer from your previous answer that, in addition to the money that we appropriate, that various tribes make contributions of their own to both construction and repair and rehabilitation projects?

Mr. SCHWEIGERT. We have had several schools in Wisconsin that have built their own schools, but normally that is not the case.

Senator GORTON. Either on construction or on improvement and repair?

Mr. SCHWEIGERT. We supply the money for the schools, basically.

Senator GORTON. How do you balance priorities? You have the frozen priority list for construction. How do you set up your priorities for repair and rehabilitation?

Mr. SCHWEIGERT. We have an automated system. First of all, we have a backlog and our backlog is an amalgam of items that are comprised of codes and standards, national codes and standards such as the National Fire Code and so forth, and those are determined and put in a backlog by building. So we develop a program of requirements, the areas and agencies develop.

On an annual basis they put their program of requirements in, and we have an automated system. We have an automated computer system that ranks all of these program of requirements that ultimately become projects, and it is a weighted average based on such things as the age of the students, the condition of the building, whether it is a fire code versus a structural, and things such as that.

Senator GORTON. How much money have you actually spent on the repair and rehabilitation of Indian schools in the last year?

Mr. SCHWEIGERT. Last year I think we spent $56 million.

Senator GORTON. That's not much of a dent on the deferred maintenance, is it, or on the necessary repair and rehabilitation?

Mr. SCHWEIGERT. Not if you consider that we have $890 million, no.

Senator GORTON. No.

Ms. Deer, perhaps this is an inappropriate question for you, but do you have the slightest idea when the President is going to appoint a successor to you?

Ms. DEER. Various names are in contention and so far no one has been officially announced.

Senator GORTON. And have you agreed to stay on until your successor is nominated and confirmed?

Ms. DEER. Confirmed, yes.

Senator GORTON. So there will not be a vacancy.

Ms. DEER. So we will have continuity, yes.

Senator GORTON. My other subcommittee, Transportation, has the budget for Federal Aviation Administration and it is not as fortunate as the BIA. We have been waiting a long time for a successor to the leadership position.

LAW ENFORCEMENT FACILITIES

Briefly, would you answer some of the same kinds of questions that you have answered now with respect to schools in connection with justice facilities: what your backlog is, what you are doing about the backlog, how you set priorities?

Mr. SCHWEIGERT. Yes, I can, Senator. We have 34 justice facilities that we have responsibility for. We have approximately $112 million, $112 million it would take to do the repair or replacement of those facilities. Currently in our latest inventory we say that 13 of those facilities should be replaced.

I do not have the exact figures in my head, but I think it was around $27 million. It was around $27 million to replace those facilities.

Senator GORTON. My notes say that the budget has just over $2.5 million for existing public safety and justice facilities, so that would be about 10 percent of your backlog?

Mr. SCHWEIGERT. Well, what we have is the 34 facilities, and we have 13 that we indicate—$34 million, my correction, $34.2 million that we should have replaced. The renovation of the 21 remaining facilities would be $22.7 million, and it would cost us approximately $5.7 million for planning and design.

However, if we were to take those facilities and actually build them to the size that they should be, it would cost us approximately $112.7 million. So what I am using as the figures for replacement of the 13 is basically the same size as we currently have there that exist, not taking into consideration that they should be larger.

So we do have a major—we did a major inventory of the law and order facilities here in the last 3 years.

SAFETY OF DAMS

Senator GORTON. Let me go on. I guess I am with you for the next several sets of questions. Dam safety. Let us move the microphone down there and talk to me about dam safety.

My notes tell me here that your classification of dams with respect to safety has less to do with the risk that one of them is going

to fail as it does with the consequences of a failure if it took place. How do you determine and how do you set priorities for the repair of dams in looking at the actual risk of a failure?

Mr. VIRDEN. We participate with the Department of the Interior in a technical rating of all dams. The Bureau of Indian Affairs has approximately 100 dams out of the 400 the Department of the Interior has. And you are correct, the technical priority rating is based on consequences of failure.

Senator GORTON. Is there a separate determination of the actual risk of a failure? You know, the consequences can be overwhelming and the chances of failure 1 in 10,000, and consequences in another case, I suppose, considerably smaller, but the dam may be in imminent danger of collapse. Is there a separate rating system for the chances of a failure as against what the potential consequences might be?

Mr. VIRDEN. I have a staff person here I can check with, but I believe that the technical rating priority system does include that, the structural soundness.

Senator GORTON. How do you set your priorities for this? You have got 104 dams. How many of them are actually at serious risk of failure right now?

Mr. VIRDEN. Ross Mooney is our dam safety person.

Senator GORTON. OK.

Mr. MOONEY. Good afternoon. My name is Ross Mooney.

Senator GORTON. It is still morning. It just seems long.

Mr. MOONEY. It seems like we have been here for a while. [Laughter.]

I am the dam safety officer for the Bureau of Indian Affairs. As Terry said, we have about 100 dams in the Bureau of Indian Affairs that are rated as a high or significant hazard. The criteria by which we evaluate dams is set up by the Federal guideline, which all Federal agencies must use throughout the country.

There are two different things you look at. First is, as you said, the impact of the dam regardless of what its condition is. If it did fail, what is its impact on life and property? There are three classifications—high, significant, and low. Low hazard means nobody will get killed and minimal or no property damage will occur.

To be on the departmental technical priority ranking list, a dam must be a high or a significant hazard. These two ratings mean that life is in danger and significant property damage could occur. You can have a perfectly safe dam, but it will be a high or significant hazard dam because if it failed, what we call a sunny day failure, it could take life or damage property.

Over on the other side, you have technical factors, about eight of them, that you go in and look at various criteria of the dam—the seepage, the structural integrity—various factors that are then evaluated, assigned a point value. The Department under Secretarial Order 3078 has assigned the Bureau of Reclamation with departmental oversight. As part of their oversight responsibilities they are the keepers of the TPR, the technical priority ranking list.

This list is comprised, I think, of about 420 dams now. As Terry said, we have 100. Actually we are up to about 110. Since the Indian Dam Safety Act was passed in 1994, it refers to I believe 54 dams. We have doubled that since then. It is not that we have built

any dams. it is just that we have gone out and reevaluated the dams that we do know about. And some of them, because we found people living downstream, we have had to reclassify to high or significant hazard.

We do have an agreement with the Bureau of Reclamation, by the way, to have them go out and do some of the technical work for us, the evaluations, since they are the experts in this area for the Department of Interior, and that is why they have departmental oversight.

Is that the information you needed?

Senator GORTON. Well, what are you going to get done if you get your $22 million this year? What dams are you going to work on and how have you determined which ones are going to get that relatively modest amount of money?

Mr. MOONEY. Well, the Bureau of Indian Affairs uses the TPR's for setting its priorities, the list. I neglected to say, when you assign all these points to each of the dams and add them up and you rank them, the dam with the highest number of points is at the top and it goes down. The Bureau of Indian Affairs uses this list for funding purposes, and we fund the dam with the highest likelihood of failure.

Senator GORTON. If we get the $22 million, will we get 1 dam completely repaired or 10?

Mr. MOONEY. Historically, we got $18 million in the past. You want to know what we would do for the $4 million?

Senator GORTON. Whether it is $18 or $22 million. You have got all of these dams on the list. How many dams will that actually repair?

Mr. MOONEY. We will be working on 12 dams. There will be three dams for which the final construction will be funded.

In the safety of dams program it is a six-step process from the evaluation of the dam as a high or significant hazard dam, then you go in and look at the physical site of the dam, and then you do the conceptual designs, final designs, and then finally construction. So it is a six-step process which takes a couple years to get through.

Senator GORTON. So when you say—I am sorry; was it 12?

Mr. MOONEY. Yes; 12 dams we will be working on.

Senator GORTON. Yes; but that includes the very first of those six elements?

Mr. MOONEY. Right.

Senator GORTON. You will actually finish three?

Mr. MOONEY. We will actually fund the final construction for three. The rest will be funding the other portions of steps in other dams.

Senator GORTON. All right. Thank you. You have certainly answered my questions.

Good morning. One more set of questions.

Senator DOMENICI. I am just here to listen.

Senator GORTON. OK. Ms. Deer, as you of course well remember, last month the Indian Affairs Committee and the Banking Committee had a fairly well publicized hearing on Indian housing programs. We both learned, without regard to any misuse, that Indian housing costs are higher on average than other low income housing

projects, partly, I suppose, because they are often in isolated areas, partly because of Native hiring preferences, and partly because of the Davis-Bacon Act.

The misuses of the money in the Indian housing programs were nationwide and were significant. Fortunately, you did not have any responsibility for that. But I would like to ask the general question connected with all of these construction projects we are talking about, whether it is work on dams or on schools or on justice facilities: Are all of the same factors of additional costs applicable to other Indian construction projects as they are to schools?

Second, do you run the risk of the same kind of misuse of money for which HUD was at least partly responsible?

Ms. DEER. Well, let me say that nobody is perfect and that, yes, there have been problems. But we are consistently working to prevent problems, and in my earlier statement I talked about the resolution of these audits and better management. So everyone knows that we have to adhere to the highest standards and that when there are problems there is a lot of publicity on them.

I would have to refer to our construction person in terms of your question about the general problems.

CONSTRUCTION ON INDIAN RESERVATIONS

Senator GORTON. Well, I would like an answer to that question. Does construction of all these other facilities cost considerably more on Indian reservations than it does for local governments or in the private sector?

Mr. SCHWEIGERT. In facilities, which I can speak for, Senator, our costs are relatively the same. Because of the fact that in most cases our facilities are in rural or out of the way places, they do cost more money generally, because you have to haul material and people in as opposed to cities and so forth, metropolitan areas.

But we feel that our projects are well designed. We have architects and engineers that are registered normally in the States in which we design and build those facilities, and our cost estimates are based on national costs. So we feel that our costs are——

Senator GORTON. Does either Indian preference or the Davis-Bacon Act add significantly to the cost of these projects?

Mr. SCHWEIGERT. It would depend on whether the tribes handled the project through a 638 contract. If they handle it through a 638 contract or a 297 grant, it could be higher because of their associated costs of managing the project.

Senator GORTON. Thank you.

Mr. SCHWEIGERT. But that would vary from tribe to tribe. There is quite a variance between tribes.

Senator GORTON. Thank you.

EDUCATION PROGRAM PERFORMANCE

I would now like to ask a few more questions on education, but in this case not education construction but education performance. Since we have a significant number of Indian students in Indian schools, but a far greater number in public schools, how do you evaluate the quality of education that is being provided by the Indian schools? Is there a significant difference in student perform-

ance in the Indian schools and among Indians in the regular public schools?

Do we know that we are getting a decent quality of education for the money that we are investing?

Ms. MORRIS. The difficulty surfaces because you do not have identical assessment measurements in public schools as in our school system or to compare also with, say, the church schools on the reservations. In the past there have been reports, none very recently, that gave indications that Indian students attending public schools fared much better than they did in Bureau schools. We have not seen a report in recent years that is documenting that.

Within our schools, since about 1987–88 we have been working very strongly with the schools on improving. The focus has been on improving them academically. And there is an effective schools movement that began in about 1988, and that has continued now that there is legislation for Goals 2000 and the Improving America's Schools Act.

All of our schools are in the school reform movement. They are looking at how they test the children, how they assess them with multiple measures, rather than simply standardized tests. There is one school that is in the process of getting reaccredited. Otherwise, 99 percent of the schools are all accredited now, whether regionally, and/or by the State.

Senator GORTON. Are Indian schools required to meet the State education requirements of the State educational authorities in the States in which they are located?

Ms. MORRIS. They are not required to. Many of them choose to. If they choose to be accredited by the State, then they follow those mandates.

Senator GORTON. Did you say 99 percent were accredited?

Ms. MORRIS. Either by a regional accreditation agency and/or by the States. Some are dual accredited by a State and regional.

Senator GORTON. How many of the Indian schools are actually accredited by the States in which they are located?

Ms. MORRIS. Is it about 67? Yes.

Senator GORTON. Can you make comparisons on ultimate performance by SAT scores? Are SAT scores in Indian schools comparable to those in public schools or comparable to the Indians in public schools who take SAT's?

Ms. MORRIS. Again, we are not talking about standardized achievement tests, but SAT's, those that are preparing people for college——

Senator GORTON. Right.

Ms. MORRIS [continuing]. That is very much a voluntary test that young people can take, like the ACT's. And the States maintain that data, we do not, because the States administer the tests, those tests. So we could gather that data for you if you wanted it for the 23 States where we are, where we have schools. But we do not maintain that.

Senator GORTON. Do you not think that that would be of considerable value to you?

Ms. MORRIS. It would give us additional indicators. But again, it does not impact all of the young people.

Senator GORTON. No; of course not.

Ms. MORRIS. Because it is a voluntary test.

Senator GORTON. It would seem to me that a comparison of how your young people who voluntarily take that test in Indian schools do as against the general population or against the Indian population in public schools would be of great value to you in determining and setting priorities.

Almost 10 years ago, Congress requested that the Office of Indian Education Programs complete a comprehensive education plan on the requirements of Bureau schools and how best to address them. We, at least, have never received such a plan. At last year's hearings you told us that a single comprehensive plan was found to be inappropriate for all of the various schools, and I am told that your office has been developing a strategic plan to comply with the requirements of the Government Performance and Results Act of 1993.

When are we going to see that, and how does it differ from what was requested in 1988?

Ms. MORRIS. I was not here 10 years ago and I understand that there was quite a bit of turmoil that was generated as a result of that request. I do not know the facts behind that.

Our intention in this last year since I have come in as the Director has been to set a plan for the next 5 years that any organization, any entity, has to have. You have to have a plan to know where you are going and to measure yourself to see what progress you are making. So we have been meeting with staff in the field, with tribal reps as well, to develop a strategic plan.

A draft was prepared last December. We started consultation with tribes in February on that. We are in our official consultation mode right now. The first regional hearing, regional consultation in fact, started today for the east coast. The draft plan has been distributed across the country. The strategic plan is a part of our consultation package. There are eight major items that we are consulting on, and it is included in the yellow consultation booklet that has been distributed for review prior to the consultations.

If we did not get a copy to you and your staff, we can do that so you would have a copy of that. But it has been available since December.

Senator GORTON. OK. We would like that.

[CLERK'S NOTE.—Due to its volume, the above mentioned document has been retained in subcommittee files.]

REMARKS OF SENATOR BENNETT

Senator GORTON. Senator Bennett, at this point I am at the end of one set of questions and ready to move to another. We are delighted to have you here, and if you have any comments or any questions I will defer to you at this point.

Senator BENNETT. Thank you, Mr. Chairman. I am going to have to leave very shortly because, in the genius of the Senate, we have two subcommittees of the Appropriations Committee meeting simultaneously and I am a member of both of them. So I am going to have to run off.

Senator GORTON. You are going to have to ask my transportation questions for me.

Senator BENNETT. Yes; I will do my best to do that.

I have a personal observation. We had an Indian foster daughter who lived with us for 4 years coming off the reservation. We put her in the schools where we lived then in the Los Angeles area and found a very significant difference between her Indian experience and the experience she had in public schools in the Las Virgines School District in the Los Angeles basin.

When she returned to the reservation, which was an appropriate thing for her to do given her past experiences and her long-term life goals, her educational opportunities dropped off very dramatically from those that she had had in our neighborhood, and we were sorry to see that happen.

We stayed in touch with her, consider her still a foster daughter, and her child our foster grandchild. We are personally very distressed at what we see as a rather bleak future for this grandchild compared to what would be available if she could somehow get into a school that we would consider more traditional in the American educational system.

LONG-TERM GOAL FOR BUREAU OF INDIAN AFFAIRS

It is a universe of one and it is never fair to make generalizations from it, but I could not resist, given the line of questioning you are having. And that brings me to the general question that I guess, Ms. Deer, is your responsibility, of what is the long-term goal of the Bureau of Indian Affairs?

We are giving you roughly $2 billion every year to spend on, if I understand your testimony correctly, about 1.2 million Indians. Where do we want this segment of our population to be 10 years, 20 years from now? What are we hoping to build with this $2 billion that can say to my foster granddaughter, things are going to be better for you and your children as a result of the money the Federal Government is spending than they were for your mother? We are building a ramp toward what? Fill in the blank for me.

Ms. DEER. The Bureau of Indian Affairs is the main mechanism by which the U.S. Government carries out its responsibilities to the tribes as outlined in the treaties and court decisions and attorney general's opinions and other types of acts. I would envision the Indian tribes having the basic standard of living comparable to the rest of the U.S. population.

At this point, by every single census American Indians and Alaska Natives are at the bottom of the socioeconomic ladder. I feel that there is the power here, especially in the Appropriations Committee, to meet many of these needs. It is not rocket science. We need to invest more in education, more in health services, so that the tribes will be able to march into the 21st century with hope.

So I would emphasize that you have the power in your capacity as U.S. Senators, as members of this Appropriations Committee, to allocate sufficient resources so that we can repair the dams, so we can build the schools, so we can make it possible for the tribes to have a very realistic standard of living.

Senator BENNETT. So the long-term goal is to raise the standard of living, without making any attempt to bring the Indian population into any kind of integration with the rest of the population of the country?

Ms. DEER. Many thousands of Indian people live in urban areas, and it is an individual's choice whether they want to live on the reservation or whether they want to live off the reservation. You ask a very interesting question which has been the subject of many articles and many discussions, integration versus assimilation. I would point out in the fifties relocation was one of the policies, where they attempted to have many Indian people leave the reservations and move into the cities. It was also the termination era, et cetera.

I would like to point out that it would be important for individuals to have the choice and for the tribes to exercise their choices in all these matters. And at this point, again, if there could be a long-term commitment on a bipartisan basis to fund these programs, we could resolve many of these problems.

We, the United States, rebuilt Europe after World War II, and this is a much smaller population. It is within our interior boundaries. So I would ask you to consider this as you make your deliberations.

Senator BENNETT. Well, this is an appropriations hearing, so probably not the proper venue for this, but, yes, we put money into the Marshall plan and rebuilt Europe, and then we disappeared economically. We stayed there militarily for a variety of reasons, but at the invitation of the Europeans. We put them on their feet and then they took over.

Is there an anticipation that at any point this will cease, in the European pattern?

Ms. DEER. That is Europe and this is this country, and we are talking about the native peoples here. Efforts such as the self-governance, self-determination, have been aimed at helping tribes assume more responsibility and to make a change from the previous policies of paternalism that the Bureau and the Government followed to one of self-governance and self-determination.

So I think it is too far in the future to anticipate that, but I always anticipate that there will be American Indians and Alaska Natives living in this country, that we will have a government-to-government relationship with. This is a large country. We have millions of people here, and I think that the fact that we have approximately 2 million Indians now is a great tribute to the courage and the leadership of the individual Indian people as well as the tribes, in view of the harsh policies and many of the problems that the tribes have encountered over the years.

Senator BENNETT. Well, as I said, this is probably not the appropriate venue to have this discussion, but we appropriate money year after year—and if I am not mistaken, Mr. Chairman, is this not the largest single portion of this subcommittee's budget?

PROGRAMS SUBCOMMITTEE IS RESPONSIBLE FOR

Senator GORTON. Well, Senator Bennett, you bring up something that I want all the audience to be able to come up and see when they wish. This chart shows the relative amounts of money spent for the various purposes within this subcommittee's jurisdiction. The blue are Indian programs. That is not as tall as all of the land management programs together, but it is taller than any one of them.

Senator BENNETT. Yes.

Senator GORTON. Land management agency budgets are large. Energy and research and cultural activities are all much smaller. So yes, funding in our bill for native programs is a considerable amount of money. It is larger than any single other purpose, but it is not as large as all of our land management combined.

Senator BENNETT. Yes; I see. Well, coming from where I come from, in the business world, I always like to think in terms of a strategic plan and a goal, and where this is going to take us 5 years, 10 years from now. Or are we in a circumstance where 5 years, 10 years, 20 years from now, we are going to be appropriating money on a maintenance basis and nothing is going to change, other than we want to raise the standard of living within the present context?

If that is the policy decision made someplace else, I should understand that that is what our appropriations' function is. But I would like at some venue to open that question, and this is clearly not the venue, and I have exhausted my time.

Senator GORTON. No; it is appropriate—no, on the contrary, Senator Bennett, it is an appropriate venue for that. I asked that question of Ms. Deer last year and got the answer that you fear, that it is essentially a maintenance program.

I guess my followup question to yours to Ms. Deer would relate to the fact that, while the goal is that the standard of living of Indians in Indian country be roughly the equivalent of that of all Americans, in fact, it is the lowest socioeconomic identifiable ethnic group in America, which would seem to me at least to indicate that 150 years of this kind of policy have been an overwhelming failure.

I guess my philosophical question to Ms. Deer would be, is that simply because we have not appropriated enough money and that it should be double or more of this, more or less in perpetuity? Is it because of the total ineffectiveness of the Department of the Interior and the Bureau of Indian Affairs for 100 years or more? Or is it because there is a conceptual flaw in attempting to keep people separate and say that there are obligations toward them other than their own obligations to work for themselves?

Ms. DEER. You have asked a mouthful of questions.

Senator GORTON. I sure have. I think that is what Senator Bennett was looking at, too.

Ms. DEER. Indian people want to be Indians. They want to live in the reservation areas. They would like to maintain the culture, the kinships. Not everyone wants to melt into the mainstream. When the relocation came, some Indians did stay in the cities, but there was a lot of travel back and forth.

One of my own tribal people camped out in Chicago—this is my term—camped out in Chicago for 30 years. When retirement came, she now lives 10 miles from the reservation. So Indians moved into the cities, but established Indian centers and maintained their cultural and ethnic identity.

Again, these are questions that I think would be very appropriate for the tribal people to answer. But I want to say that Indian people want to be Indians, wherever it is, and each person can decide for themselves what this means. But we do envision the Federal Government carrying out its responsibilities as specified in

the treaties and the court decisions and the Attorney General's opinions and some of the other actions.

I think that, to answer your question about the cost, the wealth of this country is built from the wealth of the tribes. This all at one time was Indian country and, as you know, over a long period of time the reservations were established, and the tribes have been deprived of meaningful economic opportunity for many years. In my opinion, if there could be this long-term commitment to resolve some of these very serious problems that we talked about here with the schools, with the dams and roads and so on, and help the tribes with their economic development projects, the tribes could in all probability really function well.

There are tribes that are doing this now, and I would point out that the Mississippi Band of Choctaw Indians has done a remarkable job in a 30-year period, going from the bottom of the socioeconomic ladder in Mississippi to now being the major force in that area. This has occurred through the hard work and determination and leadership of the chief and the tribal leaders there, taking advantage of the opportunities that were made available by this Government. They are doing well and I do not envision that they would want to make backward changes.

So some of the problems of the tribes are very hard to solve. For example, out in the plains we have significant numbers of people and there are not enough resources at this point to adequately meet the health and education and economic development needs of the tribes out there.

So again, it is hard to answer in a global way speaking for all the tribes, because there are small tribes, there are medium tribes, there are large tribes. I really do appreciate the many-faceted questions that are being asked here and I would encourage all of us to carry on some additional discourse when it is appropriate.

Senator BENNETT. I suppose we have probably exhausted that subject, but I am sure we are going to come back to it again and again, because you have given me an example of a tribe that demonstrated—I know nothing about it. I am just taking what you told me at face value. I would guess, from what you have said, this is a tribe which members have shown some fairly significant entrepreneurial spirit, created their own economic activity, and, therefore, got themselves into a circumstance where the long-term vision can be that they would ultimately be off any Federal kind of subsidy, just the way, back to your earlier analogy, the Europeans have gotten off the American subsidy at the end of the Second World War.

If indeed that is a correct analysis of what you said, it would seem to me the clear message on the part of all of society, as manifested through its elected representatives here, would be to try to engender that entrepreneurial spirit on the part of every tribe, because the Mississippi Choctaw Indians apparently solved their problems. Their standard of living is not at the bottom. They have, in your phrase, become one of the leaders in that area.

That is what I would like to see eventually happen, so that we could look at this money and say ultimately this was seed money put up by the Federal Government, on the basis of which the Indian tribes in America, wisely using this seed money, became eco-

nomically self-sufficient and weaned themselves to the point where they would not require it any more.

But if that is a philosophical no-no and you are saying, no, under the treaties these people must never be weaned from some kind of a Federal subsidy, then I want to know if that is the basic policy.

Ms. DEER. The tribes wish to have economic self-sufficiency and, as I mentioned earlier, good education, good health. We have tribes that have achieved some of these and I mentioned one, the Mississippi Choctaws. Others are striving toward this.

But again, the reason I mentioned the Marshall plan was to remind all of us how we helped rebuild the European countries, and we have not been able yet to do that, to help the tribes rebuild so that they can be economically self-sufficient.

Senator BENNETT. I think we have exhausted this.

POLITICAL CONTRIBUTION

Senator GORTON. I would like to go on to another question. Recently the Washington Post reported that the Cheyenne Arapaho Indians had given $107,000 to the Democratic National Committee during the course of last fall out of a welfare fund for tribal members who need help with hospital bills, heating bills, and the like, from a tribe with what the newspaper described as 80 percent unemployment.

Was that an appropriate use of tribal money?

Ms. DEER. Well, let me say that tribes, like all other groups of citizens, do have the right to make political contributions. I am not sure that that is where the money came from, but it is their basic right. And I think that your question is appropriate.

Senator GORTON. Well, do you know the source of that $107,000 contribution?

Ms. DEER. No.

Senator GORTON. You say you do not know whether it was from the tribal welfare fund?

Ms. DEER. No; I do not have that information.

Senator GORTON. Do you know whether Federal appropriated funds were involved, went into that fund out of which the contribution was made?

Ms. DEER. No; I am sorry, I do not know that.

Senator GORTON. Does BIA have the right to ask?

Ms. MANUEL. We are fairly certain that the funds did not come from Federal sources. However, you may be aware that the inspector general has sent a letter to Mr. Regula and Mr. Livingston dated April 8 that indicates that there will be an audit by the inspector general on the Federal funds, as requested.

Senator GORTON. I am sorry. The inspector generalof the Department of the Interior?

Ms. MANUEL. Yes; of the Department of the Interior.

We have been working with the Bureau of Indian Affairs and the Cheyenne Arapaho Tribe over the last couple of years over some audit issues, so that we are fairly certain that these funds did not come from Federal dollars. Upon the conclusion of the inspector general's review and our own conclusion of the outstanding audit issues that we are working with the tribe on, I think we can give you a more definite answer.

Senator GORTON. But the Cheyenne Arapaho Tribe does get a distribution for tribal government and for other purposes from the BIA?

Ms. MANUEL. Yes.

Senator GORTON. And some of that money certainly does go into the tribe's welfare fund, does it not?

Ms. MANUEL. They operate a social services program, yes.

Senator GORTON. With money appropriated to the BIA and distributed by the BIA?

Ms. MANUEL. The social services program is actually run out of the area, so the tribe does not run—my understanding is that the tribal welfare fund that was referred to in the press releases was actually a tribal fund that was established by the tribe, and we had no control over it and none of the Federal dollars go into that fund.

Senator GORTON. Federal dollars do go into it?

Ms. MANUEL. Do not, do not.

Senator GORTON. Do not go into it? Well then, what funds do go into it?

Ms. MANUEL. Apparently funds that the tribe generates from sale of cigarettes, bingo revenues, funds that they generate from tribal enterprises.

Senator GORTON. All right. So this fund to the best of your knowledge did not have any Federal money in it?

Ms. MANUEL. That is right, that is right.

Senator GORTON. And that is what the inspector general is attempting to determine?

Ms. MANUEL. Yes.

Senator GORTON. And I assume that you would take the position that it would be inappropriate for a tribe to make a political contribution out of Federal money?

Ms. MANUEL. Yes.

INDIAN COUNTRY IN ALASKA

Senator GORTON. I had hoped that Senator Stevens would be here. I know he has a large number of questions about the recent decision with respect to Indian country in Alaska. I guess I would just like to ask you, Ms. Deer, perhaps one general question on that subject.

I understand that the BIA has said that that decision, assuming that it is finally upheld, will not have any significant impact on BIA funding. Am I correct in that assumption?

Ms. DEER. That is correct.

Senator GORTON. And why would it not?

Ms. DEER. At this point, according to the Information I have, it will not have any significant impact. The tribes do have self-governance compacts and they make decisions under the self-governance compacts as to how the moneys are spent.

Senator GORTON. So in your view, while the tribes might have more authority or more responsibility, the relationship between the tribes and the distributions to the tribes from the BIA would not be affected?

Ms. DEER. Basically, yes.

Senator GORTON. Well, as I say, Senators—there are a number of very detailed questions on that subject from Senator Stevens,

and we will submit those to you in writing and hope that you can answer them.

Ms. DEER. We will be very happy to provide the information.

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. I also have some questions from Senator Cochran, and there could be those from others, and there will be some followup questions under my name on the subjects that we have already discussed. As Senator Domenici is, I am particularly interested in education programs and you will get some more questions on those.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

ADDITIONAL COMMITTEE QUESTIONS

WA HE LUT SCHOOL

*Question.* Last year Congress appropriated $2.5 million to begin rebuilding of the Wa He Lut Indian School in Washington State. $2 million was sent to the school as a construction grant last November. Based on the Bureau's own program of requirements calling for a 17,500 square foot facility, the total project cost will be $4 million. Is the Bureau supportive of an additional $2 million for this project?

Answer. The Bureau provided a $2 million construction grant to the school board from the fiscal year 1996 emergency supplemental appropriations. The other $500,000 was provided for emergency evacuation of the school children during the flood. Based on an estimate prepared by the school board's architect dated April 11, 1997 for a 18,151 square foot replacement school, the estimated total construction cost is $4,182,000, or an additional $2,182,000 above the appropriated amount.

*Question.* The Wa He Lut School rebuilding was chosen as one of five pilot projects to make BIA school construction "more entrepreneurial and customer-focused," in Vice President Gore's words. Given the fact that the Office of Indian Education Programs originally requested $5 million for this effort, can you advise this Committee of any compelling reason why we should not provide the additional funding to complete this task?

Answer. The request from the BIA, the Department and the Administration for the Wa He Lut School emergency response and repair needs from the 1996 floods was $2.5 million. The request was based on the report on the school's needs at the time as well as the comparative need of the other reservation emergency project needs. This amount was funded in the fiscal year 1996 emergency supplemental appropriations.

The Wa He Lut School Board was working with the Federal Emergency Management Administration (FEMA) to try to secure additional funds for the school replacement since the old school was destroyed by the 1996 floods. The Bureau understands that there is potentially up to $402,000 which will be made available to FEMA and eventually to the School Board. If this occurs, the balance needed for reconstruction is $1,780,000, based on the school board's estimate for replacement.

The Bureau recognizes that Wah He Lut School cannot be completely replaced by the $2 million grant to the school board from the emergency supplemental appropriations. However, the Bureau's existing schools have an immense backlog of over $680 million in code and standard deficiencies, many of which related to health and safety. In order to fairly distribute the limited funds available under constrained budgets, it has been necessary to establish a national prioritization process. Through this competitive process, a national list of annual repair projects are determined based on need. For School replacement projects must be funded in the order of the Congressionally approved priority process projects in order of need, Unfortunately, Wa He Lut School replacement is not currently high enough on the repair priority projects list; is not on the replacement school priority list frozen by Congress, and of which only seven of the 16 schools on the list have been completed. The school will need to compete in the future for any additional funds necessary for replacement if funds are not forthcoming from other sources.

TRIBAL BASE FUND DISTRIBUTION

*Question.* Will you please provide this Committee with information on how Tribal base is determined? When was this formula last revised? Does the BIA take into consideration Tribes' current and changing population, their socioeconomic status—their need? Why isn't the base reevaluated periodically to reflect changes? Shouldn't it be, given that federal funding is declining? Would legislation be necessary to effect this?

Answer. Historically, the funding allocated to Tribes has been based on the Indian Priority System, an old system that the Department and Bureau had in place for several years. In that distribution system the Tribes in each location and each area established what they felt was their need for funding on the basis of population, land base, forestry dollars, number of forestry acres. While a new system, the Tribal Priority Allocations System (TPAS) is now in place, the historic method of distribution is still in place.

Tribal base fund distribution has not, to date, taken into consideration changing population or socioeconomic status, but included, historically, Tribes' determination of their need as described above. As programs such as Indian Child Welfare Assistance have been transferred to TPA, the distribution has been based on population, number of children at risk, etc. In the fiscal year 1998 budget, however, an increase of $7.3 million is requested largely due to the increase in reservation population. Similarly, an increase of $10 million is requested for contract support based on the proposed TPA general increase and the fact that about 65 percent of the TPA funding is contracted by Tribes.

Several programs recently transferred to TPA are not included in the Tribal base: contract support, welfare assistance, road maintenance and the housing improvement program. Funds appropriated for these programs are distributed by a variety of formulas. Need is still a key factor for welfare assistance and housing improvement. Need is based on an individual eligibility basis. Contract support is distributed, for the most part, based on rates negotiated with the Inspector General. Road maintenance is distributed on the following factors: the actual need requests for emergency, administration, bridges, airstrips and snow/ice removal; and the miles in the BIA Roads system. The BIA Roads system miles are weighted to reflect the road surface-type priorities.

An additional factor that has come into play in Tribal base fund distribution is the focus and needs of Small and Needy Tribes and the need to provide funding to Tribes that are newly recognized. The method of distribution is currently the same for both programs: provide a minimum of $160,000 for Tribes in the continental United States and $200,000 for Tribes/Native entities in Alaska. The Joint Tribal/DOI/BIA Reorganization Task Force (Task Force) prepared a report on the Small and Needy Tribes and the fact that base funding for many Tribes, particularly in Alaska and California, are far less than the defined minimum levels above, and not enough to even begin to provide a viable Tribal government operation. The Task Force preliminary assessment of the total needed to bring small and needy Tribes to the minimum level was $23 million. To date, $6 million has been appropriated and $8 million is requested for fiscal year 1998.

Over many years, several studies have been undertaken to explore and define an "equitable fund distribution methodology". The most recent, done in 1989, used population, Tribally owned acres of land, individually owned acres of land as criteria and created agency management pools. Using the formula created in the study and comparing to current funding levels at the time, Tribes in five areas would have received increased funding, the Navajo Nation funding would have remained basically level, and the Tribes in seven areas would have received less funding. The report found that the data available was lacking and not always comparable from area to area. The report recommended that if a formula is instituted at all, that it be instituted over a number of years (five to ten) to minimize short term large dislocations.

This study, similar to those undertaken earlier, basically resulted in the same results. There is not a formula for "equitable funding" that would produce a consensus from Tribes, much less a majority.

The Task Force recommendations also included creating a "standard assessment methodology" tool for each individual program in the Bureau's annual appropriations. Considerable time over a two year period was spent in developing a model for one program, to be followed and used for the rest of the programs. A Work Group to develop this model was comprised of both Tribal and Bureau staff. There were exhaustive hours of discussion on the subject and again, it was discovered that it is virtually impossible to achieve "equitable fund distribution" that will achieve a consensus among Tribes and if that were possible, it would only be so with signifi-

cantly increased appropriations in TPA. Finally, the Bureau does not believe legislation would be required to change the fund distribution methodology.

EDUCATION FACILITIES

*Question.* The Bureau has raised the fact that many of its education facilities are very old. Will the Bureau provide this Committee with specific information as well as comparative information on the average age of public schools in the United States?

Answer. The table below shows the number of school facilities in age increments of nine years.

SCHOOL FACILITIES BUILDING AGE

| | School facilities building age in years | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0–9 | 10–19 | 20–29 | 30–39 | 40–49 | 50–59 | 60–69 | 70–79 | 80–89 | 90–99 | Total |
| School facilities | 21 | 26 | 23 | 49 | 20 | 9 | 26 | 7 | 2 | 2 | 185 |
| Percentage of total | 11 | 14 | 12 | 26 | 11 | 5 | 14 | 4 | 1 | 1 | 100 |

Bureau staff have attempted to obtain a report providing the national average age of public schools but have found no information from either GAO or the Department of Education. It is important to point out, however, that public schools have a tax base and other resources upon which to draw. The Bureau does not.

The Administration has requested $5 billion to address facility repair needs for public schools across America with a two percent set-aside for the Department of Interior. This resource combined with the Bureau's education construction budget request will help eliminate the ever-growing backlog of repairs in these schools.

EDUCATION PERFORMANCE

*Question.* Does the Bureau review the relative performance of Indian students in public schools versus BIA schools? Shouldn't it, if it does not already? How does the Bureau determine whether BIA schools are doing a good job of teaching? What is the average SAT or ACT score (or other standardized test of aptitude and achievement) in public schools? What is the average for students taught in BIA schools?

Answer. No, the Bureau does not compare the performance of Indian students in BIA funded schools with Indian students in public schools. It is difficult to make comparisons between BIA schools and public schools. The Bureau does not collect SAT or ACT scores on its Indian students. Any testing for career planning or academic student assessment for BIA schools is designed at the local level with school board and parental input. BIA schools offer programs which are accredited by states or regional associations and require all teachers to meet state certification requirements. Almost all schools are participating in the school reform movement as defined in Goals 2000: Educate America Act and Improving America's Schools Act of 1994.

Within the Bureau's overall strategic plan to be submitted to the Congress in September 1997, the Office of Indian Education Programs' (OIEP) performance goals for fiscal year 1999 will address student dropout rates, student attendance, student academic performance, Native languages and school accreditation rates. Under the requirements of GPRA, the student performance indicators selected for measurement will reflect the effectiveness of the Bureau's school system.

---

QUESTIONS SUBMITTED BY SENATOR STEVENS

INDIAN COUNTRY IN ALASKA

In December, the Ninth Circuit Court of Appeals issued its opinion in Alaska v. Venetie Tribal Government that the Alaska Native Claims Settlement Act did not extinguish Indian Country in Alaska and that the land Venetie occupies is Indian Country. The State of Alaska opposes this decision and has submitted a petition for writ of certioraris to the Supreme Court. The Court will decide later this summer whether or not to hear the case. It is unclear what the Supreme Court will decide; and this decision opens the door for the remaining 225 Native villages in Alaska to explore the possibility that they have Indian country.

I would like to know more about BIA funding of Alaska Native programs and the potential consequences on the Federal programs in the Interior bill if the Ninth Circuit's holding stands. Assume for the sake of argument that all 226 tribes in Alaska are successful in proving they have some Indian country.

*Question.* Solicitor Sansonetti issued an extensive 180-page opinion in 1993 that there is no Indian Country in Alaska. Is that still the Department of the Interior's position?

Answer. The Office of the Solicitor's position is that the portion of the 133-page Opinion of former Solicitor Sansonetti, that "not withstanding the potential that Indian country still exists in Alaska in certain limited cases, Congress has left little or no room for Tribes in Alaska to exercise governmental authority over land or nonmembers," M–36–975, at 108 together with the January 19 Supplemental I (58 Federal Register 54364(1993), is subject to review, but has not been withdrawn or modified. However, unless it is overturned, the Ninth Circuit's decision in Venetie remains the law in Alaska.

In his Opinion, Solicitor Sansonetti did not conclude unequivocally that there is no Indian country[1] in Alaska but found that Indian country might exist in certain circumstances, although he believed that Native villages do not have governmental jurisdiction over lands and nonmembers on ANCSA Native corporation lands and village owned fee lands.

*Question.* My staff tell me that the Solicitor's Office is preparing a report on the potential impact of Indian Country in Alaska. Is that report completed? When do you expect to complete it? Please provide a copy of it to the Appropriations Committee before it is publicly released.

Answer. The Department's Office of the Solicitor and the Bureau of Indian Affairs have prepared an analysis of the implications of the existence of Indian country in Alaska. The paper was sent to the Appropriations Committees on March 11, 1997. A copy is attached.

ANALYSIS OF THE IMPACT OF INDIAN COUNTRY IN ALASKA

The following provides an analysis of the implications of the existence of Indian country in Alaska, prepared in response to a request from the Senate Interior Appropriations Subcommittee. The paper is written in general terms, as it is difficult to say with any degree of certainty exactly what these implications are, since as of this date the Venetie matter remains in litigation and is on petition for certiorari to the Supreme Court. However, this paper explains the Venetie decision and discusses whether the decision would have an impact on BIA funding. While the scope of the Venetie decision currently remains unresolved, for the purposes of the discussion below, the paper assumes that the Venetie decision would apply to all Alaska tribes.

Background. The total BIA funding allocated in fiscal year 1996 for Alaska programs was $80.2 million. The estimated total funding level for BIA Alaska programs in fiscal year 1997 is $91.7 million and the fiscal year 1998 budget request is $97.4 million. The greatest share of funding for BIA Alaska Programs (over 90 percent) goes to the Tribal Priority Allocations (TPA) activity for programs such as tribal government operations; social services programs; law enforcement and tribal courts; scholarships; and natural resource management. Tribes may prioritize and reallocate TPA funds among programs in accordance with their unique needs and circumstances. In addition, almost 60 percent of the Alaska TPA funds are provided to Tribes through Self Governance grants whereby Tribes are allowed greater flexibility in program management. Additional information on BIA funding to Alaska is provided in the Attachment.

The Department believes there are no immediate budget impacts anticipated beyond the current levels of funding even if Indian country is assumed to apply to all Alaska Native communities.

---

[1] In 1948, Congress defined "Indian country" as follows:

Except as otherwise provided in sections 1154 and 1156 of this title, the term "Indian country", as used in this chapter, means (a) all land within the limits of any Indian reservation under the jurisdiction of the United States Government, notwithstanding the issuance of any patent, and, including rights-of-way running through the reservation, (b) all dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a state, and (c) all Indian allotments, the Indian titles to which have not been extinguished, including rights-of-way running through the same. 18 U.S.C. § 1151.

INDIAN COUNTRY

By way of background, the phrase "Indian country" is a term of art in Indian law. Its meaning evolved over time, and Congress in 1948 statutorily defined it for application in the criminal context. 18 U.S.C. § 1151. This definition is also used for civil jurisdiction. DeCoteau v. District County Court, 420 U.S. 425, 427 n.2 (1975).

[T]he term "Indian country", as used in this chapter, means (a) all land within the limits of any Indian reservation under the jurisdiction of the United States government, notwithstanding the issuance of any patent, and, including rights-of-way running through the reservation, (b) all dependent Indian communities within the borders of the United States whether within the original or subsequently acquired territory thereof, and whether within or without the limits of a state, and (c) all Indian allotments, the Indian titles to which have not been extinguished, including rights-of-way running through the same.[2]

Subsequent case law in the contiguous forty-eight states has continued to refine this definition in a variety of applications, but the general absence of reservations in Alaska led many to believe that Indian country in Alaska did not exist beyond the Annette Island Reservation. In its decision in Alaska v. Native Village of Venetie Tribal Government, 101 F.3d 1286 (9th Cir. 1996) (Venetie), the Ninth Circuit held that this belief was not correct.

THE VENETIE DECISION

The issue presented to the Ninth Circuit in Venetie was whether the Village of Venetie's Tribal Government had the authority to collect a Tribal "business gross receipts" tax from an out-of-town building contractor who came to the village to construct a school under a contract paid for by the State of Alaska. The resolution of this issue turned on whether the village was a "dependent Indian community" within the definition of Indian country set out in 18 U.S.C. § 1151. The district court ruled that the village could not impose the tax because it did not satisfy the district court's reformulation of the Ninth Circuit's six criteria for finding a dependent Indian community.[3]

Although on appeal the Ninth Circuit agreed with the district court that federal set aside for Indians and federal superintendence were two prerequisites for a finding of Indian country, it stated that these requirements should be construed broadly as it had previously ordered in its 1988 decision in the same case. Alaska v. Native Village of Venetie, 856 F.2d 1384 (9th Cir. 1988). Reversing the district court, the Ninth Circuit ruled that the Alaska Native Claims Settlement Act (ANCSA) did not extinguish Indian country in Alaska. "In sum, we hold that ANCSA neither eliminated a federal set aside for Alaska Natives, as such, nor terminated federal superintendence over Alaska Natives. As a result, Indian country may still exist in Alaska." Venetie at 1299–1300.

Applying its six factor test to the specific factual situation presented, the Ninth Circuit held that the land in question was federally set aside for Indians as such, and that the Native Village of Venetie remained under federal superintendence even if not under its dominance. Venetie at 1300–02. Based on these findings, the Ninth Circuit concluded that Venetie is a dependent Indian community, that the land in question is Indian country, and that the Tribe therefore has the power to impose its tax within such territory. The Ninth Circuit remanded the case to the district court "to determine whether Venetie has the power to impose a tax upon a private party where the State of Alaska will ultimately pay the obligation." Venetie at 1302–03.

---

[2] Under 18 U.S.C. § 1151, Native allotments are Indian country, and some might be considered to lie within the boundaries of a dependent Indian community. However, the extent of tribal governmental jurisdiction over them arguably could be analyzed under the terms of the allotment statute, regulations, and 18 U.S.C. § 1151© case law.

[3] The Venetie case had been remanded previously to the district court by the Ninth Circuit for consideration in light of Court of Appeals' opinion in Alaska v. Native Villace of Venetie, 856 F.2d 1384 (9th Cir. 1988), which set out the Circuit's six- factor test for determining a dependent Indian community. The six factors articulated by the Ninth Circuit in its first Venetie decision include:

(1) the nature of the area;
(2) the relationship of the area's inhabitants to Indian tribes and the federal government;
(3) the established practice of government agencies toward the area;
(4) the degree of federal ownership of and control over the area;
(5) the degree of cohesiveness of the area's inhabitants; and
(6) the extent to which the area was set aside for the use, occupancy, and protection of dependent Indian peoples. Venetie, id., 856 F.2d at 1391.

After the Ninth Circuit's decision was announced, the appellee State of Alaska petitioned the Ninth Circuit for rehearing, with a suggestion for rehearing en banc. The Ninth Circuit rejected that petition on January 6, 1996. The state has since announced its intention to submit a petition for writ of certiorari to the United States Supreme Court and calculates that its petition is due on April 7, 1997, under the Supreme Court's rules. Venetie's opposition will be due 30 days later. On January 23, 1997, the Ninth Circuit granted the Alaska's motion to stay issuance of the mandate in the Venetie case pending the Supreme Court's final disposition of the case. The United States is not a party to this litigation, and the Supreme Court may or may not request our views on it. Thus, the scope of the Venetie decision remains unresolved but applies, at a minimum, to the circumstances of the Native Villages of Venetie and Arctic Village: a Tribal government which has obtained title to its former reserve through a voluntary transfer of the land from both Native village corporations.

IMPACT OF THE VENETIE DECISION

Although the Venetie decision can be strictly applied only to the facts of the case, in accordance with the request of the Subcommittee, the following analysis assumes, for purposes of discussion, a broad interpretation of Indian country in Alaska, i.e., it assumes all 226 Alaska native groups.

GENERAL INDIAN PROGRAMS IN ALASKA

The existence of Indian country in Alaska would not affect the provision of social services programs in Alaska.

Historically, services provided to Alaska Natives have been authorized by the Snyder Act of 1921 which has an extremely broad authorization of appropriations "for the benefit, care and assistance of Indians throughout the United States." Although the BIA has attempted to restrict its "benefits, care and assistance" in the lower 48 only to Indians living on or near a reservation, the realities in Alaska have required the BIA to extend the scope of its activities to include all of Alaska, treating the entire state as a "reservation" for provision of services. This scope includes the total Native population identified within the state which was served by the BIA prior to statehood and which continues today.

The programs having a service area defined as on or near a reservation include Grant Assistance, Housing Improvement Program, and Indian Child Welfare grants. The BIA currently funds these types of Social Services programs in Alaska through the TPA activity.

EDUCATION PROGRAMS IN ALASKA

The existence of Indian country in Alaska would not affect the current prohibition on BIA-funded schools in Alaska.

The BIA currently provides, either through direct program delivery or through contract or grants, the following education programs in Alaska: Johnson O'Malley education assistance program for eligible Indian students attending public schools; Post-secondary Scholarships; Adult Education; Higher Education Scholarships.

While at one time BIA operated an extensive elementary and secondary school system in Alaska, responsibility for educating Alaska Natives was transferred to the state over the course of twenty years (1966–1985) as a result of an agreement reached with the state in 1964. In fiscal year 1982 and 1983, the Congress appropriated over $40 million to the State of Alaska for costs of upgrading facilities to complete the transition from Bureau operated to state operated schools. (These funds were provided in addition to routine school operations and facility repair funds for the remaining BIA operated schools in Alaska.) The transfer of BIA-funded schools to the state culminated in Public Law 98–63, the 1985 Appropriations Act, after extensive consultation among the state, the BIA, and the Alaska Native community. Public Law 98–63 included a permanent legislative provision that prohibits the BIA from funding BIA schools in the State of Alaska.

After enactment of Public Law 98–63, the Tribally Controlled Schools Act of 1988 (Public Law 100–297), authorized a new program of Tribal grant schools and included Alaska Native villages within the definition of "Tribe" for purposes of the program. On May 21, 1993, the Department of the Interior Solicitors made a determination that Public Law 100–297 requires funding of grant schools for Alaska Native villages meeting the eligibility requirements of the statute. Since fiscal year 1994, Congress has enacted annual appropriations language prohibiting funding for BIA grant schools in Alaska.

TRIBAL COURTS AND LAW ENFORCEMENT IN ALASKA

The existence of Indian country in Alaska might motivate Tribes to exercise governmental authority, but the Tribes would have to reallocate current funds in order to exercise this authority.

Alaska is a Public Law 83–280 state which means that the state has general criminal and civil jurisdiction for police and courts over Indian country. Tribes retain jurisdiction under the 1968 Indian Civil Rights Act over misdemeanors, but only those which involve Indians, a limitation imposed by the Supreme Court. Under Public Law 83–280, states can retrocede their jurisdiction back to Indian Tribes. However, for this to happen, the Secretary must consult with the Attorney General and agree to accept the retrocession. In recent years, the Secretary has declined to accept retrocession due to the lack of federal funding.

As a matter of policy, the Bureau of Indian Affairs (BIA) does not provide funding in Public Law 83–280 states specifically for Tribal courts or law enforcement. However, some Alaska Tribes have prioritized their TPA funds for tribal courts and law enforcement programs.

At the present time, the State of Alaska is responsible for providing law enforcement and detention services on Alaska Native lands. The Alaska State Police have developed the Village Public Safety Officers (VPSO) program in which local village members are provided minimal public safety training and can act as first responders to calls for service.

ALASKA NATIVE TRUST LANDS

The presence of Indian country in Alaska would not affect the Secretary's trust responsibility since the land is not currently in trust, and current regulations prohibit the Secretary from taking land into trust for Alaska tribes or individuals.[4]

The land acquisition regulations (25 C.F.R. § 151.1) prohibit the acquisition of land in trust status in Alaska for Alaska Natives and tribes (except for the Metlakatla Indian Community of the Annette Island Reservation). Since 1978, the Department has declined all requests to take land in trust for Alaska Natives or Tribes.

In 1994, several Alaska Villages (Chilkoot Indian Association, Native Village of Larsen Bay, Kenaitze Indian Tribe) represented by the Native American Rights Fund (NARF) submitted a petition requesting that the Department undertake a rulemaking to change the existing regulation to allow the Secretary to exercise his discretion to acquire land in trust for Alaska Natives.

The Department subsequently published a Notice in the Federal Register that it had received the petition and requested comments on it by March 6, 1995. Only two comments were submitted, and the Department has not undertaken any additional actions concerning the petition.

BIA SCHOOLS IN ALASKA

There are 557 federally recognized Tribes in the United States. Alaska has 226 of the 557 Federally recognized Tribes—almost half of the Nation's Tribes.

*Question.* How many of the Tribes outside of Alaska have been held to possess "Indian Country"?

Answer. We are not aware of any federally-recognized Indian Tribe in the contiguous 48 states that does not possess some Indian country, by virtue of having a reservation, having members with trust or restricted allotments, or being a dependent Indian community.

*Question.* Today, BIA is financially responsible for 185 elementary, secondary and boarding schools on 63 reservations in 23 States. Do each of those reservations have "Indian country"?

Answer. As noted above, all land within existing Indian reservations is Indian country by definition.

*Question.* What would be the impact on the BIA budget if the Congress did not continue the annual prohibition on BIA funding of grant schools in Alaska?

Answer. Discontinuation of the annual prohibition on BIA funding of grant schools in Alaska would not affect the BIA budget because there is an annual prohibition on allowing new, previously public schools into the BIA school system in all regions of the country as well as an annual prohibition on allowing schools to expand their grade structures. These prohibitions have been necessary, in the recent

[4] Although trust status per se does not require a finding of Indian country, courts may find it easier to determine that trust land is a dependent Indian community and thus Indian country under 18 U.S.C. § 1151.

climate of severe fiscal constraint, in order to avoid diminished funding for the schools currently in the system.

*Question.* If the 226 Alaska Native communities seek recognition of their core township land as Indian country, could Alaska Natives seek to have their children educated in BIA schools?

Answer. The current prohibition on BIA funded schools in Alaska is not related to the issue of Indian country. While at one time BIA operated an extensive elementary and secondary school system in Alaska, responsibility for educating Alaska Natives was transferred to the state over the course of twenty years (1966–1985) as a result of an agreement reached with the state in 1964. In fiscal year 1982 and 1983, the Congress appropriated over $40 million to the State of Alaska for costs of upgrading facilities to complete the transition from Bureau operated to state operated schools. (These funds were provided in addition to routine school operations and facility repair funds for the remaining BIA operated schools in Alaska.) The transfer of BIA-funded schools to the state culminated in Public Law 98–63, the 1985 Appropriations Act, after extensive consultation among the state, the BIA, and the Alaska Native community. Public Law 98–63 included a permanent legislative provision that prohibits the BIA from funding BIA schools in the State of Alaska.

After enactment of Public Law 98–63, the Tribally Controlled Schools Act of 1988 (Public Law 100–297), authorized a new program of Tribal grant schools and included Alaska Native villages within the definition of "Tribe" for purposes of the program. On May 21, 1993, the Solicitor made a determination that Public Law 100–297 requires funding of grant schools for those Alaska Native villages that would be able to meet the eligibility requirements of the statute. Since fiscal year 1994, Congress has enacted annual appropriations language prohibiting funding for BIA grant schools in Alaska.

Furthermore, the moratorium on allowing new, previously public schools into the BIA school system in all regions of the country would prohibit BIA schools in Alaska, regardless of any determination about the existence of Indian country. All Tribes are prohibited from bringing new schools into the BIA school system.

*Question.* What is the estimated cost to restore BIA schools for these 226 communities?

Answer. As noted above, Public Law 98–63 prohibits the BIA from funding BIA schools in Alaska. In 1994, Senator Stevens requested a GAO report on the estimated costs of BIA schools in Alaska. The GAO's estimate at that time was that there were 200 schools in Alaska with 70 percent or more Alaska native students. Should BIA assume responsibility for these schools, GAO estimated that annual School Operations costs would range from $150 to $190 million annually. However, there is a prohibition on allowing any new schools, regardless of the states where they are located, into the BIA system.

*Question.* The fiscal year 1998 budget request for operation of 185 BIA schools is $450 million. That works out to about $2.4 million per school annually. Alaska costs are much higher than average costs in the "South 48." Have you taken that into account in answering the previous question?

Answer. The 1994 GAO estimate of cost ranged from $150 to $190 million to support School Operations in Alaska included a 25 percent adjustment.

*Question.* How much does BIA spend per student under the Indian School Equalization Program (ISEP)—which is formula-based funding for the 185 Bureau operated, grant, contract, elementary and secondary schools?

Answer. The fiscal year 1996 funding level provided about $5,300 per student for the ISEP program in School Year 1996–97.

*Question.* Has the Administration or the Department of the Interior or BIA made any statement relative to resuming responsibility for BIA schools in Alaska? If so, please provide a copy of any such statement(s) to the Committee.

Answer. During Conference action on the fiscal year 1995 Interior Appropriations bill, the Department supported the Senate proposal to limit the number of BIA funded schools in order to secure stabilized funding for the school system in existence at the time. The Conference managers adopted the Senate bill language into law. Tribes residing in all states are prohibited from bringing new schools into the BIA school system. A copy of the fiscal year 1995 effect statement, which presents the Department's position, is attached. The Bureau has supported the proposal since that time.

ATTACHMENT 1

EFFECT OF HOUSE AND SENATE ACTION

Activity/Subactivity: Other Recurring Programs/Education.

Bill language which limits the number of Bureau-funded schools to 187.

House action: The House did not address this item.

Senate bill Language: "Provided further, That funds made available, in this Act and hereafter, for schools funded by the Bureau of Indian Affairs shall only be available to the 187 schools which will be in the Bureau of Indian Affairs school system as of September 1, 1995." (p. 33, lines 9–13)

Senate report statement: "Bill language has been included which limits the number of schools to be funded to 186 [sic] schools for fiscal year 1995 and future years. With the limited resources available to the Committee in fiscal year 1995 and for the foreseeable future, the Committee does not support adding additional schools which will result in diminished funding for schools currently in the system. Given the tremendous backlog for facilities maintenance and improvement projects and new school construction, the Committee cannot support the increased demand for these already insufficient resources, which would result by adding more schools to the system. This limitation of funding to schools included in the fiscal year 1995 budget expands the current exclusion which applies only to new schools from Alaska to include all regions of the country." (p. 58)

Effect of senate action: The Senate action will help to secure stabilized funding for the 187 existing Bureau-funded schools.

Preferred action: The Department strongly recommends that the Conference managers adopt the Senate bill and report language.

TRIBAL COURTS AND LAW ENFORCEMENT IN ALASKA

Alaska is a Public Law 83–280 state, under which the state has concurrent jurisdiction with the Federal government over general criminal and civil matters, even in Indian country.

*Question.* Does the position of BIA on Indian country in Alaska permit the 226 Native entities to request funds to establish tribal court systems?

Answer.

Note: The jurisdictional statement presented above requires clarification. The State of Alaska exercises jurisdiction that is concurrent to the Tribes in Alaska. Public Law 83–280 did not divest the tribes of civil or criminal jurisdiction that they otherwise possess.

The Sansonetti opinion specifically recognized the right of Alaska Tribes to regulate internal Tribal relations and to exercise authorities granted by Congress, including authorities under the Indian Child Welfare Act.

The 1993 opinion of then-Solicitor Sansonetti concluded that Alaska Natives possess the same powers and attributes as other Indian Tribes, except to the extent limited or preempted by Congress, Solicitor's Opinion M–36975. Like Tribes in the contiguous 48 states, Tribes in Alaska perform those functions and services that have not been limited or preempted by Congress. The Bureau of Indian Affairs' policy within Tribal Priority Allocations (TPA) is that federal funds awarded to the Tribes may be used for Tribal judicial systems. Alaska Tribes have and continue to prioritize funds from their TPA base for Tribal judicial systems.

*Question.* The State of Alaska is responsible for law enforcement and detention centers on Alaska Native lands at the present time. Please inform this Committee on the procedure in states where there is a Tribal court system. Do such states continue to provide state services, or are Tribal systems deemed solely the responsibility of Tribes?

Answer. Until such time as the Tribes reassume jurisdiction, the states remain responsible for law enforcement and detention and Tribes retain jurisdiction which is concurrent to that of the state.

Due to limited funding, Tribes that exercise exclusive criminal jurisdiction may elect to contract with states or other Tribes for detention services. In non-Public Law 83–280 states, many Tribes contract with other Tribes and county or municipal governments to provide detention services. Historically limited funds were prioritized for those Tribes exercising exclusive jurisdiction. As a result, Tribes situated in Public Law 83–280 states receive a lower allocation of funds for courts and law enforcement.

A significant increase in funding for Tribal Priority allocations would provide Public Law 83–280 and non-Public Law 83–280 Tribes with the resources to develop judicial and law enforcement programs. Many Tribes in the contiguous 48 states use

Tribal development dollars (i.e., gaming, natural resource, development) to underwrite a panoply of governmental services including judiciaries and law enforcement.

*Question.* My staff tell me that Alaska's Tribes have already been using some BIA funding—from the Tribal Priority Allocations—to fund Tribal justice and law enforcement. Will you please detail how much money has been provided and to which Tribal entities?

Answer. The fiscal year 1998 President's Budget Request includes $31,137 prioritized by 29 Alaska Tribes and one agency to the Tribal Courts program. The Fairbanks agency and the following Tribes chose to place funds in their Tribal Courts program: Andreafsky, Atmautluak, Chefornak, Marshall, Kuigpagmuit, Nightmute, Platinum, Pitka's Point, Kwinhagak, Toksook Bay, Tuluksak, Russian Mission, Lower Kalskag, Upper Kalskag, Aniak, Chuathbaluk, Lime Village, Kwethluk IRA, Orutsaramuit, Mekoryuk, Kipnuk, Akiak, Akiachak, Kasigluk, Kwigillinguk, Newtok, Chistochina, Chitina, Mentasta. No Tribes chose to prioritize funding to the Law Enforcement program. In addition, Self Governance Tribes negotiated $82,200 for Tribal judiciaries.

*Question.* If Tribes in Alaska take over various functions—juvenile prosecutions, misdemeanors, alcohol control, child custody proceeding, fish and game management, environmental enforcement—what funds are available for training and support to ensure that these functions are adequately carried out?

Answer. Because Alaska is a Public Law 83–280, the state has general criminal and civil jurisdiction for police and courts over Indian country. Tribes retain jurisdiction under the 1968 Indian Civil Rights Act over misdemeanors, but only those that involve Indians, a limitation imposed by the Supreme Court. Under Public Law 83–280, states can retrocede their jurisdiction back to Indian Tribes. However, for this to happen, the Secretary must consult with the Attorney General and agree to accept the retrocession. In recent years, the Secretary has declined to accept retrocessions due to the lack of federal funding.

In 1988, the Bureau attempted to deny funding for law enforcement services in Public Law 83–280 states, but the Congress disagreed, directing that the Bureau continue to provide such funding in House Report 100–498, 100th Congress, First Session, at 891 (1987).

At this time the only BIA funds currently available for Tribal court and law enforcement programs are the funds which Tribes prioritize within their Tribal Priority Allocations base budgets. This is true for both Alaska Tribes and Tribes in the contiguous 48 states. In order to provide more funds for judicial and law enforcement programs, Tribes would have to reprioritize resources from other programs. Although this is not a viable option, it is the only option available at this time.

Currently the State of Alaska is responsible for providing law enforcement and detention services on Alaska Native lands. The Alaska State Police have developed the Village Public Safety Officers (VPSO) program in which local village members are provided minimal public safety training and can act as first responders to calls for service but they are not certified law enforcement officers.

*Question.* Alaska Tribes believe Indian country will enable Alaska Natives to assume jurisdiction to control the sale of alcohol and prosecute those who violate Tribal law. Does the BIA have any agreement with the Justice Department regarding providing prosecution to back up the Tribes' efforts to do their own alcohol control programs?

Answer. Three villages have liquor control ordinances that have been approved and published in the Federal Register as required by 18 U.S.C. § 1154. See Chalkyitski, 48 Federal Register 21373 (May 12, 1983); Northway, 48 Federal Register 30195 (June 30, 1983); and Minto, 51 Federal Register 28779 (August 11, 1986). Many villages wish to affirm that the possession, sale and consumption of liquor is illegal. Like many Public Law 83–280 Tribes in the contiguous 48 states, villages may wish to impose civil, rather than criminal, penalties including impoundment, fines and exclusion.

The Bureau does not have an agreement with the Department of Justice to enforce village liquor control ordinances. However, the villages may wish to enter into agreements with the Assistant United States Attorneys to enforce 18 U.S.C. § 1154 which prohibits the sale, possession and consumption of alcohol within Indian country.

*Question.* Last Congress during passage of welfare reform legislation, I offered an amendment, which was accepted, limiting Native administration of welfare programs in Alaska to the 12 regional non profit corporations and Metlakatla. I took this step to make sure that the maximum amount of limited federal dollars for needy families would go to provision of services, and to avoid unnecessarily high administrative costs in a block grant environment. At the time I proposed my amendment, I consulted with Native groups in Alaska and gained their agreement. Since

passage of the welfare reform legislation, Native regional non profit corporations have been working with the State of Alaska to coordinate development of their programs.

Now I understand the BIA has successfully urged the Justice Department to request that my amendment be deleted as part of the Administration's comments to the House Ways and Means Committee on its technical corrections bill. None of the Alaska Congressional delegation have been contacted on this matter by either Justice or BIA. I also understand that the Department of Health and Human Services, which administers welfare, does not have problems with my amendment.

Please explain (1) the rationale for BIA's objections; and (2) why the Alaska Congressional delegation was neither notified nor consulted.

Answer. The Bureau is one of several federal agencies that offered recommendations to the Department of Health and Human Services (DHHS), the lead agency for welfare reform. The Secretary of Health and Human Services and the Commissioner of the Social Security Administration proposed technical and conforming amendments to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) in a letter to the Chairman of the Committee on Finance dated December 16, 1996. Among the proposals was a request to amend Section 419A of the Social Security Act (as added by section 103(a) of PRWORA).

The Bureau recommended that the Section 419A of the Social Security Act definition of Indian, Indian Tribe and Tribal organization have the meaning given such terms by section 4 of the Indian Self Determination and Education Assistance Act (25 U.S.C. 450b). The DHHS Child Care Bureau expressed concern that the portion of Child Care Development Block Grants (CCDBG) funding transferred from the TANF program under section 418 would make impossible, in the case of Alaska Natives, operation of a single unified child care program.

The Bureau's concern, and that of DHHS, was the government's liability. This concern was expressed to the Alaska delegation on several occasions. For example, in a meeting on February 5, 1997, with Liz Connell of the Committee staff and Martha Stewart of the Governor's staff, we discussed the constitutionality of special statutes for Indian Tribes and the risk of litigation for the DHHS when entities that are not on the list of federally recognized Indian Tribes are included by definition while federally recognized Tribes are excluded. It was recommended to Ms. Connell that limitations in eligible beneficiaries be accompanied by sufficient legislative history to support the exclusion of beneficiaries that are otherwise recognized by special statutes.

*Question.* Under 25 U.S.C. § 450b, in the Indian Self Determination Act, Indian Tribe in Alaska is described as "any Alaska Native village or regional or village corporation as defined in or established pursuant to the Alaska Native Claims Settlement Act [43 U.S.C.A. § 1601 et. seq.] * * *." Nothing in that law ranks one type of organization over another. Yet, I continue to hear that BIA creates obstacles for regional corporations or their designees and continues to give preference to "Alaska Tribes" in 638 contracts and compacts. What is the legal justification for BIA's apparent policy and what is its history?

Answer. Inclusion on the Indian entities list demonstrates that the Secretary unequivocally recognizes the Tribal status of the listed villages and regional Tribes that are acknowledged to have "the immunities and privileges available to other federally acknowledged Indian Tribes by virtue of their government-to-government relationship with the United States as well as the responsibilities, powers, limitations and obligations of such Tribes" (25 C.F.R. § 83.2). Inclusion on the list does not resolve the scope of powers of any particular Tribe over land or non-members. It only establishes that the listed Tribes have the same privileges, immunities, responsibilities and obligations as other Indian Tribes under the same or similar circumstances including the right, subject to general principles of Federal Indian law, to exercise the same inherent and delegated authorities available to other Tribes. This position was confirmed by Congress when it enacted the "Federally Recognized Indian Tribe List Act of 1994".

Although regional, village, and urban corporations organized under state law in accordance with the Alaska Native Claims Settlement Act (ANCSA) (43 U.S.C. § 1601 et seq.) may be designated as "Tribes" for the purposes of some federal laws, primarily the Indian Self Determination and Education Assistance Act (ISDA), 25 U.S.C. 450(b), they are not included on the Departmental list of villages and regional Tribes which the Department believes to have functioned as political entities, exercising governmental authority. The membership of the corporations is defined by a property interest. However, village members are in a political relationship which is the constitutional foundation for the federal programs available to Indians. Morton v. Mancari, 417 U.S. 535 (1974). The Bureau's policy was recently upheld

in Cook Inlet Treaty Tribes v Shalala, No. A94–0589-CV (HRH) (D. Alaska January 6, 1997).

*Question.* I have been made aware that the Central Office of the BIA has recently requested a position paper from the Juneau Area Office explaining why tribal organizations in urban areas of Alaska are entitled to contract/compact under Public Law 93–638. We have a long standing history in Alaska of contracting in these communities.

Who is seeking this position paper? For what purpose? With what intentions? Is the Bureau attempting to reverse more than 20 years of precedent in Alaska?

Answer. The Bureau's Office of Tribal Services inquired of the Juneau Area the history of how the service area in Alaska has been determined. The inquiry was for information purposes only.

---

QUESTION SUBMITTED BY SENATOR COCHRAN

The Mississippi Band of Choctaw Indians has two 1930's era schools which are overcrowded and unsafe and are in danger of losing accreditation because of the deficient and failing facilities The BIA priority list for new school construction has been frozen for several years; schools on the list are still waiting for progress in planning, design or construction; schools not on the list, but in need, have no realistic chance of action in the foreseeable future. Since the new school construction program is proceeding so slowly, the Tribe has proposed a fifty percent cost sharing arrangement with the BIA for the replacement of the schools. This request was turned down by the BIA.

*Question.* What can be done to allow a Tribe such as the Mississippi Band of Choctaw Indians to pursue a method of matching federal funds with tribal funds for school construction?

Answer. The legislative report accompanying the fiscal year 1994 Interior Appropriations Act requested that the Department conduct a study of alternative funding. A Report was submitted to the Committee in July 1994. Although the study group explored over 20 conceivable options, unfortunately, no acceptable method was found at that time mainly because lease options, loans and bonding require repayment which is subject to appropriation. In the fiscal year 1996 budget the Bureau requested appropriations for a pilot project for alternative funding. The Omnibus Appropriations Act for fiscal year 1996 did not include funding for this project.

The BIA continues to explore a number of alternatives that may in the future provide viable means to facilitate more construction and repair of high priority BIA ranked projects, as described below.

(1) Cost sharing of construction expenses by the tribes/schools and BIA for repair or replacement of existing facilities.

(2) Bonding legislation that would be available to the Tribes and acceptable to OMB, DOI, and BIA.

(3) Support of the Administration school reconstruction initiative, which proposes $5 billion dollars over four years for nationwide school construction and renovation, with a set-aside provided for Indian schools.

(4) Expanded use of the existing portable classroom program to address problem areas such as increased enrollment, programmatic space, and unsafe and unhealthy classrooms.

(5) A Lease-purchase program has been considered in the past, however, due to the scoring requirements by OMB it was determined infeasible. Legislation and/or policy changes could enhance prospects for this alternative in the future.

The above are some of the alternatives that, if they were appropriately structured and become available, would stretch the BIA construction dollars to cover more projects. At the present rate of deterioration and with a constrained budget that has not kept up with aging buildings, more emphasis will continue to be placed on addressing the most critical deficiencies that exist in a particular building/facility.

In addition, the Bureau's Office of Indian Education Programs and Facilities Management and Construction Center have discussed alternative funding and intend to consult on the matter in the summer consultation meetings with Tribes.

The Administration has requested $5 billion to address facility repair needs for public schools across America with a two percent set-aside for the Department of Interior. This resource combined with the Bureau's education construction budget request will help eliminate the ever-growing backlog of repairs in these schools.

Unfortunately, both the Bureau's and the Department's efforts to explore alternative financing options have resulted in the finding that there are not many opportunities, mainly because lease arrangements, loans, and revenue bonds require re-

payment which is subject to appropriation. The chief way to ensure that education construction needs are met is through increased appropriations.

---

## QUESTIONS SUBMITTED BY SENATOR DORGAN

### CHILD PROTECTION AND FAMILY VIOLENCE PREVENTION

*Question.* I am extremely concerned that the Bureau's fiscal year 1998 budget request includes no funding for Child Protection and Family Violence Prevention under theTribal Priority Allocations account. Can you explain how this decision was arrived at and what steps the BIA is taking to ensure that the prevention of child abuse and neglect is a top priority?

Answer. In the Bureau's fiscal year 1998 budget, a separate line item is requested for Child Protection and Family Violence Prevention under the Tribal Priority Allocation (TPA) budget activity. This decision was made to give Tribes the ability to make prevention a high priority within TPA and redistribute funds from other TPA programs or from overall or general increases included in appropriations enacted for TPA into this new line item. The Bureau is required by the Indian Self Determination Act, as amended, to conduct national budget hearings with Tribal representatives from the Bureau's twelve Area Offices. National Tribal funding priorities are communicated to the Bureau at these Hearings. Over the past few years, the Tribes have listed TPA programs as their highest priority. These national Tribal funding priorities become the Bureau's priorities in the submission of the initial annual budget request to the Department of the Interior. General increases in TPA have been requested so that Tribes can prioritize resources to meet their needs at the local level. The Bureau has held six annual National Budget Hearings, beginning in 1992. The Bureau will continue to support this process. Individual Tribes establish individual priorities.

The Bureau's fiscal year 1998 budget includes a proposed general increase of $46.7 million for TPA. If the increase is appropriated, Tribes can fund a variety a programs including child protection.

### SCHOOL CONSTRUCTION

*Question.* The Ojibwa Indian School, located on the Turtle Mountain Reservation, is in desperate need of a new permanent facility. There are severe safety deficiencies, asbestos, and structural problems in the School's three buildings. In fact, the BIA decided in 1994 that these buildings, housing 150 students, had to be evacuated and the students had to be relocated to temporary portable classroom units. However, the School currently is not on the BIA's Education Construction priority list. Even if it were, though, it would be many years before a new school could be built and students could have the opportunity to learn in a safe environment. What actions will the Bureau take to ensure that the severe education construction needs on Indian reservations will be met in a more timely fashion, either through creative financing mechanisms which would use existing construction and repair funding or other proposals?

Answer. The Bureau is very concerned about the safety deficiencies in the Ojibwa and many other Bureau school facilities. Of the total backlog of Bureau facility repairs ($890 million), $682 million is needed for education facilities; $62 million is needed for education quarters; $121 million is needed for non-education facilities; and $25 million is needed for non-education quarters. The new school priority list of 16 schools, approved by Congress in fiscal year 1993, remains frozen until all schools are funded. The Bureau has completed construction of seven new schools. Funding for the construction of the Many Farms High School, requested annually since fiscal year 1996, has yet to be funded by the Congress.

The BIA continues to explore a number of alternatives that may in the future provide viable means to facilitate more construction and repair of high priority BIA ranked projects, as described below.

(1) Cost sharing of construction expenses by the Tribes/schools and BIA for repair or replacement of existing facilities.

(2) Bonding legislation that would be available to the Tribes and acceptable to OMB, DOI and BIA.

(3) Support of the Administration school reconstruction initiative, which proposes $5 billion dollars over four years for nationwide school construction and renovation, with a set-aside provided for Indian schools.

(4) Expanded use of the existing portable classroom program to address problem areas such as increased enrollment, programmatic space, and unsafe and unhealthy classrooms.

(5) A lease-purchase program has been considered in the past, however, due to the scoring requirements by OMB it was determined infeasible. Legislation and/or policy changes could enhance prospects for this alternative in the future.

The above are some of the alternatives that, if they were appropriately structured and become available, would stretch the BIA construction dollars to cover more projects. Unfortunately, both the Bureau's and the Department's efforts to explore alternative financing options have resulted in the finding that there are not many opportunities, mainly because lease arrangements, loans, and revenue bonds require repayment which is subject to appropriation.

In addition, the Bureau's Office of Indian Education Programs and Facilities Management and Construction Center have discussed alternative funding and intend to consult on the matter in the summer consultation meetings with Tribes.

The Administration has requested $5 billion to address facility repair needs for public schools across America with a two percent set-aside for the Department of Interior. This resource combined with the Bureau's education construction budget request will help eliminate the ever-growing backlog of repairs in these schools.

At the present rate of deterioration and with a constrained budget that has not kept up with aging buildings, emphasis will continue to be placed on addressing the most critical deficiencies that exist in a particular building/facility. The liability risks to the federal government are serious and potentially very costly. At the current time, however, the chief way to ensure that there are sufficient and adequate educational facilities in Indian Country is through increased appropriations.

LAW ENFORCEMENT FACILITY CONSTRUCTION

*Question.* The need for correctional facilities in Indian Country far exceeds existing resources. For example, on the Fort Berthold Reservation, there are 3,000 arrests annually, but the jail facility that the BIA leases only houses 8 inmates. Due to this situation, there essentially is no deterrence to crime on the reservation. I am disappointed that, despite the substantial backlog in construction projects, the fiscal year 1998 budget request contains only $9.1 million to construct a jail in Colorado for a Tribe that has been court-ordered to immediately address serious facility problems. Can you explain what steps the BIA will immediately take to ensure that there are sufficient and adequate correctional facilities in Indian Country?

Answer. The Bureau strongly agrees that the need for correctional facilities far exceeds existing resources and that current facilities are inadequate, overcrowded and outdated. The Bureau has sought a coordinated effort by Tribal leadership and federal agencies to convince Congress to provide funding necessary to build many more adult and juvenile detention facilities. Despite this effort, Congress eliminated funding for jail construction for fiscal years 1995 through 1997.

The Bureau is aware of and very concerned about the jail facility for the Three Affiliated Tribes, as well as the facilities for other Tribes on the Detention Center Priority List (list). As the Senator points out, the Ute Mountain facility is currently under federal court order to address serious health and safety related facility repairs. The fiscal year 1998 budget is the third year the Bureau has sought funding to construct the Ute Mountain Ute facility, number 5 on the list. The Three Affiliated Tribes jail facility is number 17 on the list. There are facilities ahead of the Three Affiliated Tribes awaiting design completion and construction funding. No funds have been appropriated for law enforcement facility construction since fiscal year 1995. The Bureau can only ensure that there are sufficient and adequate correctional facilities in Indian country if additional appropriations are provided.

CIRCLE OF NATIONS SCHOOL

*Question.* In December, the ND Congressional delegation wrote to Secretary Babbitt and OMB Director Raines to urge the Administration to secure additional resources for the therapeutic model program at the Circle of Nations School in Wahpeton, North Dakota. The fiscal year 1998 budget request contains no additional dollars. What steps will the BIA take to allocate existing or new resources to ensure that the special educational, health and psychological needs of the students at the Circle of Nations School are met and to ensure the creation of a viable model for other Indian educational institutions?

Answer. The Bureau is aware of the school's effort to implement a therapeutic model program. In 1993, 1994, and 1995 the Bureau has provided additional funds to the school for purposes of implementing the model. The additional funds provided were above what the ISEP formula generated for the school. Due to current fiscal constraints, the Bureau can no long provide additional support to the school without negatively affecting other Bureau schools. In an effort to help the school, the Bureau staff will be working with the school to explore several other options such as third

party payments for some of the children they accept, outside funding from local, State, Federal and Tribal organizations whose children attend the school and new funding from private foundations. The BIA will do all it can to promote the efforts of the school, including collaboration with Indian Health Service officials, in implementation of the model.

IMPACT OF FUNDING REDUCTIONS

*Question.* Chairman Russell Mason of the Three Affiliated Tribes in North Dakota has contacted me about the negative impact that the fiscal year 1997 funding reductions in Tribal Priority Allocations has had on social services, tribal court, and higher education scholarship programs. What is the actual amount allocated to Area Office administration of each of the functions and activities related to the programs listed above? What is the Area Office reduction compared to agency and tribal level reductions in each of these programs?

Answer. There are no funds allocated to Area Office administration for each of the functions and activities related to the social services, tribal courts, and higher education scholarship programs. These programs are operated by the Tribe through Public Law 93–638 contacts funded within the Tribal Priority Allocations (TPA) budget activity. The following table illustrates the funds allotted to the programs based on the Tribe's priorities.

FUNDS ALLOCATED TO PROGRAMS OF TRIBE'S PRIORITIES

| | Fiscal year— | | | | |
|---|---|---|---|---|---|
| | 1995 appropriation | 1996 request | 1996 appropriation | 1997 request | 1997 appropriation |
| Social services | $349,700 | $358,600 | $345,100 | $500,300 | $350,300 |
| Scholarships | 489,300 | 512,600 | 452,800 | 600,900 | 494,800 |
| Tribal courts | 303,200 | 311,900 | 254,300 | 368,000 | 275,800 |
| Total | 1,142,200 | 1,183,100 | 1,052,200 | 1,469,200 | 1,120,900 |

The modest increase provided in 1997 following the 1996 Conference mark did not bring the overall TPA funding back to the 1995 level, which has exacerbated the Tribe's shortfall in delivery of these program services.

Each program under Area Office Operations received an equitable reduction of approximately 29 percent in fiscal year 1996. For fiscal year 1997 there was a reduction of approximately 1.7 percent. The following is a comparison of the Aberdeen and Bureau wide Area Office Operations recent funding:

FUNDING FOR ABERDEEN AND BUREAUWIDE AREA OFFICE OPERATIONS

| | Fiscal year— | | | | |
|---|---|---|---|---|---|
| | 1995 appropriation | 1996 request | 1996 appropriation | 1997 request | 1997 appropriation |
| Aberdeen | $5,883,000 | $4,434,000 | $4,586,000 | $3,485,000 | $4,279,000 |
| Bureauwide | 54,617,000 | 54,994,000 | 36,714,000 | 36,562,000 | 38,861,000 |

## NATIONAL INDIAN GAMING COMMISSION

**STATEMENT OF ADA E. DEER, ACTING CHAIR**

**ACCOMPANIED BY:**

**JOSEPH DUTZ, CHIEF FINANCIAL OFFICER**
**ALAN FEDMAN, DIRECTOR OF ENFORCEMENT**

BUDGET REQUEST

Senator GORTON. Now, I understand that, because we do not have the Director, you are going to wear the Indian Gaming Commission hat today for our hearing, too?

Ms. DEER. That is right. I am the interim Chair of the Gaming Commission.

Senator GORTON. Do you have any statement that you would like to make as we move into that area?

Ms. DEER. Yes; I do.

Senator GORTON. OK, please proceed.

SUMMARY STATEMENT OF HON. ADA E. DEER

Ms. DEER. Mr. Chairman, members of the committee: Thank you for the opportunity——

Senator GORTON. You are back to one again. [Laughter.]

Ms. DEER. Thank you for the opportunity to appear before you to testify on the fiscal year 1998 budget request of the National Indian Gaming Commission. My name is Ada Deer. I am the Acting Chair of the Indian Gaming Commission, and with me today are members of the NIGC staff: Mr. Joe Dutz, who is the Chief Financial Officer, and Mr. Alan Fedman, who is the Director of Enforcement. I also wanted to recognize the two Associate Commissioners who are here, Mr. Tom Foley from Minnesota and Mr. Phil Hogen from South Dakota. Pursuant to 25 U.S.C. 2706[a][1], the budget for fiscal year 1998 was unanimously approved by the Commission.

With your permission, Mr. Chair, I would like to make brief opening remarks and submit my written statement for the record.

Senator GORTON. Certainly.

Ms. DEER. Gaming activity has been conducted on Indian lands for close to 20 years. Briefly, it has been almost 10 years since Congress passed the Indian Gaming Regulatory Act that created the NIGC, and there has been an immense change in the industry during that time period. In just the past 5 years, Indian gaming activity and revenues have more than doubled.

If you would look at the first chart, you will see that Indian gaming revenue has grown from just over $2 million in 1993 to over $5 billion in 1995. During that same time period, the funding and the staff of the NIGC have remained relatively constant.

*Indian gaming operations revenues*

| *Fiscal year* | *Billions* |
|---|---|
| 1993 | $2.2 |
| 1994 | 3.2 |
| 1995 | 5.3 |

NIGC MISSION

The mission of the NIGC, in keeping with the declaration of policy of the Indian Gaming Regulatory Act, is to ensure that Indian gaming is regulated, to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation, and to assure that gaming is conducted fairly and honestly by both the operator and the player.

Currently the 33-person NIGC staff is responsible for monitoring and regulating gaming in 273 tribal gaming establishments operated by 183 tribes in 28 States. Tribal governments share in the

responsibility for the day to day regulation of class II gaming, while many aspects of the regulation of class III gaming are controlled by tribal-State compacts.

The NIGC undertakes this regulatory responsibility with an operating budget of $4.4 million. In fiscal year 1997 the NIGC is undertaking this regulatory responsibility with an operating budget of $4.4 million, comprised of a $1 million direct appropriation, $1.5 million in fees assessed on class II tribal gaming revenue, investigative fees, and unobligated funds from prior years.

It is expected that these prior year funds will be nearly depleted at the conclusion of fiscal year 1997, leaving the NIGC with anticipated revenue of between $2.5 million and $3 million in fiscal year 1998. To adequately meet its responsibilities under IGRA, NIGC needs additional funds that should be obtained through additional user fees, rather than through additional appropriations.

For the last 2 years, NIGC has assessed fees on class II tribal gaming at a rate of 0.5 percent of gross revenue. IGRA permits assessments under a two-tier scheme, with rates ranging from zero to 5 percent. However, there is a $1.5 million statutory limitation on the amount of fees that NIGC can assess annually on tribal gaming gross revenue. Raising or eliminating the statutory cap would permit NIGC to assess fees at a rate in keeping with IGRA that would generate additional operating funds.

Assessing fees on class III gaming is another potential source of funds for NIGC. Currently NIGC is permitted to assess fees only on class II gaming revenue, even though many of our enforcement actions involve class III facilities.

As the next three charts indicate, the majority of our activities involve class III gaming ordinances, management contracts, and especially enforcement contracts during the past year and a half. Being permitted to assess fees on class III gaming revenue would help defray the expense of enforcing and litigating class III aspects of IGRA.

*Chart 1.—Approved ordinances—by type of gaming*

| | |
|---|---|
| Class II and III, and III only (percent) | 84.47 |
| Class II only (percent) | 15.53 |
| Total, percent | 100.00 |
| Class II and III, and III only | 185 |
| Class II only | 34 |

*Chart 2.—Approved gaming management contracts—by type of gaming*

| | |
|---|---|
| Class II and III, and III only (percent) | 79.17 |
| Class II only (percent) | 20.83 |
| Total percent | 100.00 |
| Class II and III, and III only | 19 |
| Class II only | 5 |

*Chart 3.—Enforcement actions[1]—by type of gaming*

| | |
|---|---|
| Class II and III, and III only (percent) | 96.67 |
| Class II only (percent) | 3.33 |
| Total percent | 100.00 |
| Class II and III, and III only | 29 |
| Class II only | 1 |

[1] Since NIGC reorganization in 1996.

STATUS OF ACTIVITIES

NIGC is working with the administration on legislation to submit to Congress that incorporates both these concepts. Given the scope of the responsibilities of NIGC, as well as the growth of the Indian gaming industry, now is the time to ensure that NIGC has sufficient funds to fulfil its statutory responsibilities.

In the conference report accompanying the 1996 appropriations, NIGC was instructed to submit a report to the Secretary of the Interior detailing tribal compliance with IGRA. The first report documenting compliance as of September 30, 1996, was sent to the Secretary in November 1996. Few tribes were in compliance with all of the items covered in the report. However, the report showed that each of the eight categories had a compliance rate of at least 50 percent.

NIGC is committed to 100 percent compliance with IGRA. I believe that the tribes also are committed to this goal. That commitment is apparent in the preliminary results of the March 31, 1997, report. As the next two charts show, the next report should indicate that there is over 60 percent compliance in each category and almost 40 percent of gaming operations are in compliance with IGRA. As soon as the report is finalized and printed, we will be sending it to you.

GAMING TRIBES INFORMATION

[In percent]

| | Sept. 31, 1996 | Dec. 31, 1996 | Mar. 31, 1997 [1] |
|---|---|---|---|
| Approved compacts | 0.62 | 0.63 | 0.70 |
| Investigative reports | .49 | .80 | .87 |
| Fingerprint cards | .76 | .90 | .97 |
| Employee applications | .56 | .79 | .90 |
| Approved ordinances | .97 | .98 | .98 |

[1] Estimated.

OPERATIONS INFORMATION

[In percent]

| | Sept. 31, 1996 | Dec. 31, 1996 | [1] Mar. 31, 1997 |
|---|---|---|---|
| Submit fees | 0.55 | 0.45 | 0.79 |
| Licensed by tribe | .56 | .82 | .90 |
| Submit audits | .61 | .66 | .86 |

[1] Estimated.

ENFORCEMENT ACTIVITIES

From 1991 to 1996, NIGC issued eight formal enforcement documents. Since the beginning of 1996 when NIGC underwent a reorganization, the NIGC has opened 30 new enforcement cases and issued eight notices of violation.

In addition to these formal enforcement actions, NIGC also worked with tribes to resolve a number of disputes that threatened the financial integrity of the gaming operations. These included disputes between the tribe and its management contractor, as well as disputes between rival factions within a tribe.

NIGC expects a further acceleration of its enforcement program during the next 6 months. The NIGC will continue to give enforcement priority to cases involving individuals and companies managing tribal gaming operations without an approved management contract and will continue to investigate and take action against gaming operations offering class III gaming without approved tribal-State compacts.

During the last year, NIGC has undergone a number of changes. The staff has been reorganized, budget and management review processes have been undertaken, and personnel, internal management, and travel procedures in keeping with applicable Federal law and regulations have been implemented.

With each of these actions, it has become increasingly apparent that the NIGC needs additional funds to fulfill its mandate to enforce IGRA. It is my hope that you will support our fiscal year 1998 budget request of $1 million and our legislative efforts to lift or eliminate the statutory cap on fees and to include class III gaming revenue in the fee assessment structure.

PREPARED STATEMENT

I believe that, with the increased funds our legislative initiative will raise, the next chair of the NIGC will be able to expand the enforcement of the Indian Gaming Regulatory Act to better accomplish the agency's regulatory mission.

Thank you and we welcome your questions.

[The statement follows:]

PREPARED STATEMENT OF HON. ADA E. DEER

Mr. Chairman, Members of the Committee, thank you for the opportunity to appear before you today to testify on the fiscal year 1998 Budget Request of the National Indian Gaming Commission. My name is Ada E. Deer, and I am the Acting Chair of the National Indian Gaming Commission (NIGC). The budget submitted to

you for Fiscal 1998, pursuant to 25 U.S.C. § 2706(a)(1), was unanimously approved by the Commission.

Gaming activity has been conducted on Indian lands for close to twenty years. Briefly, it has been almost ten years since Congress passed the Indian Gaming Regulatory Act (IGRA) that created the NIGC and there has been an immense change in the industry during that time period. In just the past five years Indian gaming activity and revenues have more than doubled. During that same time period the funding and the staff of the NIGC have remained relatively constant.

The mission of the NIGC, in keeping with the declaration of policy of the IGRA, is to ensure that Indian gaming is regulated, "to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation and to assure that gaming is conducted fairly and honestly by both the operator and the player."

Currently, the NIGC is responsible for monitoring and regulating gaming in 273 tribal gaming establishments operated by 183 tribes in 28 states. Tribal governments share in the responsibility for the day-to-day regulation of class II gaming, while many aspects of the regulation of class III gaming are controlled by tribal/state compacts.

The 33 person staff of the NIGC is responsible for: (1) monitoring gaming operations on a continuing basis; (2) approving all contracts for the management of gaming operations by non-tribal parties; (3) conducting background investigations on individuals and entities with a financial interest in, or management responsibility for, a class II or a combined class II/III gaming management contract; (4) approving all gaming related tribal ordinances; (5) reviewing background investigations of key gaming employees conducted by the tribes; (6) reviewing and conducting audits of the books and records of the gaming operations; and (7) initiating enforcement actions to help ensure the integrity of Indian gaming operations.

In fiscal year 1997, the NIGC is undertaking this regulatory responsibility with an operating budget of $4.4 million comprised of a $1,000,000 direct appropriation, $1,500,000 in fees assessed on class II tribal gaming revenue, investigative fees and unobligated funds from prior years. It is expected that these prior year funds will be nearly depleted at the conclusion of fiscal year 1997, leaving the NIGC with anticipated revenue of between $2.5 and $3 million in fiscal year 1998.

To adequately meet its responsibilities under the IGRA, the NIGC needs additional funds that should be obtained through additional user fees rather than through additional appropriations. For the last two years, the NIGC has assessed class II tribal gaming at a rate of 0.5 percent of gross revenue. The IGRA permits assessments under a two-tier scheme with rates ranging from zero to 5 percent. However, there is a $1,500,000 statutory limitation on the amount of fees the NIGC can assess annually on tribal gaming gross revenue. Raising or eliminating the statutory cap would permit the NIGC to assess fees at a rate, in keeping with the IGRA, that would generate additional agency operating funds.

Assessing fees on class III gaming is another potential source of funds for the NIGC. Currently, the NIGC is permitted to assess fees only on class II gaming revenue even though many of our enforcement actions involve class III facilities. Being permitted to assess fees on class III gaming revenue would help defray the expense of enforcing and litigating class III aspects of the IGRA.

The NIGC is working with the Administration on legislation to submit to Congress that incorporates both of these concepts. Given the scope of the responsibilities of the NIGC, as well as the growth of the Indian gaming industry, now is the time to ensure that the NIGC has sufficient funds to fulfill its statutory responsibilities.

COMPLIANCE WITH IGRA

In the Conference Report to H.R. 3019, the Appropriations for fiscal year 1996, the NIGC was instructed to submit a report to the Secretary of the Interior: "detailing those Indian tribes or tribal organizations with gaming operations that are in full compliance, partial compliance, or non compliance with the provisions of the Indian Gaming Regulatory Act (25 U.S.C. 2701 et seq.)."

The first report, documenting compliance as of September 30, 1996, was sent to the Secretary in November 1996. It covered the major compliance obligations for gaming tribes, including: (1) obtaining a tribal-state compact approved by the Secretary of the Interior (DOI) prior to conducting class III gaming; (2) submitting investigative reports and suitability determinations on each key employee and primary management official summarizing the results of the tribal background investigation; (3) submitting finger print cards to the NIGC for processing; (4) submitting gaming employee applications to the NIGC at the commencement of employment; (5) adopting a gaming ordinance that has been approved by the NIGC; (6) paying

a fee assessment to the NIGC based on class II revenues; (7) issuing a separate license for each facility where gaming is conducted; and (8) submitting an annual independent audit of the gaming operation to the NIGC. Few tribes were in compliance with all of the items covered in the report; however, the report showed that each of the eight categories had a compliance rate of at least 50 percent.

The NIGC is committed to 100 percent compliance with the IGRA. Due to limited resources, voluntary compliance with the IGRA has been emphasized by the NIGC. This emphasis and agency outreach efforts were increased after the first report. Those efforts utilized the majority of NIGC enforcement resources and included letters and telephone calls to each tribe as well as on site visits where possible. In addition, the NIGC held a compliance workshop in January to outline compliance procedures. More than three hundred representatives of seventy tribes were in attendance. At that workshop, it was announced that any tribe not in compliance as of March 31, 1997, would be subject to enforcement action unless they had executed a memorandum of understanding (MOU) with the NIGC to come into compliance by an agreed upon date. Depending on the severity of the violation, NIGC enforcement action for non compliance could be the issuance of a closure order or a civil fine of up to $25,000 a day for each violation by a tribe.

In late March, the NIGC released the results of the report for the period ending December 31, 1996. Although there was substantial improvement in certain categories, especially those involving background investigations, the level of total compliance was still low. It is our hope that the next report, which will be as of March 31, 1997, will show that more than 50 percent of operations are in total compliance with the IGRA.

ENFORCEMENT

From 1991 to 1996, the NIGC issued eight formal enforcement documents. Since the beginning of 1996, when the NIGC underwent a reorganization, the NIGC has opened 30 new enforcement cases and issued eight Notices of Violation. These cases address a wide range of violations including: tribes that have failed to perform background investigations on key employees, tribes that are operating without an approved ordinance, operations engaged in illegal pull tab sales, operations which are not licensed by the tribe, tribes conducting class III gaming without a compact with the state, operations being managed by contractors whose agreements have not been approved, and operations maintained in a manner that could threaten the health and safety of the public.

In addition to these formal enforcement actions, the NIGC also worked with tribes to resolve a number of disputes that threatened the financial integrity of the gaming operations. These included disputes between the tribe and its management contractor as well as disputes between rival factions within a tribe.

To date, the NIGC has imposed $2,950,000 in civil fines and assessments. These fines are deposited in the general fund of the U.S. Treasury, or in special circumstances, are payments from management contractors to the tribes.

The NIGC expects a further acceleration of its enforcement program during the next six months. The NIGC will continue to give enforcement priority to cases involving individuals and companies managing tribal gaming operations without an approved management contract and will continue to investigate and take action against gaming operations offering class III gaming without approved tribal-state compacts.

REORGANIZATION AND MANAGEMENT CONTROLS

During the last year the NIGC has undergone a number of changes. In 1996, the staff structure was reorganized to better address enforcement actions. Early in fiscal year 1997, a budget and management review process was implemented that resulted in changes to internal processes and procedures, and the Office of General Counsel also streamlined legal review processes. As a result of these actions, the NIGC reduced the time required to complete background investigations to less than six months, reduced the time for the final legal review of contracts to less than a month, reduced the backlog of contracts under review, and increased the number of finger print cards processed to sixteen hundred a month.

Within the last few months, the NIGC has implemented personnel, internal management and travel procedures in keeping with applicable federal law and regulations. A complete analysis of the fee assessment program has begun in order to develop a plan of action regarding the overpayment of class II fees. The NIGC has worked with the Office of Fiscal Services at DOI to ensure the proper accounting of assets and liabilities and to develop a procedure to begin billing for background investigations. In addition, the amount of deposit required for management back-

ground investigations has been analyzed, an analysis of the billing rate for finger print cards has begun, and a more substantive review of the audits submitted by the tribes has been implemented.

With each of these actions, it has become increasingly apparent that the NIGC needs additional funds to fulfill its mandate to enforce the IGRA. It is my hope that you will support our fiscal year 1998 budget request of $1,000,000 and our legislative efforts to lift or eliminate the statutory cap on fees and to include class III gaming revenue in the fee assessment structure. I believe that, with the increased funds our legislative initiatives will raise, the next Chair of the NIGC will be able to expand the enforcement of the Indian Gaming Regulatory Act to better accomplish the Agency's regulatory mission.

Thank you for the opportunity to testify on behalf of the NIGC.

---

BIOGRAPHICAL SKETCH OF HON. ADA E. DEER

Ada E. Deer is a member of the Menominee Indian Tribe of Wisconsin. Ms. Deer was nominated by President Clinton on May 11, 1993, to be Assistant Secretary of Indian Affairs and confirmed by the United States Senate on July 16, 1993. On January 31, 1997, she was selected by President Clinton to be the Acting Chair of the National Indian Gaming Commission.

She is the first woman to hold the position of Chair of the National Indian Gaming Commission. Her appointment, which was done under the Vacancy Act, will be for 120 days from the date of the appointment. Ms. Deer has indicated she does not wish to be nominee for the position of Chair of the NIGC.

FUNDING PROPOSAL

Senator GORTON. Has the administration submitted a bill to accomplish those goals that you so eloquently outlined?

Ms. DEER. Yes; there is a legislative initiative.

Senator GORTON. Really?

Ms. DEER. That is part of the budget discussions.

Senator GORTON. I am not aware of a bill in the Indian Affairs Committee on the subject. But in any event, we are going to have something? You are getting an answer from one of your staff.

Ms. DEER. I guess there has been discussion, but it has not been formally submitted.

Senator GORTON. Well, I would urge you to submit it formally and promptly, because I think you are probably going to get a favorable response to it, either through the regular authorization process, or it is even possible that it might happen in the appropriation process.

Ms. DEER. Yes.

Senator GORTON. Let me ask you this. If the cap were lifted and we permitted collections from class III gaming, would that, for 1998, obviate the necessity for any general fund appropriation at all?

Ms. DEER. I think we would have to study this. But it would certainly be a wonderful change.

Senator GORTON. Well, it would certainly help if we were able to use that million dollars for some other purpose by letting the Commission be essentially self-supporting, whether subject to appropriation or not. Presumably these fees could bring in a sufficient amount of money adequately to fund the Commission, could they not?

Ms. DEER. Yes; that is true.

Senator GORTON. Well, in any event, we would like to see a precise proposal as soon as you possibly can come up with it. I understand that the total amount of money that this Commission spends

is considerably less than that of many individual State gambling regulatory commissions. Is that not the case?

Ms. DEER. Yes; our current budget is about $4.4 million. I know that one State spends approximately $50 million—that is New Jersey—to regulate.

Senator GORTON. I understand Nevada is about $21 million. My own State, which does not have open gambling, is $10 million. So certainly the Commission is relatively modest in its size as against the responsibilities it has.

What percentage of all the gambling in the United States, legal gambling in the United States, is conducted by Indians?

Ms. DEER. I think it is approximately 10 percent.

COMPLIANCE WITH REGULATIONS

Senator GORTON. You have indicated optimism with respect to compliance, but it does seem to me rather shocking that we are only roughly at the 60-percent level of Interior-approved State-tribal gambling compacts. Does that not indicate that there is a great deal of gambling activity being conducted by Indians that is not approved, not subject to compacts or not otherwise approved?

Mr. FEDMAN. There certainly are a large number of gaming operations doing class III gaming activities without compacts. But it is a very complex situation that varies from State to State and it turns on questions of State law. Most of the numbers, the large numbers, are in States where there is reason to have optimism that compacts will be concluded in the very near future, and there are some encouraging developments in California, which has the largest number of gaming operations without compacts. New Mexico has come very close to resolving the compact issue.

So, the percentage of class III gaming activities operating without a compact should be reduced significantly in the course of the next year if things continue as they are now.

GAMING IN CALIFORNIA

Senator GORTON. Well, let me ask you. Why do you not give me some details about California? It obviously is very important. What is the present status in California? Does the Commission support the Department of Justice action to require State compacts by the first of next month or to shut down much of what is going on now?

Mr. FEDMAN. The situation in California is so fluid, it depends on who you talk to from day to day as to what has happened. But from what I am hearing, there are encouraging developments about the compact negotiations. The States and the tribes appear to have resolved every issue except the precise gaming technology that would be authorized to be played, which I know is the key question.

But I also hear that there is some encouragement there, that they are coming closer together. Nobody is getting exactly what they want, but there appears to be a good chance of reaching an agreement on the scope of gaming issue. So, if that issue can be resolved, they will enter into a model compact with the Pala Tribe and that compact will then presumably be adopted by the other tribes in California.

There is some division, I understand, developing within those tribes. Not everyone is crazy about what looks like it is going to be in the Pala compact.

Senator GORTON. What is the reason that, after all this time, you are so optimistic? Does it relate to the change in relative bargaining ability between States and tribes out of last year's *Seminole Tribe of Florida* v. *Florida* decision or the recent decision, I think it is a ninth circuit decision in Oregon?

Mr. FEDMAN. Well, it does—what happened does involve legal decisions, but it was not either one of the two that you mentioned. In my opinion, the problem in California has always been confusion about what the State law permitted in terms of the gaming. And there was a State supreme court case, which is commonly referred to as the *Western Telecom* case, which for the first time set down parameters that both the tribes and the State could agree defined the permissible scope of gambling in California.

The decision was so significant that when it came out our Commission adopted a policy that it no longer believed that the state of the law in California was unclarified. Therefore, any gaming operation opened after the *Western Telecom* decision had been issued that did not approximate the standard of gaming defined in that case would be targeted for enforcement.

Once this *Western Telecom* decision came out, there appeared for the first time a meeting of the minds as to what was legal in California, and that really triggered the compact negotiations.

Senator GORTON. So you are optimistic about settling this longstanding dispute in California in the relatively near future?

Mr. FEDMAN. I would be the first to say that what I hear is that the talks go up and down, but they look very promising right now.

SEMINOLE DECISION

Senator GORTON. Well, let me go back to the *Seminole* decision. Now that we have had it for more than 1 year, what have its impacts been? Is it affecting the number of compacts or the terms of compacts? Certainly it gave States more authority. Does that mean that the States by and large have been more restrictive, saying "no" more frequently?

Mr. FEDMAN. I think that is fair to say, that the effect of the *Seminole* decision has been that States that do not want to negotiate have simply said "no." We are hearing a lot of complaints and concerns from tribes that say that this is just simply not fair. After the *Seminole* decision, if a State wants to call off the talks, they are in a position to do that.

So far, that has not resulted in any new unauthorized gaming. I think the frustration level is high, and there is a great hope on the part of the tribes that the Interior Department will develop its own procedures.

Senator GORTON. Well, that was my next question. The Department did make such a proposal last year. It caused a great deal of furor and opposition, and it certainly has delayed implementation. What is the current status? Is the Department seriously considering regulations that would try to avoid the impact of the *Seminole* case?

Mr. FEDMAN. I am really not in a position to answer that, Senator. That is completely within Interior and we are not really part of that.

Senator GORTON. We have to ask the Secretary that question, that is what you are telling me?

Mr. FEDMAN. I think so. I would rather you ask him than me.

Senator GORTON. OK. Can you answer the question or can Ms. Deer answer the question of whether there are any efforts being undertaken by the administration to negotiate amendments to the basic statute itself that are acceptable to the Governors of the States? I can remember years of hearings on the subject in the Indian Affairs Committee, but no action. Obviously, the *Seminole* decision has caused proposed changes within the Department of the Interior itself. But has it caused any negotiations to take place between the administration and the Governors as far as any of you know?

Ms. DEER. Not as far as I know. The Department is still receiving or analyzing the comments that have been requested.

Senator GORTON. But that is for new regulations, not for negotiations with the States.

Ms. DEER. That is right.

GAMING IN WASHINGTON

Senator GORTON. Well, as is usually the case, for each of you I have a parochial question. Obviously, I learn more about what is going on in Washington than I do in most of the States, and you have created quite a furor on and off the Colville Reservation in north central Washington with an attempt to close down taverns that I believe are located within the city of Omak, on fee land, but inside the exterior borders of the reservation, that are operating totally and completely in compliance with State law, as they have for many years. At the same time the Commission has ignored the obviously illegal slot machines that are being managed by the Colville Tribe without any compact or shred of legal authority whatsoever.

I would sure like your comments on that. That seems to be a rather perverse set of priorities.

Mr. FEDMAN. We were taken aback somewhat by the furor that arose when we issued those letters, because this is certainly not the first time or the first State in which we have taken action. From our perspective, what we saw on the Colville Reservation were five establishments that were doing class III gaming without a license from the tribe or a tribal-State compact.

Senator GORTON. It is not class III.

Mr. FEDMAN. If you sell pull tabs, you have to, at the same location, you also play bingo. The sale of pull tabs without the play of bingo is a class III activity. It is a rather technical definition but it is, under our regulations, a class III activity.

I can understand the confusion, but nevertheless that is how we have treated it all over the country. We saw unauthorized gaming without a license from the tribe and without a tribal-State compact. Wherever we have seen these situations, all over the country, we have done these kinds of actions—in Oklahoma, New York, and California. We have treated them all the same way. We simply advise the parties that if it is on Indian lands then you are required

to have a license from the tribe and in most cases a tribal-State compact.

There is quite a bit of legal authority that supports our position. The U.S. attorney in Montana several years ago took a very similar action on the Flathead Reservation. There were video machines being operated by the State of Montana on that reservation, and in that case the State agreed with the U.S. attorney's analysis, as did the supreme court in Montana, and they simply ceased the licensing of those machines.

In Idaho three tribes sued the State over the same issue, and there a Federal district court ruled that if it was on Indian lands it was required to have a license from the tribe, and a compact. This case involved primarily fee lands, which is the same situation as in Washington. The Idaho case was confirmed by the ninth circuit and that remains the state of the law in the ninth circuit today.

So, we felt we were on fairly solid legal grounds in taking the action on the Colville Reservation. Nevertheless, as soon as we issued the letters we were called by the Washington State Gambling Commission. Frank Miller called me. I have the highest regard for the Washington State Gambling Commission. I think they are one of the best State regulatory agencies in the country. And I have a personal regard for Frank Miller.

He said: You have made a terrible mistake, you do not understand the law in Washington; we are protesting the action; we would like you to stop.

What we have done, based on the State's objection, is to defer any further enforcement on the Colville Reservation until such time as the attorney general of the State of Washington can file a brief with the Commission pointing out their legal arguments. And if we, after looking at what they file, conclude that we have made a mistake, then we will certainly not go forward.

That is where the action stands today. We have notified all five establishments that the action has been deferred, that they can continue to sell pull tabs until we resolve this issue. We think that that is a reasonable way to go forward. Maybe we have missed something and maybe something applies in Washington that we have not seen in another part of the country.

To answer the second part of your question, about why the class III gaming goes on at the Colville Reservation, it is also a rather complex legal situation. I will try to give you the short version rather than the long version. Essentially what happened there is that after the Colville and the State's lawsuit, in which the Federal district judge ruled that the compacting provisions of IGRA were unconstitutional, neither side appealed.

It created a great deal of uncertainty as to the applicability of IGRA in that part of the State of Washington. The Colville Tribe did not put in class III machines, but the Spokane Tribe did. The U.S. attorney went after those machines, and he got a preliminary injunction in the district court. The Spokane Tribe appealed to the ninth circuit, and the ninth circuit issued a stay of the preliminary injunction. Thus, the issues about the applicability of IGRA, the illegality of the gaming, the scope of Federal authority, is now on appeal to the ninth circuit.

Any action against the Colville Tribe would in all likelihood be stayed in the same manner as the issues that were stayed in the *Spokane* case, because essentially the same issues would be involved.

We confer with the U.S. attorney all the time about this issue because it is a very frustrating situation. I talked to him yesterday, the assistant handling the case, and in his mind and in mine it would be a waste of resources to go after Colville.

Senator GORTON. What is the status in the ninth circuit?

Mr. FEDMAN. Well, the strangest thing happened. For 2 years it was put on the settlement track and it stayed there. Nothing happened. It has recently been taken off that track and is now being actively reviewed by the court. The briefing schedule is moving forward. The U.S. attorney is filing their brief next week.

So the end is in sight, and when that matter is resolved then I think you will find that both the U.S. attorney and our Commission will be very active in that part of the State.

Senator GORTON. Well, let me just say, even as a lawyer and a former attorney general, that it would be hard to present to an ordinary citizen a more bizarre or a more unjust set of circumstances than, for whatever reason, a Federal agency ignoring open casino class III gambling on a reservation being conducted without a compact and at the same time trying to close down pull tabs operated in a non-Indian business on the land that they own and inside a city, while inside the exterior borders of a reservation.

If you try to sell that as an appropriate regulatory activity, you are going to have a very difficult time, because fundamentally, whatever the law is, it is not appropriate. So I will appreciate, I would greatly appreciate it, if you will keep us apprised of all of the progress on both sides, on both sides of that equation.

Mr. FEDMAN. We certainly will.

FUNDING POSSIBILITIES

Senator GORTON. I am encouraged, Ms. Deer, about your report on progress in the administration to give us really the ability to allow the Commission to operate more effectively, without asking for more appropriated money out of the general fund, and I think you are going to find us most cooperative when you come up with precise recommendations to carry out that set of ideas.

Ms. DEER. Well, we certainly appreciate your receptivity.

Let me say, it has been unusual for you, conducting this with a couple of people, Senators, coming in. It has been unusual for me to have two hats, too.

Senator GORTON. Well, you have two hats, both temporary.

Ms. DEER. That is right.

Senator GORTON. I admire you for being able to carry on under such an ambiguous and indefinite status.

Ms. DEER. Well, thank you.

Senator GORTON. Starting a couple of years ago, I began to prepare visuals like this of our appropriations bills and others. We will leave this up here for you or any of the audience. This illustrates in the best way that I possibly can, for my own purposes and the purposes of my subcommittee, the kind of relative costs of our programs and the value judgments that we have to make when we get

into a zero sum game, because once we have got our allocation it is a zero sum game, and more money for one of these important purposes can only come out of the pockets of others.

It is an interesting chart and you are all welcome to come up here and look at it. We have a few notebook-sized copies of it that we will be happy to distribute.

Ms. DEER. Thank you very much.

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. I think that about exhausts me. We do have a few other questions, but I think it is appropriate to submit them to you in writing.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

QUESTIONS SUBMITTED BY SENATOR CAMPBELL

*Question.* In your March compliance report to the Secretary of the Interior you indicate that the FBI has informed the Commission that there is a backlog of over two million fingerprint cards to process and that as a result, these criminal checks are taking an average two to four months to process.

Is this process a result of a lack of capacity from the FBI or a lack of capacity from the Indian Gaming Commission?

Answer. Based on discussions with representatives from the Liaison Unit of the Federal Bureau of Investigation (FBI), the fingerprint card backlog is now approaching nearly three million. This number includes criminal and civil fingerprint cards. The backlog is largely attributed to the relocation of fingerprint processing from Washington, DC. to their new facility in Clarksburg, West Virginia. The average turnaround time to receive the completed FBI checks is two to four months.

Processing fingerprint cards to and from the FBI is one of the NIGC's top priorities. It is NIGC policy to process fingerprint submissions from tribal governments within two weeks of receipt, barring any unforeseen circumstances. Likewise, the NIGC processes FBI record check results on a weekly basis so that the results are returned to tribal governments as quickly as possible. With an increase in resources and personnel, the NIGC could improve its internal fingerprint processing time.

FBI representatives have advised the NIGC that they are implementing a 24 hours a day, seven days a week work schedule in an effort to reduce the backlog. As a result, the NIGC has seen some improvement in the response time. A recent check of NIGC records indicates that current turnaround time for fingerprint processing averages six to eight weeks.

*Question.* Do you suggest any alternative way that would enable this process to be expedited?

Answer. The analysis of fingerprint records and the completion of background investigations are key components in the safeguarding of Indian gaming. Careful scrutiny of these documents is essential and time consuming. Although the FBI is experimenting with the electronic submission of fingerprint cards, it is our understanding that the electronic submission for non-criminal justice purposes is at least several years away.

*Question.* I noticed in your compliance report that several tribes were currently not in compliance with regard to "Class II Fees paid to the Gaming Commission.

Understanding, of course, that the compliance report reflects only a snapshot in time, I am interested to know what are some of the factors that result in tribes not coming into compliance with Fee payment.

Answer. The major factor is timeliness of the payments. NIGC regulations state, "The quarterly statements shall be transmitted to the NIGC to arrive no later than the due date" (25 C.F.R. § 514.1(c)(4)) and "Each Class II gaming operation shall determine the amount of fees to be paid and remit them with the statement" (25 C.F.R. § 514.1(c)(5)). Quarterly statements and payments are due March 31, June 30, September 30 and December 31. If the NIGC is not in receipt of the quarterly statement and the payment by the due date, the tribe is shown as being in non-compliance in the fee payment's category. Historically many fee payments do not reach the NIGC by the due date.

In addition, tribes often fail to submit quarterly statements of assessable gross revenues along with the fee payments. Total compliance requires the timely submission of both quarterly statements and quarterly payments. Tribes are required to submit quarterly statements even if no fee payment is due. For example, the fee assessment is based on the previous calendar year's assessable gross revenue figures. When a tribe first begins a gaming operation, they should be submitting to the NIGC on a quarterly basis a statement that shows zero assessable gross revenues for the previous calendar year.

Last, a few tribes submit nothing. These include tribes who have failed to pay fees from the beginning, and tribes who were paying fees and then stopped for various reasons.

*Question.* You indicated in your testimony that during the last two years, the Commission assessed class II tribal gaming at a rate of one-half on one percent of gross revenue when statutorily the Commission could assess rates up to 5 percent.

Is the existing cap of $1.5 million the primary reason for setting assessment rates at their current level?

Answer. Yes. Even at the current 0.5 percent fee rate, the NIGC still collects amounts in excess of the $1.5 million cap included in the IGRA.

*Question.* Has the Commission projected what revenue would be generated at higher rates up to the statutory maximum of 5 percent?

Answer. Yes, the NIGC has calculated the amount of fees that could be generated at fee rates up to the statutory maximum of 5 percent on class II gaming revenues. These fees would be based, in keeping with NIGC regulations, on a percentage of assessable gross revenues from tribal gaming operations.

The class II fee base for the 1997 calendar year, based on quarterly statements of assessable gross revenues provided by the tribal gaming operations to the NIGC through March 31, 1997, is $595,829,291.77. The NIGC is aware that this figure includes revenues from non class II gaming that is not subject to fee assessment. Thus, it is inappropriate to utilize this figure as the base number for final NIGC revenue projections. The final base number could be as low as $300,000,000 or slightly higher than the amount reported through March 31, 1997.

Given these two extremes, an average of $450,000,000 could be a reasonable figure for calculating an NIGC revenue projection. Using this average as the base figure would yield potential revenue from a low of $2.25 million at .5 percent to a high of $22.5 million at 5 percent. This is in comparison to the $20.7 million fiscal year 1997 Budget of the Nevada Gaming Control Board and the $52 million appropriated by the State of New Jersey to fund its regulation of gaming.

*Question.* You indicated in your testimony that you currently have a staff of 33 people. How many of these individuals are operating in the field?

Answer. To cover the 28 states with Indian gaming, the NIGC currently has seven staff members operating in the field. Each works out of an office maintained in their home.

*Question.* How many are located here in your Washington Office?

Answer. Excluding the Acting Chair (part-time) and the two Associate Commissioners, there are 25 people located in the Washington office.

*Question.* How many individuals do you have on your staff that are devoted primarily to enforcement efforts and following through with collections of fines and assessments?

Answer. Of the entire NIGC staff, twelve employees are in the Enforcement Division. Of this total, seven are devoted directly to field investigation and enforcement efforts. The estimated fiscal year 1997 expenditure for this section of the Enforcement Division is slightly less than $1 million. Issues concerning fee assessments are dealt with by two Washington staff members in the Administrative Division.

---

QUESTIONS SUBMITTED BY SENATOR COCHRAN

*Question.* The Mississippi Band of Choctaw Indians operates a class III gaming operation and has, in addition to its arrangement with the State, its own Indian Gaming Commission. In each NIGC report, the Choctaws have been found to be in complete compliance with the Indian Gaming Regulatory Act.

Has the Commission found a correlation between those tribes that have set up their own regulatory agencies and effectiveness in compliance?

Answer. The NIGC believes that there is a definite link between the existence of tribal gaming commissions and the quality of the regulation within an Indian gaming operation. Those tribes which have strong, well funded gaming commissions are much more likely to have established a strong compliance record.

*Question.* What are the budgets of the successful tribal gaming commissions?

Answer. The budgets of tribal gaming commissions vary dramatically depending on the size of the gaming operation. Information received from some tribal gaming commissions indicates that funding levels can range from $20,000 to hundreds of thousands of dollars. While the level of funding is a significant issue, other factors such as the regulatory experience of the commission members and the independence of their authority, appear to be more important predictors of a successful gaming commission.

*Question.* What actions has the Commission taken to support tribal regulatory agencies in meeting the requirement of their compacts?

Answer. The NIGC has taken a number of actions supporting tribal gaming commissions including publishing of a bulletin advising tribes how to establish and operate such a commission, holding workshops and conferences on the subject of tribal gaming commissions, and speaking at conferences of organizations consisting of tribal gaming regulators. The NIGC does not have the authority to enforce the requirements of tribal/state compacts.

*Question.* How many Class III tribal gaming operations are in compliance today?

Answer. According to preliminary figures for the quarter ending March 31, 1997, there are 99 operations in compliance with each of the items on the compliance report. This is a more than 30 percent increase in the total compliance rate as of December 31, 1996.

SUBCOMMITTEE RECESS

Senator GORTON. With that, the hearing is recessed.

Thank you all very much. The subcommittee will stand in recess until 9 a.m., Thursday, April 17, when we will receive testimony from the Forest Service.

[Whereupon, at 11:20 a.m., Thursday, April 10, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, April 17.]

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

---

**THURSDAY, APRIL 17, 1997**

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

The subcommittee met at 9 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Slade Gorton (chairman) presiding.

Present: Senators Gorton, Stevens, Cochran, Domenici, Burns, Leahy, Bumpers, Reid, and Dorgan.

Also present: Senator Craig.

## DEPARTMENT OF AGRICULTURE

### FOREST SERVICE

**STATEMENT OF HON. JIM LYONS, UNDER SECRETARY, NATURAL RESOURCE AND ENVIRONMENT**

**ACCOMPANIED BY:**

**MIKE DOMBECK, CHIEF, FOREST SERVICE**
**DAVID G. UNGER, ASSOCIATE CHIEF, FOREST SERVICE**
**JANICE McDOUGLE, ACTING, DEPUTY CHIEF, NATIONAL FOREST SYSTEM**
**BARBARA WEBER, ACTING DEPUTY CHIEF, RESEARCH**
**JOAN COMANOR, DEPUTY CHIEF, STATE AND PRIVATE FORESTRY**
**CLYDE THOMPSON, ACTING DEPUTY CHIEF, ADMINISTRATION**
**RON STEWART, ACTING DEPUTY CHIEF, PROGRAMS AND LEGISLATION**
**STEVEN SATTERFIELD, DIRECTOR, PROGRAM DEVELOPMENT AND BUDGET STAFF**

#### BUDGET REQUEST

Senator GORTON. The subcommittee will come to order.

We are meeting today to hear from the Forest Service, obviously one of the vitally important agencies funded by the Subcommittee on Interior and Related Agencies.

We are pleased to have Jim Lyons, Under Secretary, and Mike Dombeck, Chief of the Forest Service.

You are both welcome, as are those who accompany you.

As my colleagues are aware, this subcommittee is responsible for funding a diverse array of agencies. A large portion of our bill is comprised of the four land management agencies: The Park Service, the Bureau of Land Management, Fish and Wildlife Service, all

of which are in the Department of the Interior, together with the Forest Service from the Department of Agriculture.

I want to highlight that fact of being in the Department of Agriculture, because I am going to get back to it in a moment.

It is important to note that the Forest Service represents the largest single agency funded by this bill, a full 19 percent of the money we appropriated for the current fiscal year, and, along with the other three land management agencies, a full 44½ percent of the entire bill.

While these four agencies are significant in the subcommittee's funding efforts, there are obviously other demands. I have for you, as I have had for the others agencies at past hearings, this large chart of the current fiscal year and the relative size of the appropriations for each of those agencies.

That indicates, among other things, that once we receive our 206B allocation, everything is a zero sum game. Any extra money for one agency can only come out of some of the others.

In any event, Mr. Lyons, you are over there at the base of the green line, the large, green bottom portion of it. And that is a very significant part of what we do.

[The information follows:]

*Interior programs fiscal year 1997 enacted*

| | |
|---|---|
| Land management programs: | |
| Forest Service | $2,361,000,000 |
| National Park Service | 1,414,000,000 |
| Bureau of Land Management | 1,090,000,000 |
| Fish and Wildlife Service | 653,000,000 |
| Total | 5,517,000,000 |
| Indian programs: | |
| Indian Health Service | 2,054,000,000 |
| Bureau of Indian Affairs | 1,606,000,000 |
| Navajo-Hopi/IAIA/special trustee/Indian gaming/Indian education | 119,000,000 |
| Total | 3,779,000,000 |
| Science and minerals management programs: | |
| Geological Survey | 739,000,000 |
| Office of Surface Mining [OSM] | 272,000,000 |
| Minerals Management Service [MMS] | 163,000,000 |
| Total | 1,174,000,000 |
| Energy programs: | |
| Energy conservation R&D | 570,000,000 |
| Fossil energy R&D | 365,000,000 |
| Naval petroleum NPR/reserves | 144,000,000 |
| Energy information administration/economic regulation | 69,000,000 |
| Alternative fuels production | −4,000,000 |
| Clean coal technology | −123,000,000 |
| Total | 1,020,000,000 |
| Cultural programs: | |
| Smithsonian Institution | 370,000,000 |
| National Endowment for the Humanities | 110,000,000 |
| National Endowment for the Arts | 99,000,000 |
| National Gallery of Art | 60,000,000 |
| Holocaust Memorial | 31,000,000 |

*Interior programs fiscal year 1997 enacted—Continued*

| | |
|---|---|
| Institute of Museum Services | 22,000,000 |
| Memorials | 41,000,000 |
| Total | 733,000,000 |
| Interior departmental offices: | |
| Interior affairs | 88,000,000 |
| Departmental management | 58,000,000 |
| Solicitor | 35,000,000 |
| Inspector general | 25,000,000 |
| Total | 207,000,000 |
| Total bill | 12,430,000,000 |

NATIVE AMERICANS

Senator GORTON. Another large part of the bill is comprised of programs for the benefit of Native Americans, primarily the Bureau of Indian Affairs and the Indian Health Service.

The Indian Health Service is an especially demanding responsibility for this subcommittee, as the cost simply of maintaining existing levels of medical services increases at an annual rate that exceeds inflation and has certainly exceeded any additional appropriations that we have received.

The third major group of agencies in our bill is that including the cultural agencies, the Smithsonian, the National Gallery of Art, the Kennedy Center, and the National Endowments for the Arts and Humanities.

While these agencies account for a smaller portion of the total funds appropriated in the Interior bill, they are in many cases the agencies responsible for the care and protection of our Nation's heritage. These programs receive vocal support from all across the country and from many Senators on both sides of the aisle.

The fourth group of agencies in our bill include the Science and Mineral Management Programs, and a fifth major grouping consists of programs within the Department of Energy.

I have broken the bill out this way and provided this chart, Mr. Lyons and Mr. Dombeck, so you can see the nature of the problems that we have and, therefore, the nature of the problems that you have. It is tough competition.

That competition will become even more fierce if the President and Congress are unable to enact a budget that includes meaningful entitlement reforms or other measures that enable us to achieve balance without relying almost exclusively on reductions in discretionary spending.

If no such agreement is reached between the President and Congress, I fear that this subcommittee will be forced to cut sharply, many programs and terminate others.

With regard to the immediate issue of fiscal year 1998, I note that the President's request for programs under the jurisdiction of this committee is a good $700 million above the 1997 level.

Given that a freeze or reduction in total discretionary spending is a real possibility, it is clear that some reductions from the request level will almost certainly have to be made.

I really look to the two of you and to your assistants for help in prioritizing programs when it comes time to make tough choices.

Having said all that, I do want to note that the Forest Service fiscal year 1998 increase of 0.3 percent over the 1997 enacted amount is the smallest requested increase in the four land management agencies.

Enjoy that positive comment about the Forest Service budget request, because you may not hear many more such positive statements this morning.

I say that because I am truly concerned about the Forest Service. I told you I would get back to the issue of the Forest Service being in the Department of Agriculture. I think it is fair to say that the Forest Service is undergoing a significant transition.

Last year my colleague, Senator Stevens, questioned why we have a Forest Service. Many people scoffed at the thought. This year the same issue has been brought up again.

Over in the House just last month one of the Congressmen likened the current Forest Service situation to the Civil War and President Lincoln saying to the military, "If you arent going to use the army, I might like to borrow it."

It is clear that many people are asking what the Forest Service is doing with itself. The agency was placed in the Department of Agriculture under the guidance of its founding father, Gifford Pinchot.

Make no mistake about it, Mr. Pinchot's perspective was wise use of the resources for the good of the population of the United States over the long term.

Many people now, both in the country and in the Congress, feel that the administration has abandoned this concept of wise use. There appears to be a new perspective strongly in favor of preservation programs over everything else.

I must say to both of you that many actions on the part of this administration seem to support that premise. It clearly seems to be a time to examine the mission of the Forest Service as represented and reflected in its budget proposal, and that is what we would like to do here today.

As I told you last night, Mr. Lyons, long after we scheduled this meeting the majority leader asked me to be in his office at 9:30 a.m. Senator Burns has kindly agreed to preside over the committee hearing for a half an hour or so. We hope that we can continue through with all of the really important questions that we have.

In the absence at this point of Senator Byrd for an opening statement, I will ask whether or not my colleague from Montana would like to say anything.

OPENING REMARKS OF SENATOR BURNS

Senator BURNS. Well, thank you, Mr. Chairman. I will just put my statement in the record.

I think I have the same concerns that you do and especially in—nobody has to know that you own a big chunk of my State.

And we are getting to the point where the same concerns that there is a louder, small voice here that happens to set policy on lands than the people who actually are near those lands, whose economic survival depends on those lands, and also, that our ability

to take care of them is hampered by people of little bitty minds just about the size of the eraser on this pencil.

So I can—it amazes me. It just absolutely amazes me about this 13 square miles of logic-free environment on where we come up with some of these crazy, damn things that we have to—we hear coming down the chute.

So I will put my statement in the record, a strong letter to follow, and get a shot at the questions.

Thank you very much, Mr. Chairman.

SUMMARY STATEMENT OF HON. JIM LYONS

Senator GORTON. With that, Mr. Lyons, we will be happy to hear from you and Mr. Dombeck.

Mr. LYONS. Well, thank you very much, Mr. Chairman. I appreciate this opportunity to appear before you, Senator Burns, and the subcommittee today.

In light of your tight schedule, I will limit my comments and ask that Chief Dombeck have a little more of my time to offer his perspectives in his new role as the head of the Forest Service.

We are very pleased to have Mike join the Forest Service. After his brief tenure over in Interior he has come back home. I think he is going to provide outstanding leadership and will help us tremendously in addressing the many challenges we face, both resource management challenges and organizational management challenges in the Forest Service.

I also want to acknowledge the presence of Dave Unger, Mike's associate chief. Dave recently received the Presidential Rank Award, the highest award that can be provided a civil servant, for his many years of dedicated service to the Forest Service, as well as the Soil Conservation Service, now the National Resources Conservation Service.

Dave recently announced, at the height of his career, that he is going to retire, which shows his continual wisdom, going out when he is at the best of his game.

I just want to say for the record how much I have appreciated Dave's long service and commitment and dedication and want to acknowledge the role he has played in providing for the Nation's legacy of natural resources.

I will let Mike introduce the other members of the Forest Service who are here with us today.

Mr. Chairman, I would like to make three points that I think help set the stage for the situation and the challenge we face, the committee, the administration and the Forest Service, in dealing with the difficulties we have in coming up with a budget to support the Forest Service activities.

The first point is that, we have a very, very broad mission in the Forest Service. We have the world's largest natural resource research organization. We play an extensive role through our State and private forestry programs and working with private landowners in protecting the Nation's forests and lands, not just the National Forest System lands, from insects and disease.

We do extensive work in urban and suburban areas, helping the 80 percent of all Americans who reside in those areas understand

their relationship to the out of doors and hopefully improving their environment.

One of our primary focuses is the work we do on the National Forest System, 191 million acres of the best landscape in America and a very important part of the landscape in Montana and Washington and other parts of the United States.

Our challenges are growing, and our work is changing over time. I find myself in a position these past 4 years and in this term trying to deal with an agency that is going through tremendous change, as the Nation's economy has gone through tremendous change. I think we are caught up in a change as well.

The second point I want to make is that this change in mission and change in direction is not something that is being driven by administrative fiat or differences in philosophy between ourselves and all of you but simply reflects, I think, changing values in how the American public wants to use its landscape.

I would offer as an example a significant increase in recreation demand across the United States, a significant increase in recreation and tourism as an important part of the economic engine of States like Washington and Idaho and Montana and other places, also a growing challenge in dealing with threatened and endangered species.

We face a listing decision here with regard to coastal coho, which could affect Washington, Oregon, and northern California, as well as bulltrout, which could affect Montana in the inland West.

Increasing challenges in providing for and supporting the economies of rural communities that are going through transitions from economies that were based almost solely on extractive industries and on timber and mining to economies that are now much more broadly based. They may have as their anchor timber and mining, but now have to consider things such as recreation and tourism in other parts of their economy. We play a critical role.

We also remain an important source of high quality outdoor recreation opportunities and a primary source of high quality water for most of the communities in the Western United States.

So we have a very diverse role, and public values certainly are affecting how our role changes over time. Jack Thomas, Mike's predecessor, instituted a philosophy in the organization called adapted management, management based on change, recognizing that our circumstances and our resource demands change.

I would suggest as an organization we are going through adaptive management in trying to change our organization, as other businesses are doing, to respond to changing times.

Finally, I want to address the question that you raised and that Chairman Stevens has raised before and that is: Why do we have a Forest Service?

I would suggest that now more than ever we need a Forest Service because of the changing circumstances that we see and because we are uniquely positioned, the professional expertise we have with the scientific understanding we have of good resource stewardship to ensure a continuous supply of the goods and services that the public demands from its national forests, that the public requires of private forest lands, and that we will need to provide in terms

of the research and understanding that is going to help guide these resources on into the future.

As I said, the national forests are increasingly required to provide a great deal more than just timber and minerals and opportunities for grazing and the like. The demands continue to grow.

And in many respects, the Forest Service's mission is spinning around to the mission that was originally established for the National Forest System when it was first established, which, as Senator Stevens reminds me often, was a continuous supply of timber, but also continuous water flows.

In fact, many of the national forests in the West were first established to protect water supplies for cities like Los Angeles, San Francisco, Portland, and Seattle.

We recognize this changing mission and changing direction by trying to respond as much as we possibly can. Our overall mission as an organization is caring for the land and serving people. And I think that mission is sound.

But what is different is what people are demanding from their national forests and their expectations of the kinds of service and support we are going to be providing.

In fact, in many respects, Mr. Chairman, I think the organization is going through a transition from producing things to providing services as we enter the service economy as well. That does not mean that we will not continue to provide timber as an important product of national forest management.

But more and more we are using the timber sale program to achieve other goals and objectives, such as improving forest health, improving wildlife habitat, and protecting other natural resources.

We are more and more investing in other kinds of resource management to try and respond to increasing demand for recreation and tourism, to respond to community needs to diversify the products, goods, and services that we provide.

We are doing our best to respond to these changes with declining budgets and also a declining work force. It creates a tremendous challenge.

We are committed to working with you to try and deal with challenges, to provide guidance, and set priorities. We are trying to be creative and use the tools that you have provided us to be more responsive.

Those tools run the gamut from recreation fee demo project, which may afford us a way to provide more support for the recreation program, to innovative uses for land management, such as the Forest Legacy Program, one of the projects which of course you and I will go visit here in 2 weeks, where we purchase long-term easements instead of fee simple purchases, so we can spread our dollars further.

It is a tough challenge these days, Mr. Chairman, but I think as an organization the Forest Service, better than any other land management agency, is well positioned to deal with those challenges and prepare itself for the resource management challenges that we are going to face in the 21st century.

PREPARED STATEMENT

I am proud of the organization. We have gone through some difficult times. I think the real question is not why do we have a Forest Service, but what is it that we need to manage for, and how can we best position ourselves and obtain the resources we need to ensure that we can meet the public's demand for the goods and services that come from the Nation's natural resources in perpetuity?

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. JAMES R. LYONS

Mr. Chairman, Senator Byrd, and Members of the Committee: Thank you for inviting me and the new Chief of the Forest Service, Mike Dombeck, to appear before you and discuss the fiscal year 1998 budget for the USDA Forest Service. We are joined by several other Forest Service professionals who have worked long hours and weekends to assemble the budget for the President.

As you and your staffs review the specifics in our budget proposals for 1998, I hope you can keep in mind three key themes and principles which provide the foundation for all the goals, objectives and programs in this budget. (1) The broad scope and mandate of the Forest System Mission; (2) The imperative of restoring and protecting healthy ecosystems; and (3) Our efforts to help spread conservation and forest stewardship beyond the National Forest System borders.

THE FOREST SERVICE MISSION

The Forest Service mission is "caring for the land and serving people." I want to focus first on "caring for the land." Many people cannot comprehend exactly how much land we care for. The National Forest System's nearly 192 million acres is the equivalent land area of Michigan, Ohio, Kentucky, West Virginia, Virginia and the whole northeast—a total of 16 states plus the District of Columbia. We manage 156 forests with the average size of the State of Delaware.

Consider this: each Forest Supervisor wakes up each morning to manage an area the size of a small state. Their jobs are not easy.

In caring for the land, we need to address all of our assets—clean streams, abundant fisheries, birdlife, game, endangered species, trees, clean air, windblown mountain tops, lakes, grasslands, arid canyons, the temperate rainforests, open meadows, woodland swamps. The list goes on. We have enormous responsibilities to make sure this land is healthy. Most of our proposed budget will be spent on trying to protect this national treasure chest of natural resources coast-to-coast.

The second part of our mission is "serving people." Again, it may sometimes be difficult to comprehend exactly how many people depend on the forests for services.

Tens of thousands of the private landowners—who own and manage the rest of the 600 million acres of private forest land—look to our State and Private Forestry Programs for technical advice and financial incentives.

National forests provide the more outdoor recreation opportunities than any other federal land agency. Millions of Americans visit the National Forest System to hunt, camp, hike, fish, sight-see, climb, ski, canoe, birdwatch and other activities. The Forest Service goal is to provide high quality outdoor recreation opportunities to meet users' demands while still being good stewards of the land.

Since 1973, more than one million Americans have spent a day, a week or even more working with Forest Service employees as campground hosts, trail builders, researchers and dozens of other activities.

In addition, many other Americans go to work on National Forest Lands to operate timber sales, grazing permits, mining claims, guiding companies and carry-out other commercial uses.

When you consider all of these customers coupled with the people who depend on Forest Service research, international expertise, urban and community forestry and the rest of our activities, you begin to realize the scope and breadth of "caring for the land and serving people." This is the philosophy behind the $3 billion dollar budget.

RESTORING AND PROTECTING ECOSYSTEMS

The best and most credible science today demonstrates that Aldo Leopold was right decades ago—everything is connected to everything else. We are applying his sage advice to "not throw away the parts" when we tinker with our natural ecological systems. I am proud to say that the USDA Forest Service has demonstrated to the world the cutting edge in ecosystem management. In the Pacific Northwest, we have standards and guidelines in place which are not directed at one outcome, one product or one use. We have a system in place that, according to the best available science, ensures that we are on track to manage those ecosystems for perpetual sustainability. We will continue to learn more, but today that region is on track and the services we provide and the health of the land will be dependable.

In the Pacific Northwest we are working to restore aquatic eocsystems. Degraded anadromous fish habitat and their watersheds will be restored and enhanced by reducing sedimentation and streambank erosion, introducing structures to create pools that provide hiding cover or accumulate spawning gravel, and remove or modify man-made barriers to improve adult and juvenile migration conditions.

In Oregon, the Forest Service and the Governor are committed to working together to achieve restoration of eastern Oregon forests. Efforts to accelerate and emphasize restoration will be a partnership, with community-based support, and will be done within the framework and guidelines of the Eastside Environmental Impact Statement and other direction, such as PACFISH.

In the Sierra Nevada range we are in the process of applying the best science available in a similar effort. I believe we basically have all of the information we need to make wise resource choices, and in the next few months, a team of scientists familiar with the issues, region and National Forest System process will help us confirm a direction that ensures long-term dependability for goods and services and ecological integrity.

In the next few months we will take significant steps forward in the Columbia River Basin. Again, we have the best minds working to provide a unified consensus approach to sustaining this ecosystem for the people who live in the area and depend on the resources for their quality of life, as well as for the area's wildlife.

We have completed a scientific assessment for the Southern Appalachian region and are working to improve our understanding of the Great Lakes region. Our budget provides the tools and funding necessary that continues to propel the Forest Service to the forefront of forest management. Throughout our ecosystem efforts you will probably begin to see the evidence of Chief Dombeck's "collaborative stewardship" concept, and I will leave this point for his remarks. For now, I can say I am very optimistic about the potential.

FORESTRY BEYOND THE NATIONAL FOREST SYSTEM

USDA is the premier forest landowner assistance organization in the world. The Department conducts extensive scientific research, has a workforce with technical expertise in counties across the country, and provides financial incentives to help landowners increase the conservation contributions that private land makes to our nation's fish, wildlife and clean water resources. Our 1998 budget includes funding to support this well-established, broadly supported leadership role in the Department of Agriculture.

We have included in the 1998 budget a strong continuation of our stewardship assistance program that includes a 5.7 million dollar increase for Stewardship Incentives. I want to emphasize that the increases in certain state and private forestry programs are not offset by national forest system cuts; the state and private budget is essentially flat. However, we strongly believe that willing landowners deserve the technical and financial support of the Forest Service if they want to go the extra mile to deliver food and fiber to the marketplace while practicing good stewardship on their lands.

In addition to $16 million within the National Forest System for "Jobs In the Woods", $17 million is included the budget to provide critical assistance to rural communities in the Pacific Northwest. The other programs in the State and Private Forestry—including Urban and Community Forestry, Forest Legacy and Cooperative Fire Management—are all critical to our efforts to enhance non-federal forest resource and protect productive timber land from fire and conversion to non-forest uses.

We also intend to step up our nationwide monitoring capacities so that we can be better tuned to the forest trends across the landscape. The program will cover 60 percent of the forest land in the lower 48 states, compared with 53 percent in 1997 and 40 percent in 1996. Coupled with our level budget in research, we will have the basis to make good decisions.

The Forest Legacy program is designed to conserve the resource values of forest land, emphasizing lands of regional and national significance that are threatened with conversion to non-forest uses. Conservation easements, or fee simple purchase are methods used by the Forest Service and our partners in working with willing landowners. An example of a successful partnership is the Mountains to Sound Greenway for the protection and preservation of a "green corridor" along I–90 from Seattle through the Cascade Mountains. About 950 acres have been added to this long-term effort through acquisitions and partnerships. The largest conservation easement east of the Mississippi resulted from Forest Service negotiations and a state grant option allowing Vermont to step in and complete this acquisition. This easement covers 31,450 acres in the "Northeast Kingdom" of Vermont, protecting a large contiguous block of forest land from development. This joint approach also fits in with our objectives of coordinating state and federal efforts to achieve mutual objectives.

The Urban Resources Partnership program was initiated on Earth Day in 1994. Eight cities, including Los Angeles, Seattle, Denver, Chicago, New York, Philadelphia, Atlanta, and East St. Louis, currently participate in the Program. This program is providing urban residents the opportunity to address local environmental issues and improve the quality of urban life. Additional events are planned for Earth Day celebrations this month. This is a continuing program throughout the year that has achieved successes that include conducting environmental education, habitat restoration to revitalize wetlands in the Los Angeles Basin, established community gardens for food and educational purposes, supported Arbor Day activities, and is helping build community capacity. Partners in Los Angeles include the USDA Natural Resource Conservation Service, National Park Service, Housing and Urban Development, Environmental Protection Agency, California Department of Forestry, the City of Los Angeles and over 50 non-profit organizations in the Los Angeles Basin.

The Forest Service is a science-based organization and our research products are used around the globe. Each day, field foresters, land managers, farmers, ranchers, mill operators, urban foresters, public interest groups and many others apply the knowledge developed by Forest Service scientists and cooperators in academia and industry. The Forest and Rangeland Research Budget is to be funded at $179.8 million, the same funding level as fiscal year 1997. However, the programs are continually being adjusted to meet changing and emerging national and regional issues and maintain a broad-based scientific capability.

CONCLUSION

Let me close by saying that the challenges and activities I have highlighted represent shifts in business as usual as well as our goals for the future management of the national forest system. Within the framework of a balanced budget by the year 2002, this budget meets the highest priorities of a very expansive mission and ever increasing public demands.

I am confident that the budget before you meets our central challenge: Caring for the Land and Serving People. The job is large, the demands are great and the stakes for the future are high.

That concludes my testimony, Mr. Chairman. I would be happy to answer any questions at the conclusion of Chief Dombeck's statement.

SUMMARY STATEMENT OF MIKE DOMBECK

Mr. DOMBECK. Good morning, Mr. Chairman, Senator Burns.

I am pleased to appear before you for the first time in this job as Chief of the Forest Service. I have been just a little over 3 months in the job, and of course as I think both of you know, I am no stranger to the agency.

I grew up in a national forest in Wisconsin's beautiful lake country in the Chequamegon National Forest. So I come with that perspective as well.

I have to say, as you implied in your remarks, that we are faced with competing demands, tough challenges, new pressures, and a greater diversity of people living on the land today than every before. I would hope that we in this room can help move the ball forward.

I believe that if we work together, we can usher in a spirit of trust, a spirit of moving forward, and a deep commitment to the healthy forest, healthy lands, and the service to the people.

I come here with a willingness to hear all sides of the debate, a commitment to remain open and responsive to new ideas, new values, new information, and a commitment to leave our national forests healthier than when I first came into this job.

I want to say that I am proud to be back in the Forest Service. I continue to remind myself it is an agency with some of the best resource professionals in the world, the best wild land firefighters, the best recreation planners, some of the best silviculturists, the best biologists, and an administrative support staff. We have a work force that in essence is second to none in capability.

I want to also add that I am not so naive to think that people will not sometimes disagree. I think our task as public servants, as resource professionals, is to focus on areas of agreement and move forward where we can.

My commitment, what I call collaborative stewardship, is listening to people and having our people, the resource managers, work hand in hand with local communities, with the constituencies, both local and national, to move forward.

I will also keep my remarks short, because I know you have to leave soon. I want to call your attention to the many successes that I have included in my testimony. I think it is important that we continually remind ourselves that in spite of so many challenges that we have, there are also many, many successes.

In every State there are places where things are working very well, and we need to take a look at those as models of how we can improve relationships in other places.

I do want to mention accountability. Our first priority is to the land and people, but our responsibility in this agency is to deliver goods and services and values for which public lands are cherished, to deliver healthy lands and waters, to deliver a sustainable supply of timber and forests, to deliver environmentally benign energy and minerals development, to deliver better hunting, better fishing, high quality recreation experiences and the many other things that this agency needs to be held accountable for.

And I will again for the sake of brevity, stop here. But I do want to introduce the leadership of the Forest Service that is here to help me. Given the fact that I am just a little over 3 months in the job, there are a lot of things that I have not yet learned.

INTRODUCTION OF ASSOCIATES

Of course, Dave Unger, Associate Chief, and I would like to second Mr. Lyons's comments about Dave and thank him for agreeing to stay with me through this transition and help me get going.

Janice McDougle is Acting Deputy Chief for National Forest Systems. Barbara Weber behind me here is Acting Deputy Chief for Research. Joan Comanor, Deputy Chief for State and Private Forestry, Clyde Thompson, Acting Deputy Chief for Administration, Ron Stewart, Acting Deputy Chief for Programs and Legislation.

And the guy that really knows what is going on, that has all the numbers, is Steve Satterfield. And I know all of you know Steve well.

PREPARED STATEMENT

I would like to ask that my statement be entered into the record.
Senator GORTON. It is and so will Mr. Lyons's be.
[The statement follows:]

PREPARED STATEMENT OF MIKE DOMBECK

Mr. Chairman, Senator Byrd and Members of the Committee: I am pleased to appear before this committee for the first time as Chief of the Forest Service. As some of you may know, I am no stranger to the Forest Service, having grown up 25 miles from a town of 1,500 people in northern Wisconsin's beautiful lake country, in the Chequamegon National Forest.

Today, faced with more competing demands, new pressures on the land and greater challenges than ever before, resource management has become contentious. We in this room can help to change that. I believe that if we work together, we can usher in a new era of resource stewardship and a deeper commitment to conservation. A commitment marked by a willingness to hear all sides of the debate. A commitment to remain open and responsive to new ideas, new values, and new information. A commitment to leave our lands healthier and our waters cleaner.

I am not so naive to think that people will not sometimes disagree. Our task as public servants and resource professionals is to focus on, and build from, the many more areas of agreement. To regain the trust of the American people. To demonstrate to the rest of the world that yes, people of good will can come together and find a way to live sustainably on the land.

I call this commitment to working with people to maintain and restore the health of the land, collaborative stewardship. Collaborative stewardship rests on one very basic premise: we simply cannot meet the needs of people, if we do not first secure the health of the land.

To get a better sense for how people feel the Forest Service should pursue collaborative partnerships, I have recently talked with many in the Administration, members of Congress and their staff, former Forest Service Chiefs, employees, retirees, and conservation and industry leaders. In all of my conversations, three themes are repeated: people, knowledge and land. It strikes me that that's what the Forest Service is all about—using knowledge to conserve and restore the health of the land for the benefit of the nation's people.

I'd like to share with you some examples of how the Forest Service is meeting the needs of people through better land management decisions and more effective use of knowledge. For instance:

—In Washington, the Pacific Northwest Region of the Forest Service is aggressively pursuing the reduction of fuels from the national forests. Not only does this improve resource protection against catastrophic wildfires, but it improves ecosystem health as well. In addition, implementing the Northwest Economic Adjustment Initiative through close cooperation with state and local governments is helping many of this region's timber-dependent communities move towards more diverse and sustainable economies.

—In partnership with the Alaska Department of Community and Regional Affairs, rural development grants of $319,000 to 21 communities were awarded focusing on enhancing the overall quality of life in rural areas primarily through natural resource based solutions. In addition, economic recovery program funds targeted grants to nine communities dealing with the acute problems associated with federal or private sector land management decisions and policies to complete projects identified in their community action plans. In addition, Research has prioritized its efforts in the Northwest to address two major issues of concern in Alaska: (1) how to produce wood consistent with sustaining ecosystems and producing multiple values; and (2) how to address the spruce beetle infestation on over one million acres.

—The National Forests in Mississippi during 1995 experienced one the worst southern pine beetle outbreaks on record. A cooperative effort led to an incident command system to battle this outbreak as if they were fighting a major forest fire. This innovative approach worked well and helped minimize the impact of the beetle outbreak. It has been effectively used during the resulting salvage sales program in 1996.

—In New Mexico, the Cibola National Forest began charging parking fees along the Sandia Crest Scenic Byway as part of the recreation fee demonstration program authorized by Congress in August 1996. Monies collected are being used to provide safe and clean picnic grounds and trailheads along the Scenic Byway.

Since implementation, vandalism has dropped dramatically. Cooperators in this venture include the New Mexico State Highway Department, East Mountain Chamber of Commerce, the Turquoise Trail Association, and Tinkertown Museum. In addition, efforts on the Gila National Forest to develop improved relationships with Catron County have resulted in a Memorandum of Understanding to clarify roles and improve communications. The Lincoln National Forest and the Cloudcroft Municipal School Board, Otero County have worked out a land exchange using public lands to meet the growing needs for classroom and faculty expansion.

—In Montana, the development of the Lincoln County Log Yard with Forest Service Economic Action Program support to unload, sort, scale and forward short logs will expand the raw material supplies, enhance business opportunities for small business owners and create incentives for implementing forest health management practices.

—In Utah, the multiple uses of public lands can be clearly seen. Preparations continue for the 2002 Olympics. The Natural Resource Coordinating Committee will steer the State's government agencies in a coordinated support role for the Salt Lake Organizing Committee. This partnership will allow the world to see the value of public lands and environmental stewardship with nearly all the venues on National Forest System lands. Many partners, contributing nearly three times what the Forest Service is contributing are working to improve stream and wildlife habitat and do fish and wildlife population surveys. Coal production in the State is contributing nearly $35 million in bonus bids and royalties to the federal government during a three-year period.

—In New Hampshire, the acquisition of Bretton Woods at the base of Mt. Washington on the White Mountains National Forest will secure this land for public use of its outstanding vistas, provide protection of 2 miles of Ammonoosuc River frontage, and provide access to Upper Falls.

—In Colorado, the Boulder Community Volunteers have won the Chief's National Volunteer's Award four times. These volunteers are a shining example of how local people can come together to join in with the Forest Service to achieve the goals of caring for the land and serving people. Elsewhere in Colorado, we are working with Dow Chemical and the counties to develop alternative methods of controlling noxious weeds.

—In West Virginia, the gypsy moth pest management efforts and watershed projects in Morgantown and the timber and watershed efforts in Parsons are successfully integrating research, with the cooperative programs in forest health, to the management of the national forests for use not only in West Virginia, but across much of the Appalachians.

—In Vermont, the acquisition of 2,800 acres of the Chittenden Reservoir property was completed. This tract of land will serve as a valuable addition to the public's lands and the National Forest System.

—In Arkansas, the epidemic of southern pine beetle infestation and storm damage on the Ouachita National Forest led to a successful timber salvage and fuel treatment program contributing to the goals of protecting ecosystems.

—In South Carolina, the Sewee Visitor and Environmental Education Center was opened in 1996. This project is a visitor and environmental education center for the interpretation of the Cape Romaine National Wildlife Refuge and the Francis Marion NF. This is a cooperative project between the U.S. Fish and Wildlife Service, Cape Romaine National Wildlife Refuge, and the U.S. Forest Service.

—Elsewhere in South Carolina, the Savannah River Forest Station sponsors two innovative and unique education programs serving under-represented, minorities through collaboration with local, state, and federal partners. The education programs focus on improving science, math and engineering education through hands-on activities for students in grades 3–12 and also serves science and engineering college undergraduates and faculty.

—In Nevada, partnerships are accomplishing improvements to fish and wildlife habitat and conducting population surveys and monitoring of plant and animal populations. At Walker Lake, partnerships are doing important research and monitoring, including inventories, and studies of riparian and range processes and functions.

—In North Dakota, an average of 6,800 acres each year are added to the nonindustrial private forest land base which is managed under the guidance of professionally developed Forest Stewardship Management Plans. These plans are designed to accomplish the specific objectives of individual private landowners such as windbreak planting and renovation, forest products utilization, and wildlife habitat improvements.

—After wildfires in southern California were successfully suppressed, a Burned Area Emergency Rehabilitation team initiated watershed rehabilitation measures. These measures, involving many federal, state, and local agencies and the California Native Plant Society, were put in place prior to the first damaging storm of the season reducing the potential for additional loss and damages. Rehabilitation efforts included the protection of threatened and endangered species habitat, hydroelectric power, heritage resource sites, and flood control and water supplies. The rest of my testimony outlines the key funding priorities for fiscal year 1998 and re-emphasizes many of the points the Under Secretary has already made.

ACCOUNTABILITY

Our first priority is to the land and the people who use and care for it. Our responsibility is to deliver the goods, services, and values for which public lands are cherished. To deliver healthy lands and waters. To deliver a sustainable supply of timber and forage. To deliver environmentally benign energy and minerals development. To deliver better hunting and fishing. To deliver quality recreation experiences, and to do all of the above through an efficient, and accountable organization.

Every forest supervisor, on every forest, must be held accountable for conserving and restoring the health of the land. Clearly, we must deliver sustainable supplies of wood fiber for American homes; forage for livestock; and minerals and energy that help support healthy economies. But as I said earlier, the health of the land must be our first priority. Failing this nothing else we do really matters.

THE FISCAL YEAR 1998 PRESIDENT'S BUDGET

This year's budget proposal reflects the Forest Service's priorities and programs within the agency's mission "Caring for the land and serving people". It focuses on implementing the Forest Service's strategic long term goals:

—Restore and Protect Ecosystems.

—Provide Multiple Benefits within the capabilities of ecosystems.

—Ensure Organizational Effectiveness.

Within this framework, in fiscal year 1998 we will make a major effort to improve financial and ecological accountability. Three significant initiatives—the road building program, fire fighting funding and the salvage fund—illustrate this.

Many people question the logic in trading roads for National Forest trees, especially given the current expansive network of roads on the National Forest System and the cost of maintaining many of these roads once they are built. The time has come to address our transportation needs in a different way. Our Budget proposes to discontinue the use of Purchaser Credit which will make the road a direct cost of the timber sale. Bid prices for timber sales are expected to decline commensurably. Forest Service engineers will continue to work with private contractors to ensure Forest Service roads meet our standards.

Funding mechanisms for our fire programs need to change. Discretionary spending levels cannot accommodate the escalating costs of fire suppression, which have increasingly been met through emergency spending outside the budget caps. We have proposed two main changes: First, we want to ensure that funds to fight fire are available to our fire fighters when wildfires begin. The fiscal year 1998 President's Budget proposes a government-wide contingency fund to cover various disasters including emergency firefighting. Second, we want to better ensure that we capitalize on opportunities to use management techniques that reduce catastrophic wildfires. Under our proposal, between $30 and $50 million is recommended for hazardous fuels reduction—a 25- to 100-percent increase over 1997. The cost of reducing much of the fuels buildup before a wildfire occurs, pales when measured against the costs of putting out intense, fuel-driven wildfires. These are two significant improvements that address our financial and ecosystem needs, and I hope you will support us in this effort, as you have in the past.

We are proposing a change in the current salvage sale fund so that funding we receive more closely reflects the type of work that we are doing in the field. Active management is necessary to restore ecosystem health.

Our budget proposal retains the existing Salvage Sale fund account and its primary function—funding the removal of dead or dying timber on National Forest System lands. A separate, distinct account is proposed to fund ecosystem health and restoration projects. This fund would be called the "Forest Ecosystem Restoration and Maintenance" fund—or FERM. This is an important first step to provide funding for necessary watershed restoration work that is not directly tied to the timber receipts of each separate forest. I hope you can agree with our motivations and objectives. We must accelerate the restoration of our publicly owned lands and waters.

This new fund draws from several existing sources and would begin fiscal year 1998 with 121 million dollars for restoration efforts. We must use all of the tools we have available to accelerate the restoration of our nation's forests—thinning, increased use of prescribed burns, mechanical treatments, and so on. These restoration efforts are investments—investments that will, for example, diminish the risk of catastrophic fire along the urban wildland interface. The cost of not making these investments grows exponentially every year.

There are also two more emphasis items within the President's fiscal year 1998 Budget:

The President's Forest Plan for the Pacific Northwest:

Continuing to implement provisions of the President's Plan is a priority in fiscal year 1998. The budget includes $107.4 million to carry out critical work for watershed protection, monitoring, timber harvest, adaptive management and development of rural communities' long-term economic strength.

HAZARDOUS WASTE

Funding for the fiscal year 1998 Forest Service hazardous waste work is provided within the USDA central fund for this purpose. For fiscal year 1998 $14.25 million is identified for the Forest Service. Efforts will be targeted on cleaning up hazardous waste sites identified on national forest lands, especially identifying responsible parties under CERCLA so that they, not the taxpayers, pay the cost of cleanups.

ADDITIONAL APPROPRIATIONS HIGHLIGHTS

This year's budget reflects continuation of our research program at last year's level. Science is critical to our program as a nation. As I said before, we are about knowledge and our research program produces much of the knowledge necessary to address contemporary issues. We will continue to adjust our efforts to meet changing and emerging national and regional issues and maintain a broad based scientific capability.

Our overall State and Private Forestry program is also at last year's level. However we are proposing to place a greater emphasis on our Stewardship Incentive Program (+$5.7 million). In addition, State and Private Forestry, the National Forest System, and Forest and Rangeland Research would jointly expand the scope of forest health monitoring to cover 60 percent of the forest land in the lower 48 States. This program is built on a strong partnership among the Forest Service, the National Association of State Foresters, and the Bureau of Land Management. The program includes all forest ownerships; Federal, State, and private.

Under the National Forest System appropriation, we are requesting an increase of $50 million. This increase is targeted for Recreation Use, Wildlife and Fish Management, Rangeland Management, Forestland Management and our Soil, Water and Air Program.

Our efforts in the Reconstruction and Construction area will be targeted at extensive reconstruction needs with emphasis on health and safety items such as contaminated water systems.

CONCLUSION

Finally, I believe the Forest Service mission—caring for the land and serving people—is more important than ever. Within the overall plan to balance the nation's budget by the year 2002, these proposals will help us to meet our highest priorities and ever increasing public demands.

That concludes my testimony, Mr. Chairman. I would be happy to answer any questions you or members of the Subcommittee may have.

ORGANIZATION CHANGES

Senator GORTON. I would like to begin by discussing the direction the Forest Service seems to be oriented toward in the near future.

It is apparent, Mr. Dombeck, based on recent changes at the top of your organization, that you have plans for new direction. While official documentation might reflect otherwise, it seems pretty clear that you have removed three of your principal deputy chiefs. You filled two of these positions.

Now that Mr. Unger is leaving, and in concert with another vacant deputy chief, you will still have three vacancies at the top of the organization to fill.

Many comments, including those of former Associate Chief George Leonard, point to the fact that you are purging the organization of resource professionals who have performed their jobs based on sound stewardship principles, but otherwise would not do the administration's bidding.

In addition, you brought with you into the chief's position several assistants with little if any Forest Service experience. Would you tell me why you let three deputy chiefs go?

Mr. DOMBECK. Well, first of all, let me say that they selected to do what they did, as it was their choice. I did not ask them to leave. I offered them options and did not suggest retirement.

Part of the function and intent of the Senior Executive Service is to provide flexibility in leadership jobs. I believe that as a new chief, I should have the option to select my team.

I want to assure you the people that have been selected, for example, the incoming Deputy Chief for Research, Robert Lewis, is a long-time employee of the Forest Service, a senior executive with impeccable credentials, highly regarded by, I believe, the people that have criticized me for the actions.

Likewise, Bob Joslin, who is coming in as Deputy Chief for National Forest System, is a long-time Forest Service employee, highly respected across the board by the timber industry, as well as the conservation community. I have received many, many compliments from both employees and retirees for those selections.

I want to assure you that other selections will be made in that vein of resource professionals. I hardly think that 3 changes out of 35,000 is a purge. From the standpoint of the employees that I brought with me, again, three people.

One is a secretary at a GS–11 level. Another one is a policy analyst at a GS–12 level. And another one is currently a special assistant, GS–15 level.

I would be happy to elaborate on any other questions that you have concerning all this.

ORGANIZATION CHANGES

Senator GORTON. I gather by implication from that answer that we can look for significant additional personnel changes.

Mr. DOMBECK. Obviously, as Dave Unger, who elected to retire effective July 3, the demographics of the agency are such that, like a lot of agencies, many, many of the senior executives are of retirement age and of course have the option to do as they wish.

And from the standpoint of my intent, I do not believe you will see massive changes as maybe some of the folks may have been concerned with.

Senator GORTON. You have spoken about the experience at least of some of your new people. Can you tell me whether or not these new people will be committed to the multiple use concepts that have been the historic basis of the Forest Service organization?

Mr. DOMBECK. Yes; very much so. In fact, I would like to—since I have discussed it with some of the staff—and the concern, as I understand it, may be with Francis Pandolfi.

Let me say that the role Francis will play has to do with the finance and the numbers business of the agency. He has an MBA from Harvard, is an executive that has run a couple of major corporations.

As you know, the area of finance is one of the areas where we have some challenges. This is the reason for bringing in this high level of expertise. He has not been brought to the agency to make natural resource policy decisions but to deal with the business side of the organization.

Senator GORTON. Thank you for those answers. And once again, I apologize for being requested elsewhere at 9:30. Senator Burns has agreed to take over in my absence. I am sure I will be back before we are finished. But thank you for this beginning.

And, Senator Burns, for the time being, it is all yours and Senator Stevens.

Senator BURNS [presiding]. Before I get into my questioning—and thank you, Mr. Chairman. And I look forward to seeing you in 30 minutes.

And I will—Senator Stevens has joined us this morning, and we look forward to his—if he has a statement that he would like put in the record, or would you like to start off with some questions? We will just start with you, because I know you are a busy man.

Senator STEVENS. No; I am going to stay until 10:30. You go ahead.

Senator BURNS. You are going to stay until 10:30? That is pretty dangerous right there. You guys are in big trouble. [Laughter.]

And he is in a good mood, so that sort of gets hard, too. [Laughter.]

RECREATION

Let us talk a little bit, Mike, about—I hear the statement of the Assistant Secretary, and we have changing times. You know, I will have to be right honest with you, I do not hear that.

Maybe you hear it here, but you get out on the ground, if you get outside and get on the ground and people who really count, I think we are still in the resource management business.

And recreation kind of comes second, because I do not see any increase in numbers of people crawling around in the forests out there.

No. 1, I see a lot of rich people buying accesses to forests, so they cannot get through one ranch to get to another backing up to those things. And I am concerned about that.

But let us put recreation as it should be with resource management. Tell me about the dollars that are derived from the resources that are found, the timber, mining, grazing, as compared to what your recreation dollars are.

Mr. DOMBECK. Let me—first of all, I think the statement I made that you may be referring to is that the way I intend to look at the National Forest System is that one resource is not dominant over another. As Jim mentioned, the importance of maintaining water flows, timber programs, mining, forage, grazing, recreation and those sort of things.

Some of the data associated with recreation use that I have here—and I can look at Montana, for example, where we had 8.8

million recreation visitor days in 1986, and in 1996 it was 13 million, 13.4 million.

So the increases in demand, in some States has doubled. Alaska, for example, it went from 3.5 million in 1986 to 6.9 million in 1996. We are not suggesting that the other resources are less important.

Many of the—if you look at, for example, the national forests of California and the tremendous, tremendous pressures people from the Los Angeles basin place on the Cleveland National Forest, and the San Bernandino National Forest.

The workloads there are just absolutely tremendous. The trash that we have to pick up, the inflow of immigrants coming through there, the hazard of fire and the tremendous workload associated with it.

It is important that we manage this recreation to prevent resource degradation, whether it is cultural resources, water, or streams, all those kinds of things. So those are some of the numbers associated with the increased demand.

From the standpoint of overall programs, the receipts from timber were about $500 million, from recreation about $48 million.

However, the contributions of recreation and tourism to local economies, of course, are significant. A lot of communities in Montana that I have been to, as well as the area where I grew up, have people wanting to spend time in open space. The number of people that move to areas because of the open spaces and the opportunities to hunt and fish and do all the things that people like to do in the country is very, very important.

We can provide you with any breakdown of numbers, and we will do that for the record that you wish.

From the standpoint of allocations to programs, what we are requesting for in the timber program in 1998 is about $210 million.

And what is it for recreation?

That is receipts. Excuse me. Do you have the request?

FOREST MANAGEMENT

Mr. LYONS. If I could, Mr. Chairman, let me just make one point, because I want to make sure that my comments were not misunderstood. I do not mean to imply, and certainly I am not asserting, that we have to manage for one resource or one use over another. And as you know, using multiple use is a philosophy that underpins everything we do.

We can manage for recreation and produce timber. We can manage for water quality and continue to have high quality forest production and grazing. We have to manage for it all.

I think more and more what we see is that management is critical to ensuring we have good range lands, good water quality, and good wildlife habitat. As the forests, particularly in the intermountain west, are at risk of damage from insect and disease, forest health and ecosystem health need to be improved.

I do not want to imply that these things are mutually exclusive. In fact, I think more and more we demonstrate that we need to recognize these things in concert and manage them in totality, and not one resource against the other.

Mr. DOMBECK. The request for 1998 for recreation is $216 million, and for timber it is $269 million. And I have any other combinations of breakdowns that you would like.

FIRE AND FOREST HEALTH

Senator BURNS. Mr. Babbitt has suggested he wants to burn some forest land for forest health, around 3.5 million acres. How does that figure in with your plans over in the Forest Service?

Mr. DOMBECK. Well, in the National Forest System we have 39 million acres, we estimate, in high-risk or catastrophic stand.

I think what we are proposing is the flexibility to do between 800,000 and 1.3 million acres. We would like to be able to do about 3 million acres per year to sort of get ahead of—start catching up with this.

But I also want to point out that some of the reasons for the condition of the forests, in a sense part of it is that we have of course put out every fire for a lot of years.

Some of it is also the fact we have not practiced the silviculture we need to practice and that we know how to do. Part of the problem is the social environment is such that it makes it very, very difficult. The forest health issue is not necessarily a technical issue.

I was on the Deschutes National Forest about 1 month ago, and the Deschutes has received real high marks for its success in implementing timber programs and other things.

What the people of that part of the State are telling the forest employees there, as they tell it to me, is what they want is the forest to look like forests. You know, they do not want to see a mountainside of bug-killed trees.

They do not want to see a mountainside that is black from a catastrophic fire. And they do not want to see a mountainside that is clearcut.

We have not been doing large clearcuts for a long time. Within that window there are tremendous opportunities to deal with some of the problems. For example, I might show you some pictures of a situation that is very common throughout the West. This happens to be in northern California. I think you have these photos in your packet.

THINNING PROGRAM

This is—here is about 1,500 trees per acre. You can see the—the other thing I might point out is we have fir that has grown up in what were traditionally pine stands. And, of course, the economic value of the fir is much lower.

So what do we do in a situation like that to get in and fix it? Well, the first thing they did was a thinning. And in the thinning program, they removed approximately 2 million to 3 million board feet per acre, along with about 35 to 40 tons per acre of nonmerchantable material, and left about 100 trees per acre in that stand.

Now 8 years later, that same stand would look like that. And now it is ready to do a prescribed fire, because the fuel ladders have been reduced enough. The fuel ladders that would carry the

fires all the way up to the tree tops and kill the entire trees are gone.

What I am advocating is that we have to use all the tools at our disposal and continue to look for more tools as we deal with this forest health challenge. Those tools include everything from timber sales, to perhaps grazing, to thinnings, to sometimes mowing, to whatever works.

The choice of tools is not for Washington to dictate. That is for our resource professionals in the field to determine, what are the best mechanisms to deal with this issue, because the issue of fire is going to keep on coming up.

One point I would like to make, I think is very important, is a lot of these areas do not have the timber values on the land to pay for the cost of the work that is needed. So what do we do?

In essence, just like a farmer might or a rancher, sometimes you have to make investments in land. And from the standpoint of the timber harvest rotation period, the harvest cycle may be 80 years, a generation or two ahead of us.

But it is important that we go ahead and do the thinnings, provide the appropriate recreation facilities, and use all the tools to get on top of this forest health issue, because it is a significant problem.

I know it is expensive, but it is interesting that we can come up with $900 million a year to fight wild land fire, but—so how can we begin to shift some of that cost into preventive measures that, you know, provide local jobs and other things, rather than just simply responding year after year to this massive fire situation that is continually getting worse and worse?

Senator BURNS. Senator Stevens.

Senator STEVENS. I think Senator Cochran has to go before I do.

Senator COCHRAN. No; and I just got here.

Senator STEVENS. Are you all right?

Senator BURNS. Or I can go to Senator Reid.

Senator STEVENS. No; that is fine. I am happy. I just thought he had a committee meeting.

Senator COCHRAN. I do, but it has been moved to 10:30 a.m.

FOREST SERVICE ORGANIZATION

Senator STEVENS. Mr. Lyons, as you know, I have reached the conclusion that the Forest Service is no longer a Forest Service; it is a recreation and public service and should be combined with the Park Service and the Fish and Wildlife Service.

We should eliminate the redundant management of these three entities because of the administration's position that they are primarily recreation.

I state that coming out. As you know, that is my feeling, and I am going to pursue that. But beyond that, what did you think when Mr. Dombeck removed—by the way, Mr. Dombeck, it is not 3 out of 35,000; it is 3 out of 5, you removed 3 of 5 of the professional Deputy Chiefs.

Now was that done with your approval or at your direction at all, Mr. Lyons?

Mr. LYONS. No, sir; Mr. Stevens.

Senator STEVENS. Is there any memoranda between you and Mr. Dombeck over what his job would be when he took over the administration of the Forest Service? Did you give him a memo of directions?

Mr. LYONS. No, sir.

Senator STEVENS. Did you personally interview him and give him directions?

Mr. LYONS. No; I certainly talked to Mike before I introduced him to the secretary, but no, I do not—we did not discuss any agenda.

Senator STEVENS. I am just asking if, at the Assistant Secretary level or the Secretary level, Mr. Dombeck was directed to do what he did.

Mr. LYONS. No, sir.

Senator STEVENS. Mr. Dombeck, you said you offered options to the directors. I remember when the Kennedy administration came in and they offered the option to several people to be moved across the country in 30 days or quit. What were the options that you gave to these three?

Mr. DOMBECK. I elected to—we probably have about how many Senior Executive Service [SES] slots in the agency?

Senator STEVENS. That is not what I asked you. What were the options you gave these people?

Mr. DOMBECK. I offered them the choice of coming to me with where they—what they would like to do. For example, in the case of Mark Reimers, Mark thought about it and came back and is now working as a volunteer in the area of international forestry.

That is the area he was most interested in, and was his decision because he felt that with the many, many years that he had in, that there really——

Senator STEVENS. That is one. You had a State and private. Which one—you have State and private, research, National Forest System, administration and programs and legislation. What are the three you gave the options to?

Mr. DOMBECK. National Forest System, research, programs, and legislation.

Senator STEVENS. The three that are primarily involved with Forest Service practices, right? What was the option you gave the research? Who was it, by the way, that you asked to leave?

Mr. DOMBECK. Well, first of all, let me say no one was asked to leave.

Senator STEVENS. Well, you were going to remove them from their position, were you not?

You gave them the options to take other jobs, but you did not say, "You can keep your job, if you wish" did you?

Mr. DOMBECK. That is correct. Part of the——

Senator STEVENS. All right. So you asked them to leave their jobs, the jobs that they had when you came on board.

Mr. DOMBECK. Yes; that is right.

Senator STEVENS. Now, what was the job you offered the research director?

Mr. DOMBECK. The research director is currently working on——

Senator STEVENS. I did not ask you that, Mr. Dombeck. What did you offer him?

Mr. DOMBECK. I offered them the—I asked them to come back and tell me, what would work best for them. What they would be interested in doing, how they feel they could contribute the most and what would work with their personal situations.

And they—of course, they know the options of the agency as well or better than I did. In the case——

Senator STEVENS. Well, who appointed them? Who moved them in the Research—who moved the Research Deputy Chief into that position?

Mr. DOMBECK. I assume that it probably would have been Chief Robertson that was in that——

Senator STEVENS. And who was the National Forest System Deputy Chief?

Mr. DOMBECK. Gray Reynolds; that would have likely been Jack Ward Thomas.

Senator STEVENS. Where did—you say the people that came in were long-term forest employees. Any of them foresters?

Mr. DOMBECK. The Deputy Chief for National Forest Systems, Bob Joslin, is a—has broad experience across the agency. I believe his degree is in—he is classified as a forester. I believe his degree is in forestry. And as I——

Senator STEVENS. Where was he before you brought him into that position?

Mr. DOMBECK. He was a Regional Forester in Atlanta. Prior to that he was Assistant Director of—Deputy Regional Forester in the intermountain region. Was he not a Deputy Director of timber management?

He has very broad support across the board from both the timber industry, the employees, and the conservation community.

TONGASS TIMBER

Senator STEVENS. All right. Let me go to you, Mr. Lyons. As you know, my State used to have a very vibrant timber industry.

It had two pulp mills and I think at the time the administration came in eight timber mills. To my knowledge, none of them are running now.

We had a 1947 Tongass Timber Act, and then we had a Tongass Timber Reform Act of 1991. Under that Tongass Timber Reform Act we have made available, Congress made available—and I might add I do not think the administration requested the money—$30 million to prepare a Tongass timber reform plan, or TLMP.

Where is that plan?

Mr. LYONS. Senator Stevens, as I believe you are aware from some meetings we have had with you and Chairman Murkowski——

Senator STEVENS. I am aware of it, but I want you to state it on the record.

Mr. LYONS. Yes; I just want to let you know that consistent with the conversation we have had previously that we are committed to completing this draft TLMP plan and getting it out by June 20.

Senator STEVENS. The administration came into office in 1993. TLMP was completed and ready for final approval. And the administration directed the then Regional Forester to disapprove it. And we can prove that.

You actually asked him to prepare two opinions and finally told him to sign one. And he resigned after he did what he was told, a Mr. Barton.

All right. Now, it was finished in 1993. This is 1997. When will it be finished now under this administration's plan?

Mr. LYONS. Well, we will issue the draft here early this summer. Then we will go through a comment period and hopefully wrap it up soon afterward.

Senator STEVENS. And what will be the timber supply under that plan?

Mr. LYONS. I do not know, sir.

Senator STEVENS. Is it not in final draft now?

Mr. LYONS. But I do not know what the actual numbers are. They are in the process of completing their analysis now, and that is a decision for Regional Forester Janik to ultimately make.

Let me correct my statement, Mr. Stevens. I want to be clear that—actually, this is the final rod. So when this goes out, we will have to deal with an appeal process, which I am sure we are going to hear a lot of in potential litigation. So I do not mean to imply this is another draft. This is the plan.

Senator STEVENS. How much have you spent on plans in other forests? Have you spent $30 million on any other forest?

Mr. LYONS. I hope not. I do not know what our total expenditures have been for forest planning.

Senator STEVENS. Well, would you give me for the record a listing of the plans you have prepared and how much they have cost?

Mr. LYONS. Yes, sir; we can provide that.

[The information follows:]

LAND MANAGEMENT PLANS

The Records of Decision for the Land and Resource Management Plan (LRMP) revisions have been published for the following five National Forests:

—Black Hills (South Dakota, 3/97).
—Rio Grande (Colorado, 12/96).
—Targhee (Idaho, 4/97).
—Francis Marion (South Carolina, 3/96).
—National Forests in Texas (3/96)

The Record of Decision for the Tongass National Forest in Alaska is expected within the next month.

LRMP revisions are actively underway in more than a dozen other forests which have already published a related Notice of Intent in the Federal Register.

The costs of LRMP revisions is only now becoming possible to estimate based on these initial experiences. As you have indicated, the cost for the Tongass revision was very high and we consider this to be atypical. Based on figures provided by the Regional Planning Directors for those other five revisions noted above, we calculate that LRMP revisions will each take an average of $500,000 per year for four years, or an average of $2 million per plan.

TONGASS TIMBER

Senator STEVENS. The Tongass Timber Reform Act requires that the plan be prepared to provide timber to meet market demand. Do you know what the market demand is now?

Mr. LYONS. No, I do not know precisely what it is. It is certainly part of the analysis that is being done as part of this TLMP process.

Senator STEVENS. Well, since you have closed essentially all the facilities, where is the demand going to come from now?

Mr. LYONS. Well, I assume that the demand will come from remaining independent operators and the potential for mills to come back on line as there is a clear understanding of what the timber supply will be from the Tongass and surrounding areas.

Senator STEVENS. In the 6 years that we have been dealing with this plan—it is really 5, I guess, with your stewardship—the Forest Service has never met its own timber program target. Can you tell me why?

Mr. LYONS. I think one of the issues we have had to deal with in the Southeast, as you know, Senator, have been challenges to particular sales.

We had a challenge, in a particular large number of sales, the CPOW sales, which were originally offered to Ketchican. And that certainly has caused significant delay.

One of the things we hope to accomplish by completing the land management plan is to provide a sound, scientific basis and legal framework for fending off challenges to future timber sales that are prepared under the plan.

Senator STEVENS. The Tongass is still divided into two separate forests for management, right?

Mr. LYONS. The Tongass actually has three areas that are administered. Is that right?

Senator STEVENS. That was back in the days when we were dealing with three separate portions of the industry that was purchasing timber. Why does it still have three separate managements when there is really no timber produced for sale now?

Mr. LYONS. I really cannot speak to the management structure up there, Senator, but I certainly could—if Mike wants to address that, perhaps he could, or we could ask Phil Janik to follow up.

Senator STEVENS. Well, I would like to have a statement for the record, what is your plans for consolidation of management in view of the fact that there are no timber operations going on any longer.

Mr. LYONS. I would be glad to address that.

[The information follows:]

CONSOLIDATION OF TONGASS NATIONAL FOREST MANAGEMENT

Timber operations, although at a reduced level due to recent mill closures, are occurring under the independent sale program and under the terms of the KPC settlement agreement. In addition, the program of work in the region in all resource areas is such that we need to continue the management structure currently in place (3 administrative units on the Tongass NF). The workload associated with the burgeoning tourism industry is proving to be large, for example.

PERFORMANCE AWARDS

Senator STEVENS. Now, in your report—by the way, you have just given out a series of performance awards in the Forest Service. How many of them actually were foresters? Would you put that in the record, please?

Mr. LYONS. Yes, sir; maybe we could just get some clarification on what those awards are. Chief Dombeck just handed out the chiefs' awards last week. And then, of course, we hand out spot awards from time to time for outstanding performance.

So maybe we will just try and put it altogether for you and provide that information.

[The information follows:]

PERFORMANCE AWARDS

Foresters and forestry technicians received a slightly smaller percentage of performance awards in comparison with the entire Forest Service workforce. In fiscal year 1996, 66 percent of total FS permanent employees received a performance award, while in the same period, 61 percent of foresters and forester technicians received a performance award. This includes all types of awards, including spot, time off, extra effort, bonus, quality step increase, and gain share.

The following table shows the total number of awards and the number of awards to foresters/forestry technicians for fiscal year 1996:

NUMBER OF AWARDS TO FORESTERS/FORESTRY TECHNICIANS FOR FISCAL YEAR 1996

| | Permanent employment | Number awards | Percent |
|---|---|---|---|
| Total permanent workforce | 29,705 | 19,709 | 66 |
| Forester/forestry technicians [1] | 10,234 | 6,233 | 61 |

[1] Includes all permanent employees in the GS–460 and GS–462 Office of Personnel Management occupational series. These are included in the total permanent employees.

Additionally, the Chief's Honor Awards presentation was held on April 10, 1997, to recognize team and individual accomplishments during fiscal year 1996 that were of national significance to the Forest Service. Awards were presented in the following categories:

—Stewardship Award: One group award.
—Technology Transfer: Two individual awards and one group award.
—Distinguished, Superior, and Early Career Scientists Awards: Four individual awards.
—Ecosystem Management: Two group awards.
—Multicultural Organization Awards: One group award and one individual award.
—International Forestry: One individual award.
—Labor-Management Partnership Award: One group award.
—Law Enforcement and Investigations: Two individual awards.
—Internal Communications: Nine group awards.
—Course to the Future: One individual award.

AWARDS

Senator STEVENS. I have had a complaint that since this administration has come into office that people involved in forestry do not get awards. But those who are involved in environmental, recreational, water service, and other things do.

If that is true, I think it just proves my point that you are no longer a forest service. You are managing the Federal lands under your control for other purposes, which if this administration is going to do that, we ought to recognize that. And we ought to adjust accordingly.

And I again say that we ought to have a recreation and public service entity managing the Park Service, Fish and Wildlife Service and the Forest Service, and save all this money that we are spending for people to cruise timber and do all the studies of timber and then not sell it. As a consequence, I think we are just spending a lot of money.

I want to go back to those pictures, Mr. Dombeck. I am going to get back to you in a minute here.

If any of you have timeframes, let me know because I have adjusted my timeframes. I do not have any timeframe that is going to interfere with this, this morning.

Senator COCHRAN. Well, can I interrupt and just ask a couple questions?

Senator STEVENS. Yes, sir.

Senator COCHRAN. You were very kind, Mr. Chairman, to offer to permit me to go ahead and ask a few questions awhile ago. I appreciate that very much.

Let me just for the record officially welcome Mike Dombeck and congratulate him on his selection as chief. This is the first hearing where I have had an opportunity to claim some credit for his education.

He served in my office as a legislative fellow back in the mid-eighties, and I came to respect him and appreciate his intelligence and hard work and good judgment. He has turned out to be, of course, the top career person in the Forest Service now and is so recognized by his selection as chief.

PURCHASER CREDITS

I wonder what your reaction is to the budget provision that has been brought to my attention with respect to the elimination of the purchaser credits. I am told that the budget submitted by the President proposes to eliminate these credits and its system for road construction on national forest lands.

I am told by those in my State who are familiar with the practical consequences of this that this will either eliminate the 25-percent funds to many county governments and school districts because those amounts are paid based on gross receipts from the sale of timber.

And if the purchasers are required to pay for the road construction and do the road construction out of their own pocket with no credits for the expense, that is going to eliminate some sales and drastically reduce sales in other forests.

Has there been any assessment made as to what the actual reduction in timber sales would be in States such as Mississippi as a result of this change?

Mr. LYONS. If I could, Senator Cochran, I think I will address that one.

Senator COCHRAN. Sure.

Mr. LYONS. The administration had proposed in the 1998 budget the elimination of purchaser credits, which are basically credits that timber operators get for road construction.

As an alternative, what we proposed was that timber purchasers build in to their bids for particular timber sales an estimate of the costs of road construction. And we assumed that would then, of course impact total bids, would reduce revenue to the treasury by some degree. It certainly does affect the 25-percent payments.

Senator COCHRAN. Do you intend to do this by administrative decision, or are you suggesting that legislation be passed to authorize this elimination of that credit? What does the budget actually suggest?

Mr. LYONS. I believe we have the authority to do so, although there is a proviso I would add, and that is to address the concern that you raised that some small operators, particularly small businesses, may find themselves in a position where they do not have the capital to invest in road construction up front.

We would look to change the authority we have under the purchaser credits to expand the purchaser elect program. That is

where a purchaser would come to the Forest Service and basically say: I cannot afford to build the road; you build the road for me. And then I would like to be able to purchase the timber.

That, we would require additional authority to address.

Senator COCHRAN. OK. Let me ask you this: Would you put in the record for us so we will know what we are talking about in terms of practical results of this change what the change will be, if any, in the amount of timber harvested and sold or the price impact that it will have on the cost of timber to ultimate consumers and users, like any additional housing costs and the like?

Could you do that analysis for us, or have you already done it? Maybe you have already done it.

Mr. LYONS. I do not know that there would be the latter impact that you are concerned about, Senator, but we will certainly prepare that analysis and provide you the information.

[The information follows:]

ANALYSIS OF EFFECTS OF ELIMINATION OF PURCHASER ROAD CREDITS

The fiscal year 1998 Budget proposes to discontinue timber purchaser credits as one means of providing for road reconstruction and construction required in support of planned timber sales. These are roads planned as part of the permanent transportation system.

Timber purchasers would be required to reconstruct and construct roads as a direct cost similar to other purchaser costs associated with the sale, such as felling, removing, and hauling the timber from the sale areas. Construction and subsequent obliteration of temporary roads are currently, and will continue to be, other direct sale costs to the purchaser.

The Road standards will not change from current requirements nor will the Forest Service engineering responsibilities to plan, locate, design, and supervise road construction or reconstruction change if purchaser credits are eliminated.

Elimination of purchaser credits may have some effect on the competition for timber sales, but will not affect the number of sales. Those prospective purchasers without the financial resources to carry the costs of road construction until they sell the timber may no longer be unable to bid competitively for the timber offered.

Consideration is on-going to determine under what conditions purchasers may still use the current purchaser elect program to have the Forest Service reconstruct or construct roads required by the timber sale. This would mitigate the impact on purchasers of eliminating purchaser credits.

The elimination of purchaser credits would not affect the amount of timber offered, sold, or harvested.

Bid prices for timber would be expected to decline as they reflect both the loss of purchaser credits and the possible additional costs to the purchasers of the costs to borrow funds to complete required road construction and reconstruction. Lower bids should cover these additional purchaser costs without resulting in the need to raise the prices for lumber and other products for the consumer.

National forest timber receipts would be expected to decline commensurate with the costs of the road construction and reconstruction that must be completed by the timber purchasers without purchaser credits.

In addition, any reduction in timber receipts would also reduce these payments. Because states and counties receive 25 percent of purchaser road credits as a portion of total timber receipts, elimination of these credits would reduce payments to states and counties by a like amount.

The Administration is concerned about the impact on payments to counties and is considering language which would provide that the costs of permanent roads would be counted as money received for the purposes of calculating payments to States.

TIMBER SALES LEVEL

Senator COCHRAN. OK. One other question on that subject is that I understand that in the budget you also propose that the timber sale level for the southern region, region 8, be reduced from 835 to

675 million board feet in fiscal year 1998. Is that a direct consequence of the change in the purchaser credits, or what drives that decision?

Mr. LYONS. No, sir; I would suggest it is a function of a couple things, and maybe Mike wants to comment on this, although he was not in a position to have a real hand in those original allocations.

I think one is simply trying to make the most efficient use of the timber dollars we had incorporated in the 1998 proposal and make sure that we had adequate investments in other regions of the country.

I think the other is there has been some concern that there is the potential for over cutting the Southeast, which is our most productive region. And we are trying to beef up our inventory and monitoring so as to assess what represents a sustainable supply.

I would not suggest that we are exceeding sustainable harvests in the Southeast at all yet, but in the long term this is an issue that we are addressing.

BEAVER MANAGEMENT

Senator COCHRAN. We have a couple of parochial problems. I am going to just submit questions on them, but one has to do with research. And another has to do with control of the beaver population in the national forests.

I do not know whether you realize this or not, but this is a problem because beavers are building dams and they are not controlled in the national forests. And what happens is the waters are flooding adjacent private landowners. And this is causing a big problem.

The private landowners expect the Forest Service to try to do something about this. Of course, private landowners cannot legally go onto the public lands and tear down a beaver dam or blow up a beaver dam or anything to relieve the flooding on their crop land. But this is a serious problem. I hope you will be able to look into that and tell us what you are going to do about it.

[The information follows:]

BEAVER CONTROL

We assume you are addressing the difficult problems we have had on the Delta National Forest in Mississippi. With funding you helped secure in fiscal year 1997, we have aggressively worked with the Animal Plant Health Inspection Service, Animal Damage Control (APHIS, ADC) and with local landowners to identify problem areas and treat them. In the last 19 months we have removed over 1,562 problem beaver and over 500 beaver dams on the Delta National Forest and adjacent areas. In August 1994 we have had over 14,000 acres flooded during the summer months on National Forests and adjacent private lands.

Today we have about 2,000 acres wholly within the Forest that we manage as summer flooded land. Through an agreement with APHIS, local Forest Service officers administer a contract with private trappers to attack problem areas on both National Forest lands and adjacent private drainages with permission of the landowners. If local landowners report a problem, our field people can generally respond within a few days. Most of this work has been done with a $74,000 appropriation this last year.

If funding had not been provided through APHIS, this work would not have been possible. The operation plan calls for 2 years of aggressive trapping and dam control, followed by 2 years of intermediate treatments, followed by annual low level maintenance. Funding for the second year is not included within the President's budget request for the Forest Service, and would logically be provided through APHIS as it was in fiscal year 1997.

Senator COCHRAN. Thank you very much.

Thank you, Mr. Chairman.

Senator BURNS. Senator Reid.

Senator REID. Chairman Stevens, you have awhile that you are going—I do not want to interfere with you.

Senator STEVENS. Senator, go ahead. I have just been told that I am going to have to leave at 10:30, but go ahead. I have time.

Senator REID. Well, I will just take 5 minutes.

Senator STEVENS. If it will relieve you, I will come back, Senator. [Laughter.]

TAHOE BASIN/FOREST HEALTH

Senator REID. Mr. Chairman, I have just a few questions. One of the concerns we have in Nevada is, of course, with the Tahoe basin. The President has agreed to come there this summer to hold a summit, have California and Nevada represented there, and look at that very distressed resource that we have.

Talking about forests generally, though, is the Forest Service changing the way they do business to improve forest health? And I assume this picture is an example of that, is that true?

Mr. DOMBECK. Yes; and I discussed that early. But just let me elaborate on a few points again. No. 1 is that I have been to the Tahoe basin many times and am well aware of the forest health problems there.

We estimate that we have about 39 million acres of high-risk or catastrophic fire. And as a result of long-term fire suppression and various management strategies over the years, we have situations where we have a very high density of trees now as compared to what was the natural situation.

We might have had 100 stems per acre of ponderosa pine, for example, and depending upon rainfall and other things, today we might have 1,500, 2,000, 3,000 stems per acre as that first photograph on top indicates. We have not only a higher density, but trees competing for moisture, for the nutrients that are there.

Because of the crowding, they are less vigorous, they are more susceptible to bug kill, to disease problems.

What we need to do is we need to get in there and use whatever tool we can from the standpoint of management. The tools go all across the board from prescribed fire to logging, to thinnings, to perhaps grazing, to a wide variety of things.

Part of the challenge we have is the social environment, the fact that—and again, I mentioned this earlier, that what people are telling us—and I assume that this is really true in Tahoe—that they want the forests to look like forests.

They do not want to see a hill, a mountainside that is bug killed. They do not want to see a mountainside that is black from a catastrophic fire, nor do they want to see a mountainside that is clearcut.

And what we—and we have these—we know what the silvicultural practices are needed to get in there and work on some of that stuff.

What we need to do is build our local support base, so we have the level of trust, and we do not end up in court and in litigation and shutdowns as we have to do the things we need to do.

Senator REID. To do the things that you have indicated you need to do, do you have the resources to do it, thinning and all the things you have mentioned?

Mr. DOMBECK. No.

Senator REID. So what are we——

Mr. DOMBECK. We are projecting that in 1998 we will be able to do 800,000 to 1.3 million acres using a variety of tools. And what we would like to do is be able to do at least 3 million acres a year to sort of catch up on the backlog.

And let me just give you a contrast to the expense. For example, some of the practices we can do for $10 to $15 per acre to maybe $100 per acre. When we deal with suppression in a catastrophic wildland fire, we can be talking anywhere from $1,000 to $4,000 an acre in cost of dealing with suppression.

So what I am—the point I want to get across is we need to get in there and manage this before the trees die. We need to have an environment where we are not dealing with these catastrophic fires, that we have the appropriate stand densities and make sure that we have a public awareness of the problems.

Senator REID. Do you see then, Dr. Dombeck, more fires coming with the management that obviously is not going to take place?

Mr. DOMBECK. Well, the trend of acres of severe fires has been increasing over the last couple of decades. In fact, I think fires of the 6 million-and-some acres that burned last season, most of that was on Bureau of Land Management lands just because we had high moisture levels in a lot of the forests.

And of course that—there was higher moisture levels in the forests, but also we had increased grass growth on some of the BLM lands.

Senator REID. So in answer to my question it is "yes," there will be more fires unless you get more management tools in there.

Mr. DOMBECK. Yes.

WATER QUALITY

Senator REID. What about water quality? We of course are concerned about that also in the Forest Service.

Mr. DOMBECK. Well, I think water quality is part of the key original mission of this agency, of sustaining favorable water flows.

But a lot of the things that we need to do in investing in watersheds, in addition to the vegetation management practices, is bringing roads up to standards, roads that may have been built decades ago.

For example, I think the roads money requested is for about 2,300 miles of roads. But of that, only 300 miles are new roads. The remaining 2,000 are upgrading and——

Senator REID. With the floods we had around the first of the year in northern Nevada this year, we believe a lot of that was because of the watershed problems that we had in the forests. And this is happening in other places in the country, is that not true?

Mr. DOMBECK. I think—you know, one of the most important things that we can do is practice the silviculture and the land management practices that will keep the topsoils on the land, keep the sediments out of the streams. And we know how to do most of those things.

RECREATION DEMAND

Senator REID. My last question—I really appreciate my friend from Alaska allowing me to take my time out of sequence. Since I have been here this morning at least, there has been a lot of talk about the cutting of trees, which I know is important. But in the areas in Nevada we are more concerned with recreational use of forests.

Is there anything that the Forest Service can do to meet the public recreation demands in the national forests, which are becoming more intense each day that goes by in Nevada?

Mr. DOMBECK. Well, recreation, as again I mentioned earlier, is one of the growth areas, based on the demographics. We have some 80 percent of the people in the United States living in large urban areas.

With the growth they are experiencing in Las Vegas and so on, we have had a—I see the 10-year change in Nevada has been from 2.1 million recreation visitor days in 1986 to 3.8 million in 1996.

So there has been tremendous growth in this area. And we——

Senator REID. And frankly during that period of time, we have done very little to help the forests as far as improving the recreational areas or even putting toilet facilities in some of those that are badly needed because of the almost doubling of use in less than 10 years.

Mr. DOMBECK. That is right. As a matter of fact, we have a significant backlog in maintenance of campgrounds, trails, and various facilities.

Senator REID. Many of the facilities in the area right outside Las Vegas were built during the depression by the CCC workers and have not been upgraded basically since then. And that is a significant problem for us.

Thank you, Mr. Chairman.

Senator BURNS. Senator Stevens.

Senator STEVENS. Thank you.

Senator Reid, I am certain that Nevada could manage those forests a lot better than they are being managed now for recreation, if that is what you want to do with them. And I would be happy to talk to you about that sometime.

I think we ought to look at finding a way we can have this recreation managed without the tremendous cost of playing like we are going to manage the forests, the national forests, for forest production.

Mr. Lyons, the Sierra Club's announced position by vote nationally was that there be no harvest of timber, commercial harvest of timber, from the national forest lands. You are aware of that, are you?

Mr. LYONS. Yes, sir.

Senator STEVENS. Are you a member of the Sierra Club?

Mr. LYONS. No, sir.

Senator STEVENS. Are you, Mr. Dombeck?

Mr. DOMBECK. No, sir.

Senator STEVENS. Have you had correspondence with the Sierra Club concerning that matter, their position?

Mr. LYONS. Me personally? No, sir.

Senator STEVENS. The Department.

Mr. LYONS. I cannot speak to what——

Senator STEVENS. Well, I want to make a request that I be given a copy of the correspondence that you have received and the replies you have given the Sierra Club pertaining to their concept of national policy not to harvest timber from the public lands, particularly from the Forest Service.

Mr. LYONS. I would be glad to that, sir.

[The information follows:]

SIERRA CLUB CORRESPONDENCE

The Forest Service does not recall having received any specific correspondence from the Sierra Club regarding their relatively new policy against timber harvest on public lands. We have searched our databases covering our tens of thousands of documents without finding such correspondence. We will continue to keep this request in mind should any correspondence on this subject be received in the near future, and would be happy to provide copies of it at that time.

INSECT AND DISEASE

Senator STEVENS. All right. Let me shift over to the problem of the insect kill in my State. In your report, which is forest insect and disease conditions in 1995, published in December 1996, states that the number of trees that died in 1995 from infestation totaled 27 million trees in Alaska.

That represents a mortality of over 1.2 billion board feet of timber resource or approximately 4 years' worth of harvest volume from the Tongass National Forest.

To my knowledge, that has not been a beetle kill in the area that was left open to harvest. I could be corrected on that, but my memory is we have a 17 million acre forest; 1.7 million acres was left open to harvest originally under the 1991 act.

And the Department has now withdrawn for administrative purposes 600,000 of that. So we are down somewhere to around 1.1 million acres being available for timber harvest.

To your knowledge, is any of the beetle kill in the 1.1 million acres that is still open for harvest?

Mr. LYONS. I could not tell you that specifically, Mr. Chairman. I will have to get you that information.

[The information follows:]

HARVESTABLE TONGASS BEETLE KILLED TIMBER

In 1995, the spruce beetle infestation in Alaska totaled 893,000 acres. The infestation increased in size to 1.1 million acres in 1996. Of the 1.1 million acres, 1 percent or 12,730 acres were on the Tongass National Forest. These acreages are where the beetle is currently active and tree mortality is occurring.

The 27 million figure that you got from our report was misquoted in the testimony. The number represents trees reported as having died in 1995, not the number of acres.

None of the 12,730 acres of spruce beetle infestation reported in 1996 on the Tongass National Forest, is available for harvest. Beetle kill in the Taku River Drainage and on the Dall Island is in a land use designation of semiremote recreation. Beetle kill in the Stikine River delta area is in a land use designation of wilderness. These are the land use designations in Alternative 11 of the Tongass Land Management Plan revision (preferred alternative).

TAKOO RIVER

Senator STEVENS. I have searched this report, and I do not see it, although it does talk about the Takoo River infestation at 3,900 acres, Taquin River Delta at 2,040 acres.

I do not know of any, but my problem is this: In view of the fact that it is very costly to use this process—and, Mr. Dombeck, you might want to comment—it is my understanding that that timber was put up for harvesting in selected areas to stop the flow of this natural fire. It is worse than a fire.

The amount that was lost in the last year alone for insect kill in my State is worse than the largest fire in the history of Alaska, which was some 20 million acres.

Now these 27 million trees are gone. We still have less than 1.1 million acres available for timber harvest. Why has not some of this timber in these infested areas been opened to harvest and get some money out of it, so that you can finally achieve the objectives of trying to control this insect kill.

It is more than beetles, I understand. It is—I guess the worst part is the beetle kill, but there are lots of other worms up there, I understand, that are feeding on them, too.

But why has not some of that been put up for harvest?

Mr. DOMBECK. Well, I cannot speak to the specific areas. I do not know if anyone here has the detailed knowledge of the areas.

Senator STEVENS. The Forest Service just stood by and watched a natural, the equivalent of a fire, 27 million trees killed in a year. And it is a footnote in a report. And we are arguing over having access to 1.1 million acres, which was reserved for timber harvest and is now shut down.

In effect, you have done what the Sierra Club wanted. You have shut down the whole State of Alaska to timber harvest. I want to know, is this your goal?

Mr. LYONS. It is not the goal. Let me just respond, Mr. Chairman, that I do not know the details either of this specific case, but it certainly would be our general practice in the national forests that when we have a situation like that, it is appropriate to salvage as much of the timber as possible, sales will be put up and they will be salvaged.

Of course, the Tongass is operated in a somewhat different way than the other forests of the country because of the management plan. But we would have to get the details of that for you and see if we can explain that to you, sir.

[The information follows:]

TONGASS BEETLE INFESTED TIMBER

There is a large and serious spruce bark beetle infestation that has been occurring in Southcentral Alaska on the Kenai Peninsula. The Forest Service has been working with the State of Alaska, other federal agencies and the public to try to resolve this complex issue.

The primary insect infestation area is located approximately 500 miles from the Tongass NF. It is widely spread in the interior of Alaska and in Southcentral Alaska, and is typically much smaller and of shorter duration in Southeast Alaska. Approximately 2 percent of the beetle damage is located on National Forest System lands; 1 percent each on the Tongass and Chugach National Forests. Due to the nature of the forests in Southeast Alaska insects and diseases have had limited effects on overall timber availability. Also, timber harvest is not shut down on the Tongass NF but has been reduced because of recent mill closures.

The 1979 Tongass Land Management Plan was the first forest plan completed under the National Forest Management Act of 1976 and was updated in 1986 and 1991 through plan amendments. In recent years a great deal of effort and funding has gone into revising the forest plan (approximately $13 million). The Record of Decision for the revision has been recently signed. The new forest plan will provide for sustainability in all the resource areas and consideration of the impact on people and communities. The new forest plan revision establishes an annual sale quantity (ASQ) of 267 mmbf.

INFESTED TIMBER

Senator STEVENS. Well, I have been around government a long time, you know. I was assistant to the Interior Department. Before that I was a U.S. attorney, and I have been around here now for 29 years. I have never seen Federal employees ignore the law to the extent that you all have.

You have spent now $30 million studying 1.7 million acres to see how much timber should be harvested out of it over a period since 1993. In the same period of time, you are losing annually, losing, more timber from these beetle kills and these insect kills than we have ever lost to wildfire.

And yet you continue to spend the money studying that one area that is open to timber to prevent it from being timber harvested and just stand by and watch this other timber just go down. It is my understanding that it is spreading so badly now—and again, I am quoting from your own report.

There is increasing concern that the endemic and graver beetle populations in budworm impacted areas may take advantage of the stressed trees and explode to outbreak proportions.

Also of concern to biologists is the predicted crash in the red squirrel populations. Red squirrels are highly dependent upon spruce cones for winter food. Interior spruces have not had a cone crop for almost 5 years.

And to my knowledge, no one has ever come to my office and said: We would like to have your help trying to save some of these trees.

You are trying to save the trees from cutting in southeastern in 1.1 million acres, spent $30 million to prevent cutting. And at the same time we are losing some 27 million trees a year to this invested area. Then you wonder why we are concerned about the management of the Forest Service under this administration.

That indictment is so bad in my opinion that you all ought to offer your resignations. You are not carrying out the law. And I just—I get so frustrated, I cannot even hardly think when I see what is happening to my State since you all have come into office.

It is probably the worst, worst situation I know of in the history of the U.S. Government from the point of view of management.

I will have some further questions later. I will submit them for the record.

Thank you, Mr. Chairman.

Senator BURNS. Senator Bumpers.

Senator BUMPERS. You have been there since January, and you have done an awful lot of damage, Mr. Dombeck, according to Senator Stevens.

Millions of acres of beetles have infested the forests, and you will not let him cut anything off of it. You have been there 4 months, and you have not stopped the beetles.

Now you say you are not a member of the Sierra Club, is that correct?

Mr. DOMBECK. That is correct.

Senator BUMPERS. And you, Mr. Lyons, you are not a member of the Sierra Club?

Mr. LYONS. No, sir.

Senator BUMPERS. You are not old enough to remember the old question, "Are you now or have you ever been a member of the Communist Party," are you?

Mr. LYONS. I have read about it.

Senator BUMPERS. I am not going to ask, do not misunderstand.

Mr. LYONS. Thank you, sir.

Senator BUMPERS. Mr. Dombeck, what authority—I was really interested to follow up on what Senator Stevens said.

What authority do you have under existing law to declare an area salvage because of beetles or natural disasters and put timber up for sale because of it?

Mr. DOMBECK. I would have to——

Senator BUMPERS. And let me pursue that one step further. Is the law different on the Tongass than it is on forests in the lower 48 in that regard?

Mr. DOMBECK. Staff tells me the law is not different.

Senator BUMPERS. The law is the same?

Mr. DOMBECK. Is not different. Is that correct?

Senator BUMPERS. Well, then the question is: What authority do you have to determine that an area should be declared salvage and harvested so that it will not be lost?

Mr. DOMBECK. Well, I—the authority, and I can cite several examples of where fairly rapid salvage has occurred, of course Hurricane Hugo, some of the storm damage that occurs from hurricanes, from tornadoes.

In fact, I think in your State, Senator Burns, in the far south, the northwestern corner of Montana and northern Idaho, I know it hit Idaho with a very severe ice storm that broke trees off this big around.

And our employees are continually doing surveys. What we need to do is get in here and manage the forests to prevent those kinds of problems over the long haul. Much of what we are talking about here is, in a sense, not a silvicultural problem. It is a social problem, the way that people feel about forests, that we are dealing with.

We have some of the best foresters, silviculturists in the world working for these agencies, and—let me maybe ask Dave or Janice if they would like to elaborate on the specifics of the authority.

Senator BURNS. Well, if I might, excuse me, if the Senator would yield, that is not answering his question.

Senator BUMPERS. That is what I was just getting ready to say. Go ahead.

Mr. UNGER. I was just going to amplify a little by saying that out of our 1998 planned timber program about one-third is ex-

pected to be composed of salvage sales based on insect or disease damage or other disasters.

Senator BUMPERS. Well, let me reiterate the question. Do you have legal authority, to declare that an area has been so invested with beetles or some other insect and will continue and that the forest will be lost for any productive reasons unless it is cut?

Do you have the generic authority and law to declare an area a salvage area because of insect infestation?

Mr. UNGER. My understanding is that we can conduct salvage sales for that purpose under our existing authority. There are some cases where we have to ask for special permission, if it is in a wilderness area, and, therefore, would require some treatment.

Senator BUMPERS. What is your special permission? Who do you get it from?

Mr. UNGER. I believe that we get it from the Secretary of Agriculture.

Senator BUMPERS. Are you familiar with the situation that Senator Stevens was alluding to, that has been so severely damaged by beetles that it should be declared salvage and harvested? Are you familiar with that area that he is talking about?

Mr. UNGER. I am not familiar with the situation——

Senator BUMPERS. Are any of you?

Mr. UNGER [continuing]. That the Senator brought up.

Mr. LYONS. No, sir.

Mr. DOMBECK. The briefing that I have on that topic—and we will verify this again for the record—is that about two-thirds of the infestation is on State and private lands. About 1.1 million acres of active and newly infested areas were detected in 1996, about half a million acres on the Kenai Peninsula and about 154,000 acres in the Copper River area.

Senator BUMPERS. Well, I may have misunderstood Senator Stevens. I thought he was alluding to 30 million acres.

Mr. DOMBECK. And we will double check that for the record.

Senator BUMPERS. Well, send me a copy of that, too. I am interested in that.

In all fairness, Senator Stevens and I often disagree on these issues. But I must say what he said this morning, if that were true, that would be very disturbing to me.

[The information follows:]

SPRUCE BEETLE KILLED TIMBER IN ALASKA

Of the 1.1 million acre infestation reported in 1996, 12,730 acres (1 percent) occurred on the Tongass National Forest. A total of 757,111 acres (67 percent) occur on State and private lands including Native Corporation lands.

ACRES OF SPRUCE BEETLE INFESTATION IN ALASKA BY OWNERSHIP REPORTED IN 1996

| Ownership | Acres | Percent |
|---|---|---|
| State and private | 418,357 | 37 |
| National Forest: | | |
| Tongass NF | 12,730 | 1 |
| Chugach NF | 14,042 | 1 |
| Other Federal | 346,873 | 31 |
| Native Corporation | 338,754 | 30 |

ACRES OF SPRUCE BEETLE INFESTATION IN ALASKA BY OWNERSHIP REPORTED IN 1996—Continued

| Ownership | Acres | Percent |
|---|---|---|
| Total | 1,130,756 | 100 |

ROADS

Senator BUMPERS. Let me ask you, regarding timber, purchaser road credits do you have generic authority now in a timber sale to declare that you are not going to allow, I mean road building, to be a credit against the contract price? Do you have the authority to do that now?

Mr. LYONS. Yes, sir.

Senator BUMPERS. You do have?

Mr. LYONS. I believe so.

Senator BUMPERS. Congress gave it to you?

Mr. LYONS. Well, Congress gave us the authority to establish road credits. So that is kind of an additional authority we have. We do not have to offer credits on any particular sales.

Senator BUMPERS. So if you do not want a sale to include credits for building roads, you just do not include that in the request for bids.

Mr. LYONS. It would be part of the contract.

Senator BUMPERS. Pardon?

Mr. LYONS. It would be part of the contract, part of the proposal for that particular sale. Yes, sir; we would like not to do it.

Senator BUMPERS. You know, this is not all that big, but just as a lawyer, I want to get this straight. You say it would be part of the contract. If you ask somebody to bid on a tract of timber and then also, as a part of that proposal, tell what part of the cost will be road building, if you do not put the road building part in it, whose obligation is it to build a road?

Mr. LYONS. It would be the purchaser.

Senator BUMPERS. And he does that at his own expense?

Mr. LYONS. Yes; and that is why we would anticipate it would certainly affect the price he bid for the timber.

Senator BUMPERS. So what he would do, if he were going to bid $100,000 for the timber, and in his own mind it was going to cost him $30,000 to build the road, he would just bid $70,000?

Mr. LYONS. Yes; he would be bidding less. That is correct.

Senator BUMPERS. But he would just personally take into consideration the cost of the road building.

Mr. LYONS. Yes, sir.

Senator BUMPERS. Without you mentioning it in your contract? Would your contract not provide that he was to build the road? Request for bids?

Mr. LYONS. Ordinarily, and it has been a long standing policy, that we would provide for a first-year credit for those roads. If we elected not to, then we would make that clear up front.

And then the purchaser would have to take that cost into consideration in making whatever bid he or she would make for the timber.

Senator BUMPERS. Does the Forest Service ever build roads to fulfill a contract?

Mr. LYONS. Yes, sir; in two ways. One is we do continue to build some roads. We are mainly focused on multipurpose roads now—that is, roads that provide recreation access, et cetera—that will allow entry into new units. And that is with appropriated dollars.

There is another mechanism, though, that is used somewhat. And that is where small businesses elect to have the Government build the roads for them, rather than accept credit. And we call that the purchaser elect option.

Senator BUMPERS. Well, I was just curious as to how the program worked.

In my State we were ravaged by tornadoes back in early March. And I flew from Little Rock down to Arkadelphia, and you could just see the swath of timber all the way from Little Rock to Arkadelphia, in places one-quarter mile wide and other places as much as one-half mile wide, where the timber was just leveled.

That is private timber, so you do not have to worry about salvage sales. The amount of timber destroyed on the forest, the Ouachitas, was fairly limited, I think.

But my question is this: We have about 13,500 acres valued at $6 million in the area that was hit by the tornado, 13,500 acres. Now, this is privately owned timber, and they will salvage that timber and get what they can out of it, I suppose.

STEWARDSHIP

But the question is: Some of them are having a terrible time with debris clearing, site preparation and replanting. There is no money in SBA, and there is no money in FEMA to do that. Does the Forest Service have any fund that could possibly be tapped for that purpose?

Mr. LYONS. I believe we would, Senator. And I think we could probably fund that through the stewardship program under the State and private portion of our budget, particularly——

Senator BUMPERS. Say that again. I did not understand.

Mr. LYONS. Under the stewardship program, which is in the State and private segment of our budget, we have provisioned for site preparation and replanting, as well as other landowner assistance programs. So I would imagine that we could work with the State forester to develop a proposal and get that area cleaned up.

Senator BUMPERS. Well, I would like to nail that down.

Mr. LYONS. And we will second that. We would also like folks to know that the stewardship program is available because it is an extremely important tool for us to assist private landowners.

Mr. DOMBECK. And we will provide you the details of that in writing. Those funds are somewhat limited because of the size of our State and private program, but there are—we will get you that in writing.

[The information follows:]

STEWARDSHIP

The Forest Stewardship Program and the Stewardship Incentive Programs were established by Congress under the provisions of the Cooperative Forestry Assistance Act of 1978. Together, the purpose of the programs is to provide financial, technical,

educational, and related assistance to State Foresters in order to help non-industrial private landowners manage their forest lands.

The Programs emphasize managing and enhancing the productivity of timber, fish and wildlife habitat, water quality, wetlands, recreational resources, and the aesthetic value of forest lands. State Stewardship Committees in each State identify program priorities for their State, which could enable a focus on site preparation and replanting activities within available program resources.

Landowner requests for stewardship assistance through the programs exceed appropriated funds available. Even as appropriation levels have decreased, requests for stewardship assistance have increased. In some states, three times as many landowners request assistance as receive it.

In the past, funds for debris clearing and site restoration after natural disasters such as the recent tornadoes in Arkansas, have been provided by the Federal Emergency Management Agency (FEMA), or through supplemental funding provided by Congress.

FTE HITS

Senator BUMPERS. Just 1 second, Mr. Chairman.

Now, you are going to take a 14-percent FTE hit in 1998, is that correct?

Mr. LYONS. I believe so.

Senator BUMPERS. You are the biggest employer in the Department of Agriculture.

Mr. LYONS. That is correct.

Senator BUMPERS. And I assume, my staff tells me that the plan is to leave you with 36,000 FTE's. That 36,000, is that after the 14-percent cut in personnel?

Mr. LYONS. No; let me be clear. Right now we are at 37,184, actually 35,784. That is the adjusted total. And we would go down in 1998 under our proposal to 34,943. So that is not quite 14 percent, not at all. I will have to check the numbers.

Senator BUMPERS. Well, Mr. Chairman, I will not take any more time. We may submit a couple questions in writing, but I just want to make this comment. Everybody applauds reduction in force.

And the Vice President has been very actively involved in it, and the President has made a great deal of it. And that is fair. They have done a really great job of reducing the number of government employees in this country.

But I keep looking at this and monitoring this, and I wonder sometimes when that is going to become counterproductive, because it certainly will become counterproductive if we continue it at the current pace.

I do not know at what level that occurs, but we depend on people like you to come here and be honest, even if it means saying to the Vice President: You know, what you have done to us is going to substantially reduce our effectiveness in managing the forests and running this department.

Mr. UNGER. Senator Bumpers, I think the 14-percent figure you are referring to may refer to the loss in employees over the past several years.

Senator BUMPERS. Is it?

Mr. UNGER. Yes.

Senator BUMPERS. I would say that is an awful big hit for 1 year.

Mr. UNGER. Not for 1998, but for 3 or 4 years.

Senator BUMPERS. OK. Well, my statement still stands, Mr. Chairman. I thank you.

Senator BURNS. Senator Dorgan.

GRASSLANDS

Senator DORGAN. Mr. Chairman, thank you very much. I regret I was delayed because of other committee commitments.

Let me just ask one question of the Chief of the Forest Service. It is a question we discussed the other day. The Forest Service is engaged in creating a revised Forest Service plan, which includes the grasslands in North Dakota.

I had received assurances, and the folks who are involved in grazing associations had received assurances, from the Forest Service that ranchers and environmentalists and other interested parties would be consulted as the plan is developed.

And as I indicated to the Chief, those involved in grazing have told me recently that there has been no consultation. I hope that you perhaps have had an opportunity to look into that, or will at least, and tell me what kind of approach will be used to bring everyone into the consultation process in this development of a plan.

Mr. DOMBECK. Yes; I talked to the staff about that after our meeting, and perhaps I will have Janice respond.

Ms. MCDOUGLE. The effort that is underway in the great plains is probably the most significant effort in terms of looking at the grasslands in a holistic way. The assessment covers national forests. And the plan is that at the time the assessment is completed, the forest plans will be revised to reflect those outcomes.

There have also been a number of other efforts. I led a national grasslands review 1 year ago. And since then we have formed the National Grasslands Council, who are dealing with some of the things that we heard from the over 300 people, permitees, ranchers, State and local officials, and just citizens within the national grasslands, to respond to their issues and concerns.

A number of other things are currently under way. So, I guess the answer to your question is yes, there will be opportunities for the local people to provide input into what ultimately are forest plan decisions.

Senator DORGAN. But that opportunity must be contemporaneous. And what I think grazers said to me is, they see something going on there behind closed doors, whatever it is. And they were assured that during this process there would be a consultative role, and they say that there has been no effort to consult with them.

Mr. DOMBECK. Well, just let me assure you that will be fixed.

Senator DORGAN. Please do.

Mr. DOMBECK. And we will get back to you with a response on what action was taken. One of, the hallmarks that we need to do is the more we work together with people, that does not mean we always agree, and with local communities, the better understanding we have and I think the more buy-in and better results of the plans.

What is really important is what happens on the land. With the technical expertise that our people can provide, the better local relationships we can have. That is what I want to work for. And I think that is the way we get results on the ground.

So I will assure you that will happen.

[The information follows:]

NORTHERN GREAT PLAINS PLAN

The Plan revision process for the Northern Great Plains encompasses three national forests and multiple national grasslands within Wyoming, Nebraska, and both North and South Dakota. The stewardship goal of the effort involves extensive collaboration with people and communities across the four States. To date, the planning team has reported multiple involvements with grazing associations through presentations, visits, and other communications by District Rangers, Forest staff, and the planning team.

The engagement of people in this process is ongoing and open. As a special event, during the week of June 9–13, the North Dakota National Grasslands will be hosting a series of public open houses across the State. Grazing associations not involved to date may contact the Planning Team to discuss further opportunities for meaningful and productive participation.

GRAZERS

Senator DORGAN. Well, I appreciate that. Most of the folks—you know, we have a wide range of people who want to be involved in the multiple uses of this land. And among them, and important among them, are the grazers.

And these are ranch families who in North Dakota are generally small ranchers. We are not talking about large ranchers. They are good stewards of the land.

When a plan is being developed, they would very much like to be a part of the consultative process. And so I appreciate your commitment on that.

I have no further questions, Mr. Chairman.

Senator BURNS. Thank you, Senator Dorgan.

I have one question. I have to run real quick here, and I will turn it over to Senator Craig.

BISON CONTINGENCY PLAN

Tell me about contingency plans or what you are talking about with the Park Service with regard to Yellowstone Park and our little problem with bison.

Mr. DOMBECK. Well, as you know, Senator, the Forest Service is not in the driver's seat on that issue. What I have offered to Montana and the Park Service and those involved is that we can provide a relief valve on the Gallatin from the standpoint of winter range and those kinds of things. We are perfectly willing to play whatever role we can in helping solve that bison issue.

If it takes some land acquisition, if it takes some special practices, whatever we can do, the Forest Service is there to help be a relief valve until that issue is resolved.

Senator BURNS. Would it be any advantage to you if you might advise the Park Service on the care and capacity they have within the boundaries of that park?

Mr. DOMBECK. Well, I think our folks at the local level have been talking. Dave Garber, the forest supervisor, I am sure has close interaction with the Park Service and the various things that have occurred this winter.

My hope is that that problem would be solved out there.

BRUCELLOSIS

Senator BURNS. I think it is being solved, but we are taking the heat in the State of Montana for very, very bad management as far

as the Government is concerned. And I can understand the frustration here.

We only made one mistake a couple years ago. Mr. Lyons knows what that is. I capitulated on a situation I wish we had not capitulated on now.

But there are people in Montana that are concerned about the extension of the boundary of that park to accommodate animals and still no plan is in place to deal with the eradication of brucellosis. And that has us all concerned in the State of Montana. You might not think it is a big deal. By God, I think it is.

Mr. DOMBECK. Well, we do think it is a big deal.

Senator BURNS. Well, then I would—then I want to see more action especially with the higher ups here, because I think someplace somebody has to start the discussion around here that we have a problem out there, and it is not ours.

It was created by people who have eroded and they have equivocated on a court order that was handed down, worked out, agreed to by Forest Service, States, and Park Service.

And yet they have equivocated on that and eroded that plan to where there is no integrity to it at all now. And that is why we had the incident Sunday of a couple, 3 weeks ago, because there is frustration on both sides. And that is what happens when you allow those things to happen.

And I will tell you that we are very concerned, Mr. Dombeck, about the extension of that boundary, because once you start that, how far does it come, and how much is it going to impact the livestock industry and, yes, human health in the Gardner area in the Yellowstone Valley and the water quality? We are concerned about those things.

Everybody thinks all the great things about your forests and how they are supposed to look and all the great things that have been done on care and capacity and all the things done by the Government.

Folks, I am here to tell you none has been done by the Government had it not been for people in the private sector that understood grasslands and grazing and natural resources.

So I just want to fire that little shot across the bow. I will probably fight like a bearcat, because there has to be some kind of management of that herd inside that park. And we cannot do it by expanding boundaries.

And that is going to concern you and the Forest Service, and I am not real sure that you have some authority to do that unless it takes legislative action.

I have to make another appointment here. Senator Craig.

Senator CRAIG [presiding]. My apologies, gentlemen, for racing in and out. Other committees were pulling me away, but I did want to get back to ask a variety of questions. And Mike, Jim, David, thank you for being with us today.

I think you can sense by the kind of questions and the passion with which they are expressed that there are probably fewer issues in some of our Western States where you have a very large presence that do not draw more emotion in our citizens' minds and concerns than how our forests are managed, no matter what your perspective of them.

I will only suggest to you the concern that Senator Burns has about brucellosis in the buffalo herd. It is very difficult for anyone to understand the impact of it unless you have been there. A good number of years ago, before I came to Congress, my father and I operated a sizeable ranch and a sizeable herd of cattle.

One day we sold some cows. We got a notice that one of them tested positive for brucellosis. This had been after a concentrated effort on our part for decades to keep a clean herd.

We immediately tracked it and found out that it was an animal we had purchased. That was not the point. The point was our herd was quarantined. All economics on our ranch stopped.

And we spent over a month spending a lot of money, running a lot of cattle down a chute and testing them at expense to our business and certainly at a cost of gain to the cattle and health of the cattle.

Some of these animals were pregnant, and you always risk aborting a calf if you move them and shove them and all of that kind of thing through the kind of facility that we have to to do these tests.

I know there are a lot of people that say, "Well, we have to run the wildlife in a natural way."

That is true if man does not exist or there is no interface with man. In this instance there is. In this instance it is cattle. And there can be human health involved.

The Federal Government can cost by inaction the private sector a phenomenal amount of money. And it is not just a Montana issue. As you know, it is a regional Western issue because of the nature of the park and the States that abound it.

And that is what we have to be concerned about. I do not know any other way to express my sensitivity toward the issue than a revolution that would take place in that three-State area if the Federal Government does not do their job right. You do have an obligation to manage that herd in a managed way, not a natural way.

There are other wildlife that do not have relationships with domesticated animals that would transfer disease. But in this instance we have one.

And I know the crisis that our business went through and the cost we subjected ourselves to, because it was a mistake of our own doing. But if it had been a mistake of the Federal Government, we would have been at war with the Government, because it was the Government who worked with us historically to build this kind of a situation where we did not have brucellosis with the testing programs of USDA and the State departments.

So this is all very critical. I express that to you. Few people have that perspective, especially from your level unless you were born and raised in a livestock setting where you understand the critical nature of this. But out where I live everybody understands it pretty clearly.

But somebody who is now playing the business of management of the Federal level by the book and has a vision of a different kind of management, that is, natural, in this instance it does not work. And it is very important that we understand that.

SAWTOOTH RANGE MANAGEMENT

Mike, let me thank you for the time and the cooperation you gave the Idaho delegation the other day in a concern that we have on the Sawtooth National Forest. And that concern is ongoing as we attempt to deal with how decisions are made and how plans come together and how we operate as it relates to all of our publics and all of our resource users.

In the conversation that you and Dave and I had along with Dale Bosworth, our regional forester, the other day, as it relates to the grazing proposal that Supervisor Levere has put forth, in his testimony before a House subcommittee under the chairmanship of Congresswoman Helen Chenoweth, made a statement that really causes me great frustration, especially when I look at the record. His statement was, in essence, in his ability to manage the permits and grazing, on these critical ranges and habitats, with a range budget that had declined by approximately 30 percent in recent years.

He did not have the money necessary. So he was trying a new approach, somewhat sweeping, fairly dramatic. Obviously, it has everybody on their toes out there and everybody back here on their toes.

I went back and looked at our appropriation record in the area of grazing, and I found—I think I mentioned at the time in our discussions that it had gone up some and progressively over time. But I did not realize that it had gone up as much as it had.

In 1994, we appropriated $16.3 million. In 1995, $18.5 million; in 1996, $27 million; and in 1997, $38 million. Now I understand there were some NEPA concerns in there as it relates to working that program. But that is a 133-percent increase in appropriations to manage grazing.

And we are all sensitive to it here, because we know the importance of public grazing in our Western States. But we also want it done in an environmentally sound consistent way. And that is what our figures show.

I then have to ask this fundamental question: What happened to the money on the Sawtooth, or what has happened to the money as it relates to grazing inside the system, if we have increased it 133 percent, or somewhere in that area, from 1994 to 1997, and is not on the ground working its will?

And, therefore, supervisors make broad and sweeping decisions because they do not have the personnel or the time or the money, they say, to go in and manage the individual that permit these relationships as they are, by the plan, intended to do.

Can you deal with that issue for me?

Mr. DOMBECK. What I can do is ask Steve, who knows the numbers, to comment on that. But I want to assure you one of my objectives is, as I mentioned the other day, to look at our processes and get as much money to the ground as possible. We have got to, we have just got to.

Senator CRAIG. Yes.

Mr. DOMBECK. And I think there is complete agreement on that. I am going to be pushing hard to accomplish that. Let me just ask Steve to give you a rundown of some of those numbers.

Mr. SATTERFIELD. Senator, to begin with there was a major budget reform in fiscal year 1995. And the number you referred to in 1994 was adjusted to that reform. It was reformed too much.

And in 1995, we reprogrammed $16 million from other accounts in the National Forest System appropriation to the range line item. In 1996, I believe we reprogrammed another $9 million.

So what we have here is basically a flat line total. I believe if we had added $9 million to the 1996 appropriation, it would have brought it up to about $36 million.

Senator CRAIG. So you are saying 1996 was $36 million?

Mr. SATTERFIELD. It would have been approximately $36 million.

Senator CRAIG. Instead of the $27 million that I quoted.

Mr. SATTERFIELD. We can get you—yes. The Congress—the appropriation included $27 million in that budget line item. We did reprogram another $9 million into that line item later.

Senator CRAIG. Was that for NEPA?

Mr. SATTERFIELD. It was for NEPA and grazing management both.

Senator CRAIG. So there was actually more money than my figure showed.

Mr. SATTERFIELD. Well, there would have about a total of about $36 million.

Senator CRAIG. What was 1997 then?

Mr. SATTERFIELD. It is $38 million.

Senator CRAIG. $38 million. I was right on that then.

Mr. SATTERFIELD. Yes, sir.

Senator CRAIG. So there is actually a bigger increase than I had suggested by my figures.

Mr. SATTERFIELD. Well, we are about flat from 1996 to 1997 in real terms.

Senator CRAIG. Yes; well, Mike, would I be correct in assuming that a great deal of range management funds appropriated to the Forest Service were diverted to other initiatives outside grazing?

Mr. DOMBECK. I am not sure of that. Let me ask Steve again. He follows the region by region budgets very closely.

Mr. SATTERFIELD. To get real precise, we would have to get more precise than I can be right here, but——

Senator CRAIG. OK. Well, we are going to ask you to get real precise on this one because——

Mr. SATTERFIELD. But generally no.

Senator CRAIG [continuing]. It is raising havoc out there.

Mr. SATTERFIELD. There is a lot of discussion in the budget restructuring system about money being moved out of range into other things. We have corrected it. We have moved it back. We think—we do not believe it has gone to other things.

Senator CRAIG. Nothing went to the east side eco-study?

Mr. SATTERFIELD. It would have been various assessments against various line items for things like——

Senator CRAIG. You are suggesting it could have.

Mr. SATTERFIELD. It could have.

Senator CRAIG. One of the other areas that Supervisor Levere spoke to was the diversion of time for his range conservationists to deal with the adjudication of the Snake River basin water.

WATER RIGHTS

There has been a tremendous over filing out there by the Forest Service on water rights, 1,700 or somewhere near that, I think he told us. I guess that is a management decision.

But, Mike, do you know if the Forest Service or the forester at the regional level suggested that the Sawtooth over file on all these water rights and acquire water rights on all those water areas?

Mr. DOMBECK. I do not know that. A request was made by Dale Bosworth. I could ask, Janice or Dave on the history of that particular issue.

Mr. UNGER. Senator Craig, we feel that we are filing claims for the water that is required to carry out the purposes of the national forests.

Clearly, it takes a good deal of time of people who need to be knowledgeable on what they are talking about, which is why some of our range conservationists are so intimately involved in that.

And it is a judgment that has been made by the forest and by the region that a management necessity has to be balanced with all the other management necessities.

Senator CRAIG. Even though the Forest Service has operated out there since its beginning and had adequate water and supplied those needs and filed appropriately when it felt it needed water with the State, why all of a sudden this massive over filing?

Mr. UNGER. Well, I do not know that they would consider it over filing. But at one time, when an adjudication goes on, decisions are made for a long period of time to bring all this together in one decision.

Senator CRAIG. Was there a budget consideration, therefore, made as it relates to this decision?

Mr. UNGER. I do not know, but I would hope that the region has certainly looked at this. I know that in other cases where we have had adjudications, we have tried to supplement funds available so that there would be adequate funds for the forests and for the region to do that.

Senator CRAIG. Well, we are obviously going to take a much closer look at this, because it is not only frustrating, as you know, it is more than that. It is angering when this Congress recognizes the sensitivity of grazing to the environment, but the importance of grazing as a part of our public land resource use out there.

We appropriate the money, and then the money does not get to the ground. And, therefore, the kind of very arbitrary and, I think, capricious kind of decisionmaking that the supervisor of the Sawtooth got himself involved in at this moment ends up, or at least that becomes the excuse. And that should not be that.

TRAILS

Jim, I had mentioned to you in a conversation a month or so ago, when we were both attending an event here in town, of an activity going on in the panhandle that is important to the West, Idaho and Montana, that we had been moving in the direction of gearing the panhandle up to spend some money. And they are now doing it.

And, Mr. Chairman, what I am talking about is a unique opportunity that we have in the area of recreation. You spent a good

deal of time this morning talking about recreational increases in demand.

This item is what is known as the Route of the Hiawatha, which is the old rail bed of the Milwaukee Railroad. It is a 45-mile long Idaho/Montana crossing under the Bitterroot Divide, 11 tunnels, 9 trestles, a 1.8 mile tunnel that has our greatest attraction at the moment, known as Taft Tunnel, that goes directly under the divide itself.

What I am told by all of the experts in this area of recreation, primarily mountain biking and hiking, is that this will not only be unique, it will be the world-class opportunity for about 2,500 miles of trail for mountain biking organized.

But the stretch we are talking about, the 45-mile stretch, is unique because it is rail grade, and it can span an age group that is just phenomenal, right up through our senior citizens to enjoy this unique, beautiful section.

In fiscal 1995, we appropriated some money for survey and design. In fiscal 1997, an additional $450,000. In 1998, we need about $750,000, not currently shown in the President's budget, to deal with Taft Tunnel, which will then open it wide open and begin to serve, because that is the connecting link.

And, Jim, as I say, I mentioned this to you. I am going to be working on this very closely with the chairman and others, because if the Forest Service wants to premier some recreational opportunity, this is one that has a bi-State, regional impact.

It is very close the chairman's State, just a few miles away from the Washington border. And we are working on bike paths coming out of the Spokane Valley that literally could take us all the way into that system and make that one of the great mountain biking areas of the world, not just the West, but the world.

So that is something that I will be watching and working with our chairman on to resolve.

One last thing, Mr. Chairman. All of you today, especially you, I think, Mike, and Jim, have talked about large increases in recreational demand. How do you get that measurement?

Mr. LYONS. The numbers we have cited, Senator, come from the forest estimates of recreation visitor days, which is basically a 12-hour—it is measured in 12-hour increments.

Senator CRAIG. Yes; I understand the method, but how do they measure, campground occupancy, passes sold?

Mr. LYONS. I believe it is done primarily through surveys of Forest Service users, although I am not familiar with the particular methods.

Senator CRAIG. Do you have a sampling system by which you arrive at those numbers?

Mr. LYONS. You know, I am going to have to check with research.

Senator CRAIG. I want you to check, because here is what I think you will find the answer to be: You do not have one. And that while we all believe there is increased recreational use, that about 15 years ago you departed from any sampling system approach, and you are now in the business of guesstimating. And, yes, it is probably up a couple percent each year.

Now, I am not going to be too critical of that other than to suggest that if you were driving your budget by certain numbers, they ought to be accurate numbers.

Mr. LYONS. I agree.

Senator CRAIG. And my guess is you are on a forest-by-forest, region-by-region basis in the business of guesstimation. Now it may be reasonably accurate guesstimation, but do you have sampling systems that can determine the levels of accuracy as to rates of growth?

Mr. LYONS. Let me follow up with you, Senator, and give you a detailed explanation of how those numbers are generated.

Senator CRAIG. Well, I would really appreciate that, because it is a factor important. Do we want to redirect dollars, or do we want to change structure as it relates to that?

[The information follows:]

RECREATION VISITOR DAYS

The Forest Service tracks recreation use by Recreation Visitor Days (RVD's) and by Visits. A RVD is a statistical reporting unit consisting of 12 visitor hours. A visitor hour is the presence of a person on an area of land or water for the purpose of engaging in one or more recreation activities during the period of time aggregating 60 minutes. A visit is the entry of one person upon a national forest for the purpose of participating in one or more recreation activities for an unspecified period of time.

Both RVD's and Visits are estimated by Forest Service field units and reported through a computerized reporting system. Field estimates are based on the application of sampling techniques, traffic counters and other observation methods. There are various ways available to display the information gathered: by region and by State, by activity, and by year.

The Forest Service is also experimenting with methods to improve recreation use estimates. A prototype process is currently being tested. It is intended to provide improved statistical estimate of recreation use on the national forests.

FOREST MANAGEMENT

Senator CRAIG. Mr. Chairman, just one last item, and it is merely a comment because of the discussion that has gone on this morning amongst a good many of our members of this committee. I, as you know, chair another committee that is directly involved, at least from the authorizing point of view with the Forest Service. And I have been working on a major piece of legislation.

Mr. Chairman, I say this for the value of the committee, because I thought it was a valuable statement made at the last workshop I held out West on forest management and why we may be in such conflict today in so many of our areas of management on the forests.

The policy under which you are managing today by law is largely directing at a multiple use approach toward management. But there is no doubt that it appears that the Forest Service is moving toward management by biodiversity and not by multiple use.

And in that, if that is true, and I believe it is based on the research we have done, then we are in for more conflict because you cannot get to where you need to get from a biodiversity point of view if the law suggests that you do it through multiple use. And, therefore, we look at it through the eyes and the glasses of multiple use.

Now, I am not saying that critically. I am just simply saying that as a point of observation. Maybe we ought to change. And if we

change, we change a variety of the indices that drive not only budgets, but thinking.

And how we get there, I am not sure, but it is one of the areas that I am going to look at it as we deal with legislation to revise or amend some of the management processes of the Forest Services. My guess is it will change the—the Forest Service is caught in that juxtapose right now as it relates to whether it is management for multiple use or management by biodiversity.

And one is not necessarily compatible with the other in many instances, or the changes significant enough to move us from multiple to biodiversity clearly impact a variety of user constituencies on the ground.

Mr. Chairman, thank you very much.

FIRE EQUIPMENT

Senator GORTON [presiding]. Thank you.

For both of you, Bruce Evans has handed me a letter written to me about 10 days ago from two disabled veterans in California, who have serious problems with respect to their agreements for the rental of emergency fire equipment in which they think they have been discriminated against.

Senator Domenici has brought this letter to my attention. Copies of it went to every member of the subcommittee, as I see it here.

I am going to submit this letter to you and ask you whether or not you can promptly get us an answer so that we can respond to them.

[The letters follow:]

LETTER FROM JOHN RYAN AND DONALD WALSH

APRIL 7, 1997.

Hon. SLADE GORTON,
*Chairman, Interior Appropriations Subcommittee,*
*U.S. Senate, Washington, DC.*

DEAR MR. GORTON AND SUBCOMMITTEE MEMBERS: We are both Disabled Veterans who are in the wild land fire fighting business, providing fire-ready bulldozers and water trucks to federal, state and local agencies for wild land fire suppression work. For many years, we have entered into written emergency fire equipment rental agreements (EERAs) with the USDA Forest Service. These agreements must be renewed every three years, most recently in 1996. During the 1996 EERA renewal process, Don Walsh raised the issue of 41 CFR Chapter 60, Section 250 which provides that Disabled Veterans specifically benefit during hiring. What resulted was an attempt by Forest Service contracting personnel to refuse to renew Don Walsh's EERA.

There were numerous large wildfires in California's national forests in 1996. John Ryan was not hired at any of those fires, Don Walsh was hired at only one. During said fires, we contacted the contracting people at each forest involved as well as personnel at Pacific Southwest Region headquarters in San Francisco. Unfortunately, the Forest Service personnel we contacted did not choose to acknowledge that Disabled Veterans are entitled to the same preferences in hiring which they bestow on other groups and individuals.

In August 1996, we contacted Allen Amaro, Legislative Representative for the Disabled American Veterans (DAV), Department of California. After numerous contacts with Forest Service's Pacific Southwest Region office, Mr. Amaro arranged a meeting which was held on March 5, 1997 at the California Department of Veterans Affairs offices in Sacramento. In attendance were Douglas Lee, Assistant Regional Forester and David Allasia, Contracting Officer, both from Forest Service's Pacific Southwest Region, Tom Langley from California Department of Veterans Affairs, Allen Amaro from DAV, John Ryan, Don Walsh and Warren Walsh.

At said meeting we asked Douglas Lee if the Disabled Veterans hiring issue could be resolved prior to the Interior Appropriations Subcommittee hearing on April 17, 1997. Mr. Lee stated that was unlikely and we should proceed with this course of action. He later confirmed this in a letter dated March 10, 1997. This is why we believe we had no choice but to bring this issue to the Interior Appropriations Subcommittee.

As Disabled Veterans of the Korean conflict, we have endured four decades of discrimination by employers, labor unions, health insurance companies and others. Now, we have to endure discrimination by Forest Service bureaucrats who would rather hire their "good old buddies," some of whom are retired Forest Service personnel, during emergency equipment hires. We are not asking for welfare or a handout, we are only asking to benefit from the programs which were legislated by a grateful nation as indemnification for our sacrifices. No additional funds will be required to implement 41 CFR Chapter 60–250 during emergency equipment hires.

We ask you to place control language in USDA Forest Service's budget which would require compliance with 41 CFR Chapter 60–250 for Disabled Veterans who are prequalified under an EERA during emergency equipment hires. If USDA Forest Service refuses to comply, we ask you to withhold a portion of their budget. We would be happy to provide further testimony to the Subcommittee or individual Subcommittee Members if necessary. We had hoped to appear personally to testify, but no formal outside witness hearing was allowed. Therefore, we request a copy of the minutes of the hearings, and any correspondence with USDA Forest Service on the issue.

We thank you for your assistance in this matter.

Sincerely,

JOHN RYAN,
*Water Trucks, So. Lake Tahoe, CA.*

DONALD L. WALSH,
*Bulldozer Service, San Martin, CA.*

---

LETTER FROM MIKE DOMBECK

Re Fire Equipment.

U.S. DEPARTMENT OF AGRICULTURE,
FOREST SERVICE,
*Washington, DC, May 9, 1997.*

Hon. SLADE GORTON,
*Chairman, Subcommittee on Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: This letter is in response to your inquiry concerning a matter raised by Mr. Donald Walsh and Mr. John Ryan, veterans of the Korean conflict. These individuals expressed concern about their not being provided preference in the ordering of equipment by the Forest Service in support of wildland fire suppression efforts.

Mr. Walsh and Mr. Ryan referenced 41 CFR, Chapter 60, Section 250 as the basis of their concern. That particular Federal Regulation pertains to preference to veterans for the purposes of hiring. The issue raised by the two gentlemen has to do with entitlement to preferential status when the Forest Service hires equipment under Emergency Equipment Rental Agreements in support of firefighting efforts.

Mr. Walsh and Mr. Ryan raised this issue with our Regional Office, Procurement Staff in San Francisco, California, previously. In the response from that office, it was explained that 41 CFR, Chapter 60, Section 250 pertained to employment practices, not contracting actions. The response also explained that there is a provision in the Emergency Equipment Rental Agreement providing for preference in subcontracting with veterans. This provision is directed at the prime contractor, and encourages subcontracting with veterans.

As explained in the Region's response, there are no statuary or regulatory requirements that preference be given to veterans in ordering equipment in support of our fire suppression efforts. Our policy on placing orders for equipment under the Emergency Equipment Rental Agreement is one of ordering the closest available resource meeting the requirements of the suppression effort. This policy is necessary in order to respond as quickly and efficiently as possible in efforts to protect life and property that is threatened in wildland fire situations.

I have included a copy of the Regional Office's earlier response to Mr. Walsh and Mr. Ryan for your information. Thank you for your interest in this matter. If I can be of further assistance, please do not hesitate to contact me.

Sincerely,

MIKE DOMBECK, *Chief.*

REMARKS OF SENATOR PATRICK LEAHY

Senator GORTON. With that, Senator Leahy, you know by the time at which this started that this hearing has gone on for quite a while. I had to miss quite a bit of it and have a fairly extensive series of additional questions. So at this point, I am going to defer to you and let you make whatever statement you would like and ask whatever questions that you have.

Senator LEAHY. I will be very brief because I am supposed to be also at two other committee hearings.

It is good to have Mr. Dombeck here as the Chief of the U.S. Forest Service to guide our national forests into the next century. I have been a strong supporter and a great admirer of the traditions and the missions of the Forest Service.

I have confidence that it has the statutory and administrative ability to maintain the balance between multiple-use and sustained yield management of our forests.

I have respect for the knowledge and skills of the people who work for it.

But I do have the concerns I have expressed before that as the Forest Service faces pressure to maintain timber production, expand recreational opportunities, we could compromise that debt that we owe to our children. The debt, of course, is to conserve those forests for their use and enjoyment.

We feel some of the same pressures, Mr. Chairman, even by private landowners in the Northeast. The northern forest region has seen some of the similar changes to its social and economic structures as they have had in the Pacific Northwest, different types of forests, similar pressures.

Thousands of people live in the region and how do they maintain their economies and provide the jobs and preserve the environment that makes that region such a special place? I initiated the Northern Forest Lands Council as a way of looking at this and last week introduced the Northern Forest Stewardship Act to implement the Council's recommendations. The act has strong bipartisan support throughout our region, because it lets the communities decide and gives them a great deal of discretion within the 26 million acre northern forest.

Mr. Lyons has been to Vermont. He has seen this. He has discussed it with our Governor and with others throughout the Northeast. The bill embodies the conservation ethic of the 1990's, nonregulatory incentives in support of community-based goals for sustainable economic and environmental prosperity. Mr. Lyons and the Forest Service has made a great effort to share the vision these communities have.

So I look forward to working with you, Chief, to implement these solutions and welcome you to come on up to Vermont sometime, as your predecessors have. We can show you a beautiful area but also show you an interesting thing on the small communities dealing with big problems and doing it very well.

STATE AND PRIVATE FORESTRY PROGRAMS

I have only one question. I will submit the rest for the record, if I might, Mr. Chairman.

But Chief, I would ask you: With timber harvests on public lands declining, the pressure on private forest lands to provide more of the Nation's wood supply is increasing, not only in the northern forest but, my understanding is, across the country.

Would you agree that more attention within the Forest Service should be focused on State and private forestry programs? And if so, how are we going to do that, either in expanding funding or programs?

Mr. DOMBECK. Yes; as a matter of fact, in the little over 3 months I have been on the job I have spent a significant amount of time learning about the State and private program, because some 70 percent of our forests are in private ownership.

I have had dialog with the State foresters. In fact, the president of the National Association of State Foresters is in essence a voting member of the management team of the Forest Service.

From the standpoint of the State foresters, some of the monitoring technologies, the wide variety of stewardship programs, the Forest Legacy Programs, and so on, are programs that in spite of some of the unpopular things we have talked about this morning, that are very much in demand, very popular, and very important. These are programs that we need to bolster.

Senator LEAHY. The 1998 request reduces, among other things, the economic action programs. What happens to rural development through the forestry initiative under this? Does it disappear or do we get smacked up along side of the head and shoulders?

Mr. DOMBECK. Let me ask——

Senator LEAHY. That is a technical term.

Mr. DOMBECK. Yes; let me ask our Deputy Chief for State and Private Forestry to talk about some of those details.

Ms. COMANOR. Senator Leahy, you have long been a supporter of State and private forestry programs, and I and my staff appreciate that very much.

As we looked at the options we had within a constrained budget, we were successful in maintaining the overall funding for State and private comparable to the 1997 appropriation.

What we did is look hard at legacy and have proposed an increase in the Forest Legacy Program. It is a successful tool to use to deal with many of the issues in your part of the country and most recently in Senator Gorton's home State.

We also looked at increasing, once again, the President's proposal for stewardships incentives funding to cost share with private landowners so they can make investments in their lands so we will have well managed forests into the future.

So within those choices and the other commitments we had in the Northwest, the Economic Assistance Program took a little downturn, as you are observing. We would have a comparable spread within the Rural Assistance Program for those programs that we have been conducting proportionate to the available funds that we received.

Senator LEAHY. Does that mean they go up?

Ms. COMANOR. It depends on what the appropriation brings us. But we would continue a comparable spread among the different elements within the Rural Assistance Program proportion to what they have been, at whatever level of funding we receive.

Senator LEAHY. We will work with you on that as we go through the appropriation process. And I will be quite interested in it.

Mr. Chairman, I will submit my other questions, if I might, for the record.

SALVAGE SALE PROGRAM

Senator GORTON. Fine. Thank you, Senator Leahy.

I appreciate the patience of all of you here to all of the questions you have been asked and to my own unavoidable absence. A number of the questions that I would have dealt with have been submitted to you already by other members of the subcommittee, but I do have a number of additional ones.

I would like to start by discussing the Timber Salvage Program. An important aspect of your Forest Health Program appears to be a proposal to split the timber salvage fund into two parts with the new fund being called the forest ecosystem restoration and maintenance fund. Am I correct in that assumption?

Mr. LYONS. That is correct.

Senator GORTON. Will the sale of timber be an important aspect of this new fund?

Mr. LYONS. The fund is dedicated primarily, or is proposed to be dedicated—obviously we would need statutory authority—to those other ecosystem restoration and maintenance activities that would help to support both improve forest health and timber supply, thinning, salvage, road obliteration, revegetation, et cetera.

So the primary focus of forest ecosystem restoration and maintenance fund [FERM] would not be commercial timber production, but rather those other factors that frankly represent investments.

Senator GORTON. So any timber sales would be incidental with respect to this fund.

Mr. LYONS. I would say that, sir.

Senator GORTON. OK. Under the present timber salvage fund, the timber offering target for fiscal year 1998 is 1.3 billion board feet. How would that number be stratified or divided between the two funds if this proposal were in existence today?

Mr. LYONS. I am hesitating only because I think Mr. Satterfield knows how the actual breakdown would occur. But in essence, our program would remain essentially timber produced from the salvage program, as well as the component that is the green program. That would be where our commercial timber program would come from.

And Mr. Satterfield just informed me that the split is volume neutral.

Senator GORTON. So the overall target would remain 1.3 billion board feet.

Mr. LYONS. Yes, sir.

Senator GORTON. Now let me specifically discuss the timber salvage rider as a part of the Rescission Act. On December 13 of last year, Mr. Lyons, the agency issued direction to withhold all further advertisements of sales under the Rescissions Act.

You stated at the time of that direction that the 4.1 billion board feet sold as of November 30, and I quote, "represents 91 percent of the original commitment, well within the 25-percent range included in the correspondence between the administration and Congress."

It is clear that the agency committed to offering salvage volume in accordance with the Rescissions Act, but could well have exceeded the figure of 4.5 billion board feet in the amount of 25 percent. As a consequence, the statement is somewhat bothersome.

Should this lead this subcommittee to assume in the future that any time we fund a program, a 91-percent accomplishment level is acceptable?

Mr. LYONS. No, sir; you should expect 110-percent effort. And let me explain the rationale for the policy decision and direction that I provided.

First of all, we knew that our bookkeeping was not quite up to date at that point in December. Our accomplishment reports indicated that we were doing better than was reflected by the numbers we had at that point in time.

Our final report to the Congress from the salvage program indicated that we achieved 4.6 billion board feet of salvage volume under the salvage rider, in contrast to the 4.5 billion board foot target. So it was not 110 percent, but it was in excess of 100 percent.

But we faced a difficulty which was the result of transitioning the program, the salvage program, back to the regular order of business on January 1. We had a number of sales in the pipeline that had been prepared under the salvage rider and then a number of other sales that we faced at the end of the year. And the questions coming back from the field were: How do we prepare to offer new sales on January 1?

So we made a decision basically to finish everything that had already been prepared and was about to be offered, have it offered under the salvage program, but not at that point begin new offers.

There was a third element to this, and I want to be clear about it. There was a great deal of concern, as you are well aware, among the public and others about the program. And we worked our way through this over time.

But there was a perception. I do not think it was reality, but I think there was a perception that there was a rush to get sales out the door at the last minute under the salvage rider so as to dissuade the public of any perception that there was, as it was characterized by some critics, a Christmas sale underway to rush these things out the door.

We said let us terminate things here, let us provide for an orderly transition, and let us get things done. I think by our estimates the impact in terms of volume, the additional volume that could have been offered in that period from December 13, or whatever it was, to the end of the year, was not significant. I think it was on the order of maybe 100 million feet would have been affected.

And those sales are going to be offered under the regular program, or have been already.

Senator GORTON. Now that you are looking back on most of that, have the sales of the other activities under the salvage amendment reduced fuel loads and reduced your expected suppression costs?

Mr. LYONS. We have a great deal more work to do, Mr. Chairman. Chief Dombeck spoke to what our needs are as opposed to the resources we have to deal with them.

So I would say in those places where we were able to implement sales in a strategic way, certainly it helped. But there is a still great deal more work to be done.

Senator GORTON. Oh, I am certain that that is true. So future salvage sales will be directed, at least in part, to those same ends.

Mr. LYONS. Yes, sir.

COLUMBIA BASIN ECOSYSTEM

Senator GORTON. Now I would like to ask some questions that I hope do not duplicate what Senator Craig did with respect to the BLM East Side Columbia Basin Ecosystem Management Project.

In this project you cooperated, obviously, with BLM to combine up to 74 land and resource management plans for 45 units. I gather your draft environmental impact statement are scheduled for imminent release sometime this spring?

Fish and Wildlife and National Marine Fisheries Service are also a part of it, but those two agencies have specific missions that do not reflect any target such as timber production.

Mr. Dombeck, this question is for you. Have the differing missions of the Fish and Wildlife Service and the National Marine Fisheries Service affected the planning effort, specifically the commodity targets which the Forest Service and BLM, to the extent that you know about BLM, may produce?

Mr. DOMBECK. From the standpoint of the specific effects in numbers, I cannot give you that specific information here and now. But what I will say is that I think the important thing is we are working this up front.

In the past, we have run into a gridlock in litigation and things like that. Hopefully that is behind us with the agencies working in parallel, and together on these issues up front.

I have to say, and I am sure Jim will want to comment on this as well, some of the things we have learned, through better coordination and working up front, is from the consultation backlog in the Pacific Northwest where we had as many as 100 or more.

Ms. MCDOUGLE. We had 1,700.

Mr. DOMBECK. A backlog of 1,700. That backlog has been eliminated. We are doing everything we can to push the agencies to work together in a more cost-effective manner. Our hope is that is what is being accomplished here.

Senator GORTON. Probably you anticipate my next question, which is for one or both of you to put on the record what this project has to show for the $35 million of taxpayer money that has been spent on it and an estimate, if you can, of how much more will be spent before it is completed.

Mr. LYONS. We will certainly have to provide you that for the record, Mr. Chairman. Let me, if I could, give a followup comment to what Chief Dombeck said.

There was obviously a lot of criticism and concern about the salvage program and the salvage rider in particular. But one of the things we learned through that was, and I think one of our successes in achieving the goals that we set, was the coordination and collaboration among the land management agencies, Fish and Wildlife, NMFS, and EPA.

We brought them altogether on the ground in what we call level one teams. And in fact the interagency report that evaluated the program highlighted that as the most effective and more efficient way of doing business so as to avoid backlogs and consultations, et cetera.

What I hope the Columbia River Basin Program will do, we cannot measure just today. We are not done with that effort.

What we hope it will do is provide greater certainty for the region as a whole in terms of an understanding of the goods and services that will be produced by the Forest Service and BLM management units there, as well as provide us greater scientific certainty so that when there are questions or challenges to particular management actions, we are able to fend off those challenges because we have a sounder foundation from which to work.

Finally, our ultimate goal is to make sure the communities in that area have a clear understanding of what the future holds because they have been part of the process. They can in fact then determine where they want to make investments as communities as they grow and develop and deal with the economic challenges they face.

[The information follows:]

INTERIOR COLUMBIA BASIN ECOSYSTEM MANAGEMENT PROJECT

In fiscal years 1994 through 1997 (estimated) the Forest Service and the Bureau of Land Management will have spent a total of about $35 million on work associated with the Interior Columbia Basin Ecosystem Management Project (ICBEMP). In fiscal year 1998 about $5 million is needed to complete the Final Environmental Impact Statements (EIS) and Record(s) of Decision (ROD). Neither the FS nor the BLM included funds to begin ICBEMP implementation in the fiscal year 1998 President's Budget. Fiscal year 1999 would be the first year funds might be requested for implementation, but final decisions are not anticipated until the Summer (third fiscal year quarter) of fiscal year 1998, following public review of the Draft EIS's.

Several benefits are associated with the ICBEMP. The Forest Service expects that decisions from the Project will streamline the Land and Resources Management Plan revision process for the affected National Forests. Broad scale social issues are being addressed in a consistent manner. Other broad scale issues such as forest health, range health, and fish and wildlife protection, transcend administrative boundaries and will be a primary focus of the decisions (based on the EIS's).

Further benefits include: more effective analysis of cumulative effects of land management activities than when attempted unit-by-unit, reduced vulnerability to legal challenges because of increased consistency across the region of plans and management, and, more favorable regulatory agency consultations. If each administrative unit acted independently in addressing anadromous fish, for example, the FWS and NMFS might assume worst case conditions in adjacent areas because of a lack of overriding context or coordination of individual agency plans.

In terms of "products", the ICBEMP has released a "Framework for Ecosystem Management", "Scientific Assessment for Ecosystem Management (on BLM/NFS lands) in the Interior Columbia River Basin", "Draft Eastside Environmental Impact Statement", "Draft Upper Columbia River Basin EIS", and "Scientific Evaluation of Alternatives".

LAW ENFORCEMENT

Senator GORTON. Another subject—and this, Mr. Lyons, is for you—last year in August, demonstrators were finally cleared from a timber protest area in the Willamette National Forest.

I was informed that when law enforcement officers initiated action a month earlier to remove the demonstrators, the Secretary's office intervened and delayed the action.

Why? And why was so much damage to Forest Service land allowed to take place without law enforcement action occurring?

Mr. LYONS. Mr. Chairman, I cannot speak to the extent of damage that occurred. I think it was rather restricted. There was concern on the part of the Secretary's office as to ensuring the health and safety of Forest Service employees, as well as to ensure that the protesters were handled in an appropriate manner.

I think some time was spent trying to ensure that law enforcement, local law enforcement, and State officials were in agreement about how to proceed with those actions. Ultimately those protesters were removed from the site. And in fact this year, anticipating protests on the Willamette and other places, I have had some conversations with Forest Supervisor Kenops about that potential.

We intend to sit down early with the FBI and with State officials to make sure we are prepared in advance to handle this.

Senator GORTON. You certainly did anticipate my followup on that. Do you think you will be able to deal better with any demonstrations of that sort this year as a result of your experience last year?

Mr. LYONS. I believe so. There is renewed confidence within the administration and certainly with the Forest Service's handling of the situations last year that the incident command teams can move forward and deal with this aggressively.

Senator GORTON. Good. I am very pleased to hear that. I hope it works out on the ground.

Mr. LYONS. We hope so, too.

TIMBER SALE TARGETS

Senator GORTON. Your current timber sale target for the country is just under 4.2 billion board feet. Mr. Dombeck, will you reach that goal? And specifically in a parochial fashion, will you reach the 1 billion board foot goal from the Pacific Northwest?

Mr. DOMBECK. Yes.

Senator GORTON. That is a wonderful answer. You do not need to add to it.

During the fiscal year 1997 hearings, Mr. Lyons and then Chief Thomas stated that there were insufficient resources to accomplish a complete substitution of volume for the section 318 sales and to meet the requirements of the President's Northwest plan.

The committee understands that additional resources were to be provided to the agency's Pacific Northwest region to bring timber sales forward in the pipeline to accomplish both the substitution and the requirements of the President's plan. Have those resources been so allocated?

Mr. LYONS. Yes, sir; they have. All parties to the settlement agreement are pleased with where things stand and the progress that is being made.

Senator GORTON. So in fiscal year 1998 you are confident that we will be able to meet those goals.

Mr. LYONS. Yes, sir.

Senator GORTON. OK. The administration entered into a settlement agreement with a number of the purchasers to buy out their old timber sales contracts. Can you tell me what the total cost of these agreements is and how you are going pay for them?

Mr. DOMBECK. Let me ask Steve to correct me if I am wrong, but as I recall, what we know now is about $21 million. And I might ask Steve to elaborate on where he is going to find the money since he is the keeper of the books.

Senator GORTON. Yes; we are quite interested in that.

Mr. SATTERFIELD. I am kind of interested in where I am going to find the money, too. Well, there are two pieces. Of course there is the Ketchican one where the Department of Agriculture general counsel has written a letter to the Treasury making the argument that we should not be required to reimburse the judgment fund. So that would be up to Treasury to get reimbursed, if that was the case.

The remainder, the $20 million, we have not resolved yet. We obviously do not have any direct appropriations for that. In the end, if we have to reimburse the judgment fund from where those claims are being paid initially, then we will just have to take it out of every other National Forest System program.

Senator GORTON. Jim, in this connection, that is a very good answer. That is a fair amount of money, and you do not have it just in pocket change.

We are only talking about 7,000 acres of sales in Oregon and Washington combined. It was your view that the sales would have jeopardized the balance in the President's Northwest forest plan.

Can you explain in lay terms why 7,000 acres, either these or exchanged acres, out of 24 million acres out there could really have been significant and required that being bought out, rather than exchanged for an equivalent harvest elsewhere?

Mr. LYONS. Well, let me say at the outset, Mr. Chairman, that our preference is to find alternative volume. And we have had some circumstances where we have been able to succeed in doing that, as you know.

Senator GORTON. Yes; I do understand that.

Mr. LYONS. As to why 7,000 acres should be so significant, it is not a judgment I can render except to say that we asked both the regional ecosystem office, as well as the keepers of the plan, who are the regional executives, to look at these issues.

Certainly where there are endangered species impacts, that is a concern. Where there could be impacts on aquatic resources, which has been the case with some of these sales, that has been a concern.

Our overall concern is the cumulative effect of these sales, maybe 7,000 acres today, maybe adding up to more tomorrow, could have a detrimental effect on the plan overall. The plan strikes a careful

balance, although you and I have had many discussions about whether or not that is an appropriate balance.

We are doing our best to ensure that we stick with the concepts and the proposals incorporated in that plan. And I think at least a benefit to this point in time is our ability to fend off legal challenge and proceed to harvest timber in the matrix as proposed, to begin work in the adaptive management areas and to expand our opportunities there, and also to make the watershed improvements and in fact develop operations in the late successional reserves in accordance with the prescriptions and guidelines included in the plan.

Senator GORTON. And it is worth $20 million even if you have to scramble for it out of other appropriations?

Mr. LYONS. Well, Mr. Chairman, I understand your point. Here is my concern, though. If in fact harvesting those units cause some harm to the plan or ran the risk of the plan being challenged, I dare say the cost to the region would be far in excess of $20 million. And that is the judgment we have to make.

WESTERN DIRECTOR OFFICE

Senator GORTON. Now, Jim, I have another subject. It is a small one, but it has gone on and on and on. In the fiscal year 1996 appropriations bill, the Department was directed to eliminate the Office of Forestry and Economic Development in Portland. This was done in response by the administration by renaming it the Office of Forestry and Economic Assistance.

In the current appropriations bill, the Department was directed to eliminate this office, and we withheld funding for any successor office. Leon Panetta agreed to this on behalf of the President.

Now we are informed that the Secretary has directed the establishment of an office to house the Western Director for the Office of the Secretary. Lo and behold, we have the same person in all three of these offices, who remains in Portland.

Some 50 percent of the office's funding is to come from the Forest Service subject to a reprogramming request that I understand will soon be submitted. How can you explain this as anything other than a direct defiance of the expressed will of Congress?

Obviously it is a successor office. What do we have to do if we do not want that office to be there?

Mr. LYONS. Mr. Chairman, the Secretary created this Western Director position because of the high number of controversial issues affecting the Department and the Forest Service in the Pacific Northwest.

Tom Tuckman, who you were referring to, has served in various capacities out there, is a very able and talented individual. And I know you know him personally.

His responsibilities have changed over time. For example, Tom right now is involved in the headwaters exchange and is involved in working on the Tahoe basin event, which Senator Reid alluded to earlier in the day. He is also involved in ensuring that we meet our goals and commitments in accordance with the President's forest plan but reports directly to the chief of staff for the Secretary.

I believe the Secretary's intent is to make sure that we can be as responsive as possible to the needs of the Congress and in par-

ticular the members of the Pacific Northwest and feels that it is important to have that presence there so as to ensure that we are fulfilling the direction that we receive.

Senator GORTON. From my perspective, Jim, this is much less about an individual than it is about whether or not the instructions of Congress are going to be followed. You are sitting there without a smile on your face telling me that this is not a successor office and not just a way around what Congress for 2 straight years has ordered you to do?

Mr. LYONS. I am trying to give you the best answer I can, Senator.

Senator GORTON. If it is really so important to the Secretary, why does he not pay for it through the agricultural appropriation?

Mr. LYONS. I cannot answer that question, sir.

Senator GORTON. Well, do not be surprised to see another order with respect to that office.

FLOOD FUNDING

Mr. Dombeck, as you know, the administration has proposed that $38 million be appropriated to the Forest Service for construction and restoration projects in the supplemental due to recent severe flooding in the Pacific Northwest and Midwest.

You asked for more than twice that amount, as I remember. What is that impact going to be? How are you going to set priorities? What very important things are going to end up undone?

Mr. DOMBECK. Well, first of all, I believe the House mark on that was $69 million?

I believe the assessment that we made was about $80 million. And from the standpoint of what things are not going to be done——

Senator GORTON. Well, if you get that $69 million, are you going to be able to do essentially everything you need to do?

Mr. DOMBECK. Well, what we will do is take a look at the entire package of things that need to be done. I am told that we still may not have a complete assessment because of access and snow and that sort of thing. But we will start with the highest priorities first, you know, the areas most in need of repair and work our way.

Senator GORTON. Have you given us a priority list so that we can understand on our part over here what gets cut off at any given level of appropriation?

Mr. DOMBECK. Let me ask Steve if a specific project list has been submitted. Not to my knowledge.

Mr. SATTERFIELD. The problem we have, Senator, is that these are very approximate estimates on part of the field. They cannot get into a lot of the areas. Region 1 in particular is under snow.

So based on general experience with these kinds of things and what they can observe, they have made estimates. They have not had a chance to really sort out if they get $69 million, just which individual projects will not be done. But as the Chief said, they will work that through as carefully as they can.

Mr. DOMBECK. Janice apparently——

Senator GORTON. So you are guesstimating and we are guesstimating, to use Senator Craig's word?

Mr. SATTERFIELD. In this situation, yes. I think Janice might have some more information.

Senator GORTON. Good.

Ms. MCDOUGLE. One of the things that we are working on right now, Mr. Chairman, is a partnership with our sister agency, NRCS, to look at opportunities to jointly review projects associated with flooding impacts.

What we have discovered is that the Forest Service has authorities to do things on National Forest System lands. The NRCS has authorities to do improvements and restoration efforts on private lands downstream.

And what we hope is that collectively we will come up with priorities for work that make sense for us to do together so that one does not cancel out the others.

We are working on that right now. And it is an opportunity to leverage dollars as well.

Senator GORTON. Thank you. Thank you very much.

Any help you can give us between now and the time that the supplemental comes up on this will both add to our knowledge and I think to our ability to help you. We recognize that these losses did take place, and we want to allow you to get to work on them as soon as possible.

Mr. LYONS. Thank you.

ISSUES IN WASHINGTON STATE

Senator GORTON. I have a few parochial questions with respect to the State of Washington now, if I may submit them to you. I understand that region 6 has asked for $500,000 from headquarters accounts to process the land exchange with Plum Creek in the Wenatchee National Forest. Funding for this project will be used for technical and environmental work that must be completed during the course of this fiscal year.

What is the status of that request?

Mr. LYONS. I will ask Steve to give us the exact numbers. What I understand, as I checked into that before I visited you on Monday, is that this is a priority, and is something that we are proceeding with as best we can with the resources we have.

What is the exact disposition of that money, Steve?

Mr. SATTERFIELD. I think that is to be determined, too. What we have is a lot of requests from around the country with considerable urgency. And what we are trying to do right now is to balance those. What we would propose and what we would have to offset. And in some of these cases, I am not sure, I think this one—many of them will require reprogramming.

So we are in the process of working that through right now.

Mr. LYONS. Let me assure you, though, Mr. Chairman, that this remains a priority for the administration and a tremendous opportunity, I think.

Senator GORTON. It is a high priority for me. The idea of the kind of blocking up that you are doing there is, I think, progressive, something that is entirely win-win. And I do want to advise on you the interest this chairman has in that subject.

One more; 15 years ago, the Congress authorized the Mount Saint Helens National Volcanic Monument. The exchange of sur-

face and minerals with private landowners was to be completed within 1 year after the act was signed into law. Approximately 10,000 acres of private mineral rights, however, remains stranded in the monument area.

I understand that the companies involved, Weyerhaeuser and Burlington Resources, are working with the Forest Service and the BLM to resolve the situation. I am really planning to introduce legislation to address the issue and wonder if you could give me a progress report.

What is going on? What kind of additional authority might you need? When are we going to get it done?

Mr. LYONS. I do not see any heads nodding here of people that are real familiar with the issue. I know that I am not. But what we will do is we will provide a detailed answer to that for the record.

[The information follows:]

MOUNT SAINT HELENS MINERAL RIGHTS

The proposal: Approximately 10,750 acres of mineral estate within the Mount Saint Helens National Volcanic Monument remain in Burlington Resources and Weyerhaeuser ownership. The proposal by the companies is to pursue legislation with the idea to make it simple, to incorporate full consultation from all parties, minimize surface administration and costs, provide solutions for acquisition, and establish time frames for completion. The new legislation would amend the existing Act by directing the Secretary of the Interior to complete the exchange by using "bidding scrip" in lieu of Federal land or minerals.

The "bidding scrip" concept would grant a dollar for dollar basis to compensate the company for valuation of their mineral estate in the Monument. It could be used as credits towards bidding rights, royalties, and/or bonus payments. Credits would be administered by USDI and subject to existing laws and regulations.

What is the current status of negotiations between the Companies and Agencies?

On April 22, Burlington Resources, Weyerhaeuser, Forest Service and Bureau of Land Management met to review the proposal and to discuss areas of agreement and areas of concern. The concept of using "bidding scrip" as compensation appears to be a viable alternative to complete the congressionally mandated exchange. The primary concern of the BLM and FS is reaching agreement on the value of the severed mineral estate (particularly the geothermal resource). Burlington and Weyerhaeuser agreed to do a thorough search for additional valuation data and geothermal sales. All parties are currently collecting and reviewing the additional valuation data. The valuation negotiations will continue on May 28.

NATIONAL MONUMENT

Senator GORTON. All right. Again, after 15 years and my own interest as the primary sponsor of creating that national monument in the first place and trying to work out these private and public interests, I would be very gratified to see the work completed.

And the more we feel there is real cooperation between the Forest Service and the Congress, the better we are going to be able to help you.

That is why things like the Tuckman office come up, Jim. I will just be very blunt with you. I do not know how it could be worth it to you to keep that aggravation going with the Congress that has made the kind of decisions on it that it has.

You know, there are obviously going to be some major policy differences, and we understand those differences. But we should have as close and cooperative a working arrangement with one another as it is possible to create.

I do want to give you one last expression of concern. On December 11 of last year, Senator Byrd and I, Chairman Regula and Mr. Yates wrote to the secretary. While I will not go into the detail about the actions that prompted that letter, I want to let you know that I remain concerned about the relationship, as I have just said, between the subcommittee and the Department.

We really have got to be able to count on the Department to adhere to well-established practices and procedures, the most important of which are reprogramming guidelines. The only alternative we have is to write a lot of the things that we do less formally into the law as we create an appropriation.

I do not want to do that. That is frustrating, and it is not particularly flexible. If we can get the kind of cooperation I have been talking about, which is obviously the intent of Congress, it is a much, much better way in which to work.

I do want to say thank you to both of you and to your associates, some of whom are to be congratulated on new positions. Dave, I also will join in thanks for your many years of service. And I am quite sure you are not just going to go to seed. You are going to find something else to do that will be interesting and will use the knowledge that you have gained.

Mr. UNGER. I trust that will be the case, Senator.

Senator GORTON. And I wish for you great success in that as well. Your responses here today have been thoughtful and reasonably complete. Let us keep going on that, and let us get rid of some of these differences and exacerbations that really do not need to exist and that end up frustrating both sides of this table.

Mr. DOMBECK. Senator, if I might, I would just like to respond and say that in my 3½ months in this job that you have articulated the spirit in which I want to work.

And that I realize the issues of national forest management and resource management in general for all agencies in a changing society can be very tenacious. But yet there are many, many positive areas that I hope that we can focus on together to move forward and build relationships. As we do that, I believe that some of the more tenacious issues will become easier to deal with.

I look forward to a long positive working relationship with you and your staff as all of the members of the committee.

Senator GORTON. Very good. Jim, I will see you on the trail.

Mr. LYONS. I look forward to that, Senator. And I just want to second what Mike said and indicate that I have appreciated your help in working through some very difficult issues.

We have had our differences over time, but I have always appreciated your open door and the opportunity to sit down and discuss differences of philosophy and work together most importantly to protect the resources of the United States, which I know you care dearly for as well.

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. Thank you very much. I have a large number of other questions of significance, but perhaps it is not the best use of the time of all of the people in this room to go through them orally here. We will submit them to you, together with Senator

Leahy's questions and those of any other members who have questions in writing.

I would urge you to answer them as promptly and completely as you can. I simply have to return to my earlier remarks. Like the last few years, this is likely to be a tough year.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

## ADDITIONAL COMMITTEE QUESTIONS

### STATE AND PRIVATE FORESTRY

*Suppression of insects and diseases*

Suppression of insects and diseases on Federal and tribal lands is an important part of Forest Health management.

*Question.* Are there significant insect and disease suppression efforts which may not occur under the President's budget? If so, please explain?

Answer. Specific pest outbreaks are difficult to forecast this far in advance. Pest like southern pine beetle and gypsy moth can increase suddenly with little warning. If increases occur in several pests simultaneously, it is conceivable that significant insect and disease suppression efforts may not occur under the President's budget.

*Question.* Is the suppression program being affected adversely by the appeals process in a manner similar to the effect on the timber program? Are cooperative efforts with states hampered by the appeals process?

Answer. The insect and disease suppression program on Federal, state or private lands is not being hampered by the appeals process.

*Question.* The Department of the Interior has raised significant concern regarding the spread of the Brown Tree Snake across the South Pacific and potentially into the Pacific Southwest states. In terms of non-indigenous pests and diseases, is forest health potentially affected by such "Brown Tree Snakes?"

Answer. The brown tree snake is mildly poisonous to humans, grows up to 8 feet in length, and would adversely affect recreational uses of forests and parks. Its primary negative effect would be on bird populations and biodiversity; nine native bird species have gone extinct on Guam following the snake's introduction. The loss of native biodiversity is a forest health concern.

### FOREST STEWARDSHIP PROGRAM

The President's budget proposes a level Forest Stewardship Program and increase in the Stewardship Incentive Program of $5.7 million which doubles it size.

*Question.* To what degree has the Forest Stewardship Program enhanced the long term sustainability of timber production from private lands.

Answer. The Forest Stewardship Program has enhanced the long term sustainability of timber production in the following ways:

The owners of nonindustrial private forest lands that are enrolled in the program and have an approved forest stewardship plan agree to implement approved activities for a period of not less than 10 years.

The Stewardship budget line item provides $2,805,000 for seedlings, nursery, and tree improvement. Without the low costs of genetically improved forest planting stock, many stewardship owners would not be encouraged to plant trees.

Because, forester assisted timber sales provide double the income from unassisted sales twice the number of trees are left in the stand. This improves the long term sustainability of timber production and significantly enhances wildlife habitat. The Forest Stewardship Program through its collaborative stewardship approach contributed over $6 million dollars to the income of consultant foresters through the landowners and has encouraged the start up of many new consulting businesses which tend to increase professional non-government technical assistance available to nonindustrial private forest land owners.

The Forest Stewardship program, not only enhances the long-term productivity of timber, but encourages the long-term stewardship of nonindustrial private forest lands by assisting owners of such lands to more actively manage and enhance fish and wildlife habitat, water quality, wetlands, recreational resources, and the aesthetic value of forest lands.

*Question.* Approximately 50 percent of all sawlog volume exists on the National Forests. With the timber program declining, what specific actions will enable increased production from nonindustrial private lands?

Answer. In recent decades technical assistance and financial incentives (cost sharing) provided by Federal Government forestry programs, such as the Forestry Incentive Program (FIP), the Environmental Quality Incentives Program (EQUIP); formerly the Agricultural Conservation Program (ACP), and the Stewardship Incentive Program (SIP) have accounted for between one-third and one-half of all tree planting on nonindustrial private forest lands.

Through State and Private Forestry programs professional assistance is made available to nonindustrial private forestland owners to implement Best (forestry) Management Practices to help landowners achieve their resource management objectives while maintaining or improving the quality of the Nation's environment and supply forest products.

We are increasingly focusing on working with private landowners to develop Forest Stewardship Plans.

The President's budget maintains, at the fiscal year 1997 level, funding for technical and financial assistance to nonindustrial private forest landowners to develop long-term Forest Stewardship Plans to guide the management of their forests and related resources. The President's budget significantly increases the level of financial assistance available to nonindustrial private forest landowners to implement multi-resource forest management practices, including reforestation and forest improvement practices.

*Questions.* (a) What was the state by state breakdown of funds provided under the Stewardship Incentive Program for fiscal year 1995–97? (b) What is the planned aggregation of fiscal year 1998 funds? (c) Based on projections, what are the long term effects on future timber production from this program which are attributable to the increase in requested funding? [d] How many additional landowners will benefit from the proposed increased funding level?

Answers. (a) Refer to attached data tables that show the fiscal year 1995–97 breakdown. (b) The planned allocation of fiscal year 1998 funds will include: (1) a base funding level based on the number of States in each Forest Service Region and the Northeastern Area, and (2) a distribution based on the number of nonindustrial private forest land owners and acres in each state. (c) The Stewardship Incentive Program (SIP) has nine approved practices of which several are very critical for future timber production. The first practice (SIP–1) is Management Plan Development which provides cost share incentive to landowners to develop a management plan for their forest land. This is important because it educates landowners about the need to harvest timber along with the management of other resources on their land. Over one-third of Stewardship landowners have stated that if it had not been for the broad based appeal of the overall Forest Stewardship Program, they would not have harvested timber. The second practice (SIP–2) Reforestation and Afforestation and the third practice (SIP–3) Forest and Agroforest Improvement are both critical to future timber production and directly result in increased timber volume. The tree planting practice will help insure a continuous supply of forest products and the forest improvement practice will help insure forest stands are growing quality timber and fully utilizing the site.

The proposed SIP budget will allow the Forest Service to fulfill part of the larger demand for cost-sharing assistance to implement multi-resource practices on nonindustrial private forest (NIPF) lands. Multi-resource practices will be implemented on over 277,850 acres of NIPF lands, including 26,700 acres of tree planting and 26,865 acres of timber stand improvement practices. Sixty percent of the funding will go for tree planting and forest stand improvement which contribute to long term timber productivity on NIPF lands. [d] Approximately 3,900 additional landowners will benefit from the increased funding level.

*Question.* The Administration is placing significant emphasis on Forest Health. How will this emphasis translate to program emphasis in fiscal year 1998 versus emphasis 5 years ago? In otherwords, specific programs and funding levels existed 5 years ago as compared to the fiscal year 1998 budget proposal, for those significant Forest Health programs?

Answer. In the past, pest prevention and suppression activities have been the primary focus of our Forest Health Management program. Today, we have a broader focus for forest health programs. In fiscal year 1998, we will continue to emphasize our surveys and technical assistances, including the Forest Health Monitoring program. A high priority will be to have better information on forest health problems and influence implementation of resource management decisions that will restore the health of the nation's forests, emphasize prevention and reduce suppression needs in the long run. Our past success in eliminating frequent low-intensity

wildfires has led to conditions of dense accumulation of underbrush and over-crowded stands. These conditions render forests highly susceptible to large damaging fires, insects, and diseases. We intend to substantially increase fuels management and thinning in these areas.

*Question.* The American Forest and Paper Association states that 59 percent of timberland is in private ownership (not including timber industry ownership). What statistics are available to identify how the Stewardship Incentive program improved productivity from these lands?

Answer. Timber harvesting without adequate consideration for regeneration is the single greatest threat to productivity on nonindustrial private forest (NIPF) ownerships. The Stewardship Incentive program increases the participation of nonindustrial private forestry land owners in reforestation, afforestation, and preharvest planning. It helps them do forest stand improvement activities, which includes: thinning; weed control; the use of prescribed fire; hazardous fuel reduction; insect and disease protection; and stand regeneration.

The landowners activity under SIP also helps protect watersheds, water quality, forest health, aesthetics, and helps meet short and long-term national demands for wood products in a sustainable manner.

FOREST LEGACY PROGRAM

The Forest Legacy Program is proposed for a $4 million increase, which is double the fiscal year 1997 amount.

*Question.* How will passage of the 1996 Farm Bill directly affect this program? Will there be a significant amount of easements or purchases which will be vested in State or local governments? Is the requested increase solely attributable to passage of the 1996 Farm Bill, or are there other initiatives planned for this increase?

Answer. The passage of the 1996 Farm Bill greatly increased the flexibility of the Forest Legacy Program and strengthened the partnerships that are essential to its effectiveness. Many States are using the 1996 Farm Bill authority to take over and complete acquisitions begun by the Forest Service. It appears that most future projects will be done under State acquisition authority with the assistance of a federal Forest Legacy grant. Prior to the 1996 Farm Bill passage there was demand for funding in excess of what was available, and this remains true today. There are no other initiatives planned for this increase in funding. The funds will be used to complete identified projects, most often using the State grant option available under the 1996 Farm Bill.

FOREST AND RANGELAND RESEARCH

The agency's budget proposal for this program remains at the approximate funding level received in the past two years.

*Question.* What significant research activities will be forgone as a result of this budget proposal?

Answer. The Forest Service Research program is leveling out from the turmoil resulting from the fiscal year 1996 reduction. We have been able to maintain the highest priority research needs to address the Nation's natural resources.

*Question.* How have the priorities for the research budget changed from that proposed in Fiscal 1997?

Answer. The Forest Service remains committed to maintaining a strong research base capable of addressing the Nation's many competing priorities. Because most of our research is long-term, making significant changes in our priorities in 1 year is difficult.

*Question.* Approximately 15 percent of Research funds are utilized for Grants and Agreements. How has this percentage changed over the past 5 years? What are the priority emphasis themes for projects being financed through grants?

Answer. Our extramural research funding levels are determined by two major factors, the work needed to accomplish our mission in a given year and the level of funds available for that year. Over the past 5 years our extramural research level has decreased.

Even with an overall reduction in the extramural program, records from the Current Research Information System (CRIS) indicate that while less research is being conducted in field of biological science (54 percent in fiscal year 1992 vs. 49 percent in fiscal year 1996) there is a corresponding increase in the field of environmental biology (27 percent in fiscal year 1992 vs. 31 percent in fiscal year 1996) and a slight increase in sociology (1 percent in fiscal year 1992 vs. 3 percent in fiscal year 1996).

*Question.* The forest inventory program currently operates on a 10–12 cycle. What would the cost be to the program of conducting the inventory on a 5-year cycle? An 8-year cycle?

Answer. The current Forest Inventory and Analysis (FIA) program is on a 12+ year national cycle with funding of $16 million dollars. The funding required to achieve a 5 year cycle is $38 million dollars. The funding required to achieve an 8 year cycle is $24 million dollars.

*Question.* What has been the historic 5 year expenditure in each of the following programs: forest inventory; global climate change; and forest health monitoring.

Answer. Figures for forest inventory (FIA), global climate change (GC), and forest health monitoring (FHM) are as follows:

[In millions of dollars]

| Fiscal year | FIA | GC | FHM |
|---|---|---|---|
| 1993 | 16.2 | 24.2 | 2.3 |
| 1994 | 16.3 | 24.2 | 2.6 |
| 1995 | 15.9 | 24.2 | 2.6 |
| 1996 | 16.4 | 17.5 | 1.6 |
| 1997 | 16.4 | 16.9 | 1.6 |

In addition, the Forest Health Monitoring (FHM) program receives support from other appropriations in the Forest Service as follows:

[In millions of dollars]

| Fiscal year | Federal lands | Co-op lands |
|---|---|---|
| 1993 | ..... | 0.6 |
| 1994 | 0.6 | .7 |
| 1995 | 1.0 | .7 |
| 1996 | .5 | .7 |
| 1997 | 1.2 | 3.2 |

*Question.* The development of remote sensing and satellite technologies have the potential to transform the Forest Inventory and Analysis data collection process. What plans are underway for the Forest Service to work collaboratively with the Department of Energy, National Aeronautic and Space Administration (NASA), and the National Oceanic and Atmospheric Administration (NOAA) in deploying and utilizing their technological advancement and applied research to forest inventory?

Answer. FIA is currently pursuing many promising possibilities in the area of remote sensing. The Department of Agriculture is purchasing 30 meter Thematic Mapper (TM) data sets for the 1970's, 80's, and 90's. This data can be used in the first phase of our inventories to estimate forest area. In several States we are working with the Fish and Wildlife Service GAP program. The GAP program is a program of the National Biological Survey to identify where gaps in habitat type exist. In Alaska, we are working with Earth Resources Observation Systems (EROS) data center to investigate opportunities for more efficient inventories. We are also reviewing techniques used in the NOAA Coast Watch program to evaluate cooperative opportunities. We have scientists at the Northeastern and Rocky Mountain Research Stations looking at ways to link our ground-based point data to remote sensing data to develop ground registered maps as a spatial analysis tool.

Other promising opportunities include scheduled meetings with the Navy to assess aerial based Synthetic Aperture Radar and with NASA to look at Vegetation Canopy Lidar (low-power laser technology) to develop a 3-dimensional vegetation profile for estimating biomass.

*Question.* The budget justification discusses the continued demand for wood fiber by referring to "the residential building industry, which is dependent on forest products." In addition, the committee has received testimony relative to the need to increase utilization of metal and wood sites for construction purposes. To what degree is Forest Service Research involved in the development of alternative wood products research (plastic/wood composites, metal framing, etc.) which if developed could contribute to America's environmental health while stabilizing demand? What is the long term prognosis for the use of such products?

Answer. Forest Service Research, through the Forest Products Laboratory in Madison, Wisconsin and other field laboratories, is contributing to improving America's environmental health through our recycling research program. Research is contributing significantly to mitigating increased demand for wood products by providing for reuse and recycling of wood and paper. We are developing new technologies, such as composites made from recycled wood and paper, in combination with plastics or inorganic compounds, to produce products that can be used in housing. Not only does recycling decrease use of raw wood products, but it also reduces the need for solid waste disposal space.

The forest resource is changing. Many of the forests consist of dense, overstocked stands with smaller diameters and of mixed species and quality than traditionally used. Particularly in the West, many of these stands are at risk from insect and disease infestation and from intense wildfires. New ways of using this low-value timber to produce wood-based products for housing, such as composite panels and lumber, are also helping to defray the costs of ecosystem restoration. Some speciic examples include: (1) Evaluating the potential to use small diameter material for structural systems such as trusses, laminated veneer lumber, and oriented strand board; (2) Developing new methods of connecting smaller pieces of wood together to make larger dimension lumber; (3) Developing appropriately-scaled technologies for drying and processing this low-valued material in cost effective ways.

Cost comparison of wood framing versus steel framing indicates that steel becomes competitive when lumber is generally above $500/mbf. Steel systems in residential construction have been boosted by the inclusion of light-gauge steel framing prescriptive standards in some codes. However, some analysis indicates that if increased insulation costs for steel framing is considered, steel studs may not be cost-effective. Although some builders are moving to steel studs, others have switched back to wood when lumber prices fell below $500/mbf. The wood/plastic composites market is expected to be speciality products, instead of commodity products. We anticipate that wood/plastic composites will be used in housing applications primarily in doors and windows, interior molding and trim, on interiors and perhaps in siding and roofing. We estimate that wood/plastic composites will occupy about 10 to 15 percent of this wood market by 2000. Other new composites for housing expected to make major advances are wood I-joists and laminated veneer lumber (LVL).

*Question.* Significant forest and rangeland research is performed by industry and universities in addition to the Forest Service. What amount of funding by the Forest Service is involved in cooperation with industry and universities in performance of the many important research functions? Is information uniformly shared with these agencies?

Answer. The research needed to complete our mission and the appropriation level we receive play major roles in determining the funds available for our extramural research efforts. Extramural research expenditures averaged $24 million dollars the past 5 years, approximately 13 percent of annual appropriations.

Information developed as a result of our cooperative efforts is available to the public in formats such as publications, symposia, meetings and the internet.

The USDA Current Research Information System (CRIS) contains synopses of all federally funded research. CRIS can be accessed electronically by anyone. One use of CRIS information is to minimize duplication in research activities.

*Question.* As a result of budget reductions the agency obtained Reduction in Force (RIF) authority to significantly reduce the size of the Research organization. To what degree did expected reductions occur? Was a RIF actually implemented? If not, what actions were taken to bring program spending in line with spending authorizations? Are units with the agency possibly facing RIF?

Answer. The Forest Service Research (FSR) organization has decreased its workforce by approximately 9 percent since the beginning of fiscal year 1996. On October 1, 1995, the work force numbered approximately 3,104 employees, an estimated 78 percent of which were permanent and the remaining 22 percent in temporary appointments such as term and post doctoral. As of April 1, 1997, the work force is comprised of approximately 2,765 employees, with the ratio between the permanent and temporary work force remaining essentially unchanged.

Due to an 8 percent reduction ($15.5 million) in the Forest and Rangeland Research appropriation in fiscal year 1996, FSR anticipated a Reduction in Force (RIF) of approximately 70 people. Only 13 people were actually terminated through the RIF process. FSR avoided other RIF actions and reduced the size of its work force through an aggressive and organized outplacement effort which included use of the Agency's Employee Placement System, early out and buyout authorities as incentives to retire, directed reassignments, and outplacement to other government agencies and the private sector.

Given the President's Budget funding level, we anticipate the possibility of using RIF authority in one additional case during fiscal year 1997 (at the North Central Station headquartered in St. Paul, MN).

The effort to bring program spending in line with spending authorizations also included reductions in travel, training, awards, and minor purchases; leaving funded positions vacant; and closing or consolidating offices. During fiscal year 1996 offices were closed in Fairbanks, AK; Bend, OR; Carbondale, IL; Orono, ME; Macon, GA; Gulfport, MS; and Gainesville, FL. Offices were consolidated in Oxford, MS, and New Orleans, LA. In fiscal year 1996, we projected costs associated with the closures and consolidations to be about $702,500. This includes the costs of transfers of station, building repairs and maintenance in anticipation of transfers or sales, and administrative costs of transfers of ownership.

Any changes to the President's Budget will have immediate personnel consequences. Each $1 million reduction will affect 19 people, up from 15 people 3 years ago—a reflection that non-personnel costs have already been aggressively reduced.

NATIONAL FOREST SYSTEM

*Forest health*

Forest Health is a major emphasis item for the Forest Service.

*Question.* How is this emphasis [forest health] compatible with and how does it contrast with restoring and preserving the economic health of communities which rely on the National Forests?

Answer. An emphasis on forest health is not only compatible with restoring and preserving economic health of forest-dependent communities, it is essential to the long-term sustainability of such communities. A clear example is the reduced risk of catastrophic wildfire associated with improved forest health in many areas, which can eliminate major parts of the resource base of the community as well as threaten its very existence. Reducing the risk of fire will often involve removal of commercially valuable timber which can be of direct benefit to the local economy.

Likewise, the social, economic, and environmental condition of local communities directly influences the health of the Nation's forests. Many communities depend on forest resources to maintain and improve their economic well-being. In order to use resources wisely and understand the integral connections between the bio-physical and the socio-economic worlds, many community-based organizations are taking an active role in the discussions and actions aimed at improving forest health.

Through the Economic Action Programs (EAP), the Forest Service is working with hundreds of rural communities to develop job skills, technology, businesses, educational and leadership programs, and collaborative methods for community-based stewardship of natural, cultural, and historic resources. Through local action teams and the Economic Recovery program, a component of the EAP, the Forest Service is using a strategic approach to assist rural communities throughout the country to develop broad-based plans and to take an active role in natural resource issues on private as well as federal lands. The capacity building in the communities results in more effective interaction with natural resource managers as well as economic diversification and increased self-sufficiency.

*Question.* How does the term "Forest Health" imply management actions which are different than past practices of sound land stewardship? What specific land management actions will occur under the Forest Health initiative that would not otherwise have occurred as a normal course of business over the past 5 years?

Answer. Management actions taken by the Forest Service to enhance forest health, now and in the future, will be consistent with sound ecosystem management principles. In some areas in the western United States, our past success in eliminating frequent low-intensity wildfires has led to conditions of dense accumulation of underbrush and over-crowded stands. These conditions render forests highly susceptible to large damaging fires, insects, and diseases. We intend to substantially increase fuels management and thinning in these areas.

LAND MANAGEMENT PLANNING

Land management planning is proposed for a $3.9 million increase. Beginning with 1998 the National Forests are beginning the process of land management plan revision.

*Question.* The fiscal year 1998 budget proposal will support the revision of 4 national forest plans and the initiation of revision for 58 additional forest plans. With 81 of the 123 total national forest plans facing revision by 2002, how will future land management planning budget requests be affected?

Answer. Based on the earliest experiences the Forest Service has had with Forest Plan revisions in the National Forests of Texas, the Francis Marion (SC), the Black Hills (SD), the Targhee (ID), and the Rio Grande (CO), estimated costs per revision are about $500,000 per year for 4 years. Between fiscal year 2000 and fiscal year 2002 we expect to have some 70 revisions underway each year. Future budgets will continue to reflect the best balance of priorities.

*Question.* Federal court rulings based on the Federal Advisory Committee Act have resulted in delays to such significant "eco-region" planning efforts as the President's Northwest Plan and the Sierra Nevada Ecosystem Project. Other projects such as the Tongass Land Use Management Plan and the Interior Columbia Basin Ecosystem Management Project may be affected. What other significant projects could also be affected?

Answer. No perceived delay was realized as a result of the December 31, 1996 District of Columbia Appeals Court ruling that the Sierra Nevada Ecosystem Project was subject to the requirements of the Federal Advisory Committee Act. The Sierra Nevada Ecosystem Project Report was released in June of 1996.

The Forest Service intends to conduct activities related to the Tongass Forest Plan, the Interior Columbia Basin Ecosystem Management Project, and others in such a manner that Federal Advisory Committee Act provisions will not be violated. Federal Advisory Committees will be chartered when it is appropriate to do so.

*Questions.* (a) Can it be expected that larger "eco-region" planning efforts will reduce the number and complexity of forest plans which will require revisions? (b) If so, what are the anticipated effects and efficiencies?

Answers. (a) These large planning efforts which often result in multiple forest plan amendments, will not reduce the number or eliminate the requirement to revise forest plans on a 10-year cycle or at least every 15 years as required under NFMA. Ecosystem assessments will, however, reduce the complexity of the forest planning effort. (b) The major efficiency is that cumulative effects questions are largely addressed by the assessment. This allows forest planning efforts to focus on how the individual plan fits within the broader context identified by the assessment. Assessments now provide this perspective, and reduce the burden on individual forests to address cumulative effects.

Other major effects from assessments include the efficiency of collecting common data for the participating land ownerships in the project and the active support of key science personnel in reviewing federal management strategies. Collection of common data is usually a first step to enable different land entities to effectively communicate and develop management approaches based on a common framework. The involvement of key scientists on the assessment teams also ensures the assessment itself will have scientific credibility in addressing key questions.

Within the past year, final reports have been issued by the three major eco-regional assessments which have been ongoing for several years. These reports are the Interior Columbia Basin Ecosystem Management Project Report, the Sierra Nevada Ecosystem Project Report, and the Southern Appalachian Assessment Report.

*Question.* How has the Forest Service begun to incorporate the information contained in these reports into Forest Plans within the areas covered by these reports?

Answer. Two draft environmental impact statements have been prepared utilizing information from the Interior Columbia Basin Ecosystem Management Project Report. Future decisions associated with these two statements will amend up to 74 Forest Service and BLM management plans. These two documents were distributed the week of June 9 of this year, with final documents expected 1 year later.

Available information from the Sierra Nevada Ecosystem Project was considered in the development of the California Spotted Owl preliminary Revised Draft Environmental Impact Statement, which will significantly amend ten forest plans.

Information contained in the Southern Appalachian Assessment is currently being utilized in the revision of five forest plans. Information in this assessment will form the basis for the issues and forest plan decisions that will be examined during the plan revision process.

*Question.* How have project plans and management activities changed because of these reports?

Answer. Ecosystem assessments have brought about a major change in project planning as a result of focusing increased attention and concern for the ultimate condition of the ecosystem. In the past, projects were usually designed primarily to accomplish a particular goal of delivering goods and services to the public with a disclosure of environmental effects. Today, projects are designed with a major consideration of how long-term ecosystem health will be affected by the project, while also providing certain goods and services. Assessments have highlighted the effects that certain kinds of projects and activities may have on the ecosystem. Assessments have aided understanding of relationships among forests within similar

ecosystems and across ownerships. They have provided managers with vital resource information for informed decisionmaking.

*Question.* How does the Forest Service plan to incorporate the findings of these reports into its daily management and planning activities?

Answer. The results of the assessments will be used as a management tool that will help guide, as appropriate, the daily management and planning activities in two ways: (1) change or affirm management direction in land and resource management plans; and (2) reconsider or validate appropriate site-specific projects to implement plan direction. In the first case, land and resource management plans may be amended (or in the case of the Southern Appalachian Assessment, revised) to change or add goals, objectives, standards, or guidelines that set the framework for future site-specific, project-level management activities. These plan level decisions may affect the type, design, location, and timing of projects proposed to implement the new plan direction.

In the second case, land and resource management plan direction may be compatible with the results of the assessment, but new information about how the ecosystem responds to particular management activities may be helpful in improving the method, design, or timing of projects proposed to implement plan direction.

*Question.* Salmon recovery is a major issue in the Pacific Northwest. What cooperative efforts and through what specific programs is the agency assisting other federal, state and local agencies in this recovery program? How much funding has been spent relative to salmon recovery in the past 3 years?

Answer. The Forest Service uses a number of cooperative efforts to accomplish salmon recovery in the Pacific Northwest. The Northwest Forest Plan (NFP) includes a comprehensive watershed restoration strategy designed to improve entire watersheds inhabited by salmon. The NFP places strong emphasis on Federal/State agency cooperation and on local coordination and involvement in whole watershed restoration. A second major cooperative effort for salmon recovery is the Northwest Power Planning Council's Columbia River Basin Salmon recovery program. The Council's effort affects 10 National Forests. Through the Columbia River Basin Andromous Fish Policy (1992), the FS committed to helping achieve a doubling of salmon runs in the basin and is involved in cooperative planning, restoration and monitoring/evaluation. Finally the FS is an active partner in a variety of State sponsored restoration initiatives. The most notable recent example is the Oregon Coastal Salmon Restoration Initiative developed to recover coastal stocks of coho salmon. This was an interagency effort spearheaded by Oregon Governor Kitzhaber. The FS has been actively involved in its development and has made a number of commitments including active participation and cooperation in the restoration of coastal watersheds. Similar efforts are soon expected to broaden the scope of this effort to most of Oregon and Washington.

On a local level, many District and Forest fishery biologists provide technical support to watershed councils. Watershed councils are increasingly viewed as the key to generating grassroots support for salmon recovery.

The FS, Pacific Northwest Region has expended approximately $23,000,000 per each of the last 3 years for salmon habitat restoration activities.

The Table below illustrates the approximate distribution of these funds by broad program area. The table includes Trust Funds (for example, KV) that contribute to meeting restoration objectives. Not included are a variety of funds, which indirectly benefit salmon habitat restoration, such as funds for road/trail and recreation maintenance and construction, land acquisition, etc.

PACIFIC—NORTHWEST REGION

| Program area | Expenditures by fiscal year— | | |
|---|---|---|---|
| | 1995 | 1996 | 1997 |
| Coordination and habitat management | $4,505,000 | $3,695,000 | $3,420,000 |
| Jobs in the Woods | 11,100,000 | 11,000,000 | 11,176,000 |
| Mid/Upper Columbia River restoration | 2,350,000 | 1,300,000 | 1,900,000 |
| Subtotal | 17,955,000 | 15,995,000 | 16,496,000 |
| Trust Fund Program | [1] 6,500,000 | 6,890,000 | 6,715,000 |
| Total | 24,455,000 | 22,885,000 | 23,211,000 |

[1] Estimated expenditures for trust funds for fiscal year 1995.

*Question.* During the fiscal year 1997 appropriations hearing, Mr. Lyons stated that in the year 2000, recreation will contribute $97.8 billion to the U.S. economy, while timber will contribute only $3.5 billion. The Subcommittee staff has reviewed a January 1997 report from three PhD.s with natural resource economics expertise which strongly disputes this contention. The report states that timber related functions will provide 2.25 times the economic contribution that recreation, wildlife and fish programs combined will provide. Please provide a detailed analysis of this report with specific attention to the contribution of timber to the Gross Domestic Product versus the contribution of Recreation. Please identify the basis for the statements made by Mr. Lyons and specifically how his contentions differ from those presented in the January 1997 report.

Answer. The basis for Mr. Lyons' statements about the contributions of recreation and timber to the gross domestic product is the economic analysis of job and income effects displayed in the Draft 1995 Forest and Rangeland Renewable Resources Planning Act (RPA) Program. This analysis estimated the jobs and income (defined as contributions to gross domestic product) that can reasonably be associated with Forest Service activities and outputs from the National Forests, as anticipated for the future based on the proposal in the Draft 1995 RPA Program. The January 1997 report referred to by the Subcommittee differs from the Forest Service analysis in three main areas: 1) the analysis in the January 1997 report includes only a fraction of the anticipated Forest Service recreation use (assumed recreation use estimates are too high, reduced local use, and reduced use based on the assumption that use would decrease if a fair market value fee was charged); 2) timber effects are all calculated at end use in residential construction, rather than at the sawmill or pulpmill (Forest Service estimates about 60 percent of volume harvested is used in housing construction); and 3) the timber effects are estimated in a national model. Regarding the first two points, we believe the assumptions and procedures used in the Forest Service analysis for the Draft 1995 RPA Program were appropriate given the purpose and focus of that analysis. Regarding the third point, we do plan to use a national model for estimating timber impacts for the Recommended RPA Program. The Subcommittee has been provided a paper that provides a more detailed evaluation of the January 1997 report and how they differ from the Forest Service approach used in the analysis of the Draft 1995 RPA Program.

The economic impact analysis of the Draft 1995 RPA Program provides measures of the total value or importance of economic activities associated with Forest Service resource outputs. We believe it is important to stress that neither of the economic impact analyses should be used as the basis for budget allocation or investment decisions, since these analyses were not designed for those purposes. Nor does the analysis suggest that production of a variety of uses is not compatible or desirable. Other types of analysis are needed to inform investment and budget allocation decisions, such as marginal analysis that looks at the effects of changes in levels of investment. All Forest Service programs have value and importance to the Nation and to local communities. Various measures are needed to represent such values and importance.

FOREST SERVICE DECISION MAKING PROCESS

The Forest Service's decision making process is a critical function; but it is costly. In the past 20 years, the Forest Service has spent over $20 million developing multiyear plans for managing timber production, livestock grazing, recreation, fish and wildlife habitat, and other legislatively mandated uses on national forests. The Forest Service also spends about $250 million per year for environmental studies to support individual projects. However, according to an internal Forest Service report (Final Report of Recommendations: Project-level Analysis Re-engineering Team 11/17/95), inefficiencies within this process cost up to $100 million per year at the project level alone. Critics state that by the time the agency has completed its decision making process, it is often unable to carry out the plans because of changes in natural conditions and funding, or new information and events.

*Question.* What actions were recommended in the internal Forest Service study to reduce the inefficiencies within its decision making process?

Answer. The NEPA Re-engineering study was a Region 8 and 9 effort completed in November of 1995. This report was presented as a draft report for use by the agency as a whole. The Forest Service has used this study in guiding improvements to the NEPA process. The report contains ten recommendations as follows:

1. Limit NEPA analysis to discretionary Forest Service actions that may have an effect on the quality of the physical and biological environment.

2. Address landscape issues at appropriate levels and incorporate analyses into either Forest Plan or project-level decisions.

3. Maintain a centralized system of environmental information that is useful and easily accessible to project analysis teams.
4. Eliminate redundant analyses; focus on what is new.
5. Use existing analyses to support new decisions when possible.
6. Develop alternatives in environmental assessments only when there are unresolved conflicts.
7. Expand categorical exclusions and develop new categories based on ecological units and thresholds of acceptable change.
8. Accept appeals as legitimate way to resolve substantive conflicts.
9. Limit appeal standing and appeal points to substantive issues raised in written comments during public comment periods.
10. Use litigation proactively to support Forest Service NEPA policy.

Current laws provide the authority to implement each of these recommendations, with the possible exception of recommendation number 9.

*Question.* Has the Forest Service acted on the recommendations in the internal study?

Answer. The following actions are being taken by the Forest Service based on the internal study recommendations:

1. Link NEPA analysis to discretionary FS actions (i.e. those actions for which we have primary authority, as opposed to those actions for which we provide input to other federal agencies but do not have primary authority.)

The FS Manual and Handbooks are being changed to reflect what environmental analysis and documentation is required and not required for many agency activities. Examples are: (1) special use permit re-issuance, (2) use of roads by contractors, (3) road maintenance by State agencies, (4) granting rights-or-ways across NF lands, (5) FERC re-licensing, and (6) grazing permit issuance.

2. Address landscape issues at appropriate scales (e.g., an issue pertinent to an entire region should be addressed at a regional scale, while one pertinent only to a smaller geographic area should be addressed at that scale)

A number of landscape assessments have been or are being prepared over the next few years. These assessments will serve as a basis for environmental analyses that can be incorporated by reference into Forest Plan and project analyses. These Ecoregional Assessments include: Interior Columbia River Basin, Sierra Nevada, Ozark-Ouachita Highlands, Great Lakes, Northern Great Plains and Southern Appalachian.

3. Maintain a centralized system of environmental information. The FS has initiated a number of initiatives to improve availability and useability of information. The Resource Inventory and Monitoring Institute is now housed in Ft. Collins, CO to develop better procedures for integrating monitoring and inventory into decision making. A Common Survey Data Structure (CSDS) effort is underway to standardize data protocols for resource information throughout the agency. The protocols from the Monitoring Institute and CSDS will allow integrated data bases to be shared among Regions and agencies. Additionally, a pilot CD ROM test is being performed in fiscal year 1997 to organize a centralized collection of administrative appeal decisions, NEPA case law, and NEPA "good" examples for use by the field.

4. Eliminate redundant analyses.As the FS moves towards full use of the new 615 computer equipment and network, it will be possible to immediately share and retrieve environmental analysis done anywhere within the agency. The 615 technology is being tested on the Kootenai National Forest to demonstrate efficiencies gained in environmental analysis and documentation. The pilot testing includes Geographical Information System (GIS) analyses, direct transfer of analysis tables, matrices, and graphics to environmental document, and realtime public review of computer analyses. The Kootenai has estimated considerable savings in document preparation time, as much as 20 to 40 percent.

5. Use existing analyses to support decisions. The agency has developed a Decision Protocol that incorporates this action item. Pilot applications of the Protocol within each Region are showing reductions in information gathering costs as high as 40 percent.

6. Develop a more limited set of alternatives. The Agency's Decision Protocol incorporates this action item. The environmental issues are addressed through mitigation where possible, unresolved conflicts about resource allocations are being used to focus the alternatives. Regional offices also are working with forests on ways of reducing the number of alternatives without compromising quality environmental analysis.

7. Expand Categorical Exclusions. The NEPA Handbook is being changed to: (1) expand the scope of categorical exclusions; (2) clarify the application of extraordinary circumstances; and (3) permit Regions to establish categories specific to local conditions. The categorical exclusions are being coordinated with the BLM to ensure

greater consistency between the two land management agencies. A draft of proposed categorical exclusions is scheduled for fall 1997.

8. Accept appeals as a way to resolve conflict. Alternative dispute resolution is being tested in connection with range appeals to allow for better communication, than our current system allows, between the Forest Service and appeallants. This technique may be tried in other areas depending on the nature of success.

9. Limit appeal standing and points of appeal to substantive conflicts. No action to date. Concerns exist that this will not be in conformance with the Administrative Appeal Law and would require a change in legislation for the Forest Service.

10. Use litigation proactively to support NEPA policy. The Office of General Counsel has written a number of papers that spell out the legal strategy to support forest planning, project planning, tiering, and unavailable and incomplete information. The OGC has engaged in a series of discussions with CEQ and DOJ on the scope of Forest Plans, application and timing of ESA with NEPA and application to Forest Plans. This dialogue will continue.

*Question.* If actions have been taken on the recommendations in the internal study, how much has the Forest Service saved in terms of appropriations and time as a result of implementing the recommendations?

Answer. Savings and efficiencies are being made as improvements are implemented. Initial estimates of savings on environmental analysis have been estimated as high as 20 to 40 percent depending on the project. Improvements address many different aspects of the environmental analysis and project approval, including how we process special use applications, how we address range allotment analyses, earlier and streamlined consultation with regulatory agencies, consideration of increasing situations where Categorical Exclusions are appropriate and limiting the purpose and need for action. It is difficult to assess cost or time savings from any one action. We will continue to make improvements and over time will be able to estimate savings in a meaningful way.

INTERIOR COLUMBIA BASIN ECOSYSTEM MANAGEMENT PROJECT

This effort has required extensive collaboration between agencies. The Draft Environmental Impact Statements are scheduled for release in early 1997.

*Question.* What permanent cooperative arrangements can be expected between the Forest Service and the Bureau of Land Management which will reduce costs and promote efficiency?

Answer. No permanent cooperative arrangements have been put in place at this time. While it is premature to know the specifics of what topics will be subject to any cooperative agreements, we expect some attention will be focused on field monitoring and data collection and storage; on watershed analysis and sub-basin reviews as part of implementation of this strategy, long-term consistency in application of standards and objectives, and that in some cases the agencies will share personnel.

*Questions.* (a) How have the respective missions of the Fish and Wildlife Service and the National Marine Fisheries Service benefitted this process? (b) Have there been any negatives to this cooperative effort?

Answers. (a) The involvement of these two agencies and the Environmental Protection Agency has been to ensure that broad-scale ecosystem management strategies comply with environmental laws like the Clean Water Act and the Endangered Species Act. A second benefit has been to develop interagency partnerships that will facilitate future implementation. (b) No. While the draft EISs took longer than expected to produce, we believe the documents are much stronger than they would be otherwise, and there is a stronger commitment from all involved agencies.

*Question.* What level of participation has occurred with State and local governments in the planning process?

Answer. Early involvement of other federal agencies and county and state governments is a highlight of this project. Counties and States have been involved from the early stages. Four state associations of counties formed the Eastside Ecosystem Coalition of Counties in 1994 to keep informed and involved in the project and its progress. A memorandum of understanding between the Project Managers and Eastside Ecosystem Coalition of Counties was signed in 1995. Mutual benefits have been gained from sharing different perspectives, data, and information. A June 30, 1995 letter to U.S. Senator Mark Hatfield, the Association of Oregon Counties states:

"This is the first time a multi-state county group has participated directly and from the beginning in a significant federal resource management planning process. There will likely be a positive impact on the federal work product, and a foundation has been laid for genuine, long-term improvements in federal/county communica-

tion. The National Association of Counties is following progress closely, because EECC is creating the model for county involvement in other regions."

Other key developments from this project are new relationships established with tribal governments. Significant time and energy has gone into building trust and working relationships with more than 20 separate tribal governments in the project area. Past experiences have made these tribes skeptical of the ability of this project to produce results. Tribes have not been involved in early stages of a project in the past, and were not prepared with money or people to react quickly. The benefits of the relationships established are valuable and necessary for the future.

The project involved state, tribal and local governments and Resource Advisory Councils and Province Advisory Committees in a process to help identify the preferred alternative. Meetings and presentations to these governments and advisory groups occurred beginning in the summer of 1996, and continued into the winter of 1997. These relationships form the basis for cooperation which can depolarize divided opinions about conservation and management that now exists.

*Question.* Within the alternatives being considered please identify the commodity outputs being analyzed under each alternative.

Answer. The potential outputs from the various alternatives are displayed below. While potential outputs are displayed, the decisions for the ICBEMP will not change the outputs identified in current land management plans; such changes will occur, as needed, in future plan revisions.

COMMODITY OUTPUTS FOR EASTERN OREGON AND EASTERN WASHINGTON

[Eastside draft]

| | Estimated— | |
|---|---|---|
| | Timber volume in MMBF | AUM's in thousands |
| Alternative: | | |
| 1 | 887 | 685 |
| 2 | 393 | 674 |
| 3 | 724 | 681 |
| 4 | 765 | 674 |
| 5 | 923 | 730 |
| 6 | 625 | 674 |
| 7 | 313 | 378 |

Source: From table 4–50, Eastside draft environmental impact statement.

COMMODITY OUTPUTS FOR IDAHO, W. MONTANA, AND N. NEVADA

[Upper Columbia River basin draft]

| | Estimated— | |
|---|---|---|
| | Timber volume in MMBF | AUM's in thousands |
| Alternative: | | |
| 1 | 840 | 1,910 |
| 2 | 820 | 1,878 |
| 3 | 1,120 | 1,899 |
| 4 | 944 | 1,878 |
| 5 | 1,390 | 2,036 |
| 6 | 610 | 1,878 |
| 7 | 440 | 1,055 |

Source: From table 4–50, Upper Columbia River basin draft environmental impact statement.

TOTAL COMMODITY OUTPUTS FOR INTERIOR COLUMBIA BASIN PROJECT AREA

[Eastside and Upper Columbia River basin draft]

| | Estimated— | |
|---|---|---|
| | Timber volume in MMBF | AUM's in thousands |
| Alternative: | | |
| 1 | 1,727 | 2,595 |
| 2 | 1,213 | 2,552 |
| 3 | 1,844 | 2,580 |
| 4 | 1,709 | 2,552 |
| 5 | 2,313 | 2,766 |
| 6 | 1,235 | 2,552 |
| 7 | 753 | 1,433 |

Source: Totaled from tables 4–50, Eastside draft environmental impact statement, and 4–50, Upper Columbia River Basin draft environmental impact statement.

RECREATION

The focus of the recreation program in fiscal year 1998 centers on universal designs for accessibility; the heritage program; implementing new legislation on permit fees for ski areas and the Recreation Fee Demonstration sites; emphasis on special recreation areas including wilderness and wild and scenic rivers; preparing for the 2002 winter Olympics; and testing the Public-Private Venture concept.

*Question.* Please provide a listing of the cooperative recreation projects which the Forest Service intends to spend $15 million to perform in fiscal year 1998; and an identification of the sources for the estimated $32.5 million in cooperative funds.

Answer. Although we have not identified fiscal year 1998 partners for specific projects, the following list provides a few examples of current projects types and partners:

*Georgia, North Broad River Recreation Restoration*

—Reconstruct campsites; construct trails, interpretive signs, and accessible fishing deck; relocate road; stabilize streambank; and enhance fish habitat.
—Partners: Georgia Department of Natural Resources, Trout Unlimited, and Wish to Fish (physically challenged group).
—Funding: FS $9,500 Partners $9,600.

*Colorado, Colorado Fourteeners Initiative*

—Construct sustainable high country trails, reclaim erosion areas, install information kiosks at two trailheads, and build a new parking area.
—Partners: The American Mountain Foundation, Volunteers for Outdoor Colorado, Great Outdoors Colorado, Outward Bound, The Colorado Mountain Club, and Colorado Fourteeners Initiative.
—Funding: FS $53,900 Partners $62,800.

*Alaska, On Your Knees Cave*

—Construct entry gate, trail, and tent platform; continue research; develop a stewardship plan; develop and implement interpretive and education programs for a newly discovered cave and archaeological site of international significance.
—Partners: Community Volunteers Association, Denver Museum of Natural History, Port Protection Association, and National Geographic Society.
—Funding: FS $42,900 Partners $72,320.

*Utah, Huntington Watershed Restoration*

—Reconstruct 67 camping sites, construct three restrooms, close and rehabilitate 25 camping sites, improve angler trails, expand the group campground, and reestablish streamside vegetation.
—Partners: Genwal Resources, Inc., Castle Country Travel Council, Carbon County, Sanpete County, Canyonlands Natural History Association, Emery County, State of Utah (Division of Wildlife Resources, Department of transportation, and Parks and Recreation), Trout Unlimited, and local Energy/Mining interests.
—Funding: FS $90,000 Partners: $90,000.

*North Carolina, Carolina Hemlock Campground*

—Drill new well; install new pump, chlorinator, and distribution system; and construct eight ADA accessible water fountains and hose bibs.
—Partners: Cradle Of Forestry Interpretive Association.
—Funding: FS $40,000 Partner: $40,000.

*Montana, Path of the Grizzly Interpretive Trail*

—Construct one half mile of trail; install benches, kiosks, and bike racks; design, fabricate and install interpretive media; and design and print education material.
—Partners: Blackfeet Nation, Meridian Aggregate, Montana Department of Transportation, Northwest Interpretive Association, Wildlife Forever, Montana Fish, Wildlife, and Parks, and The Nature Conservancy.
—Funding: FS $13,000 Partners: $79,000.

*Oregon, Pine Ridge Day Use Mitigation*

—Construct access road, 45 car trailhead and OHV staging area, restrooms, well, drainfield, and utilities.
—Partners: Oregon Department of Transportation.
—Funding: FS $175,000 Partner $445,000.

*California, Lake Tahoe Heritage Preservation and Interpretation*

—Stabilize the Newhall House, historic structure; preserve and interpret structures related to Chinese Encampment, develop and install interpretive signing on a National Recreation Trail, one of original routes into Basin, and at an historic gazebo.
—Partners: Tahoe Heritage Foundation.
—Funding: FS $5,550 Partner $9,750.

*New Mexico, Tres Piedras Trail 41*

—Construct two new one-half mile sections of trail; sign 16 miles of access roads; and stabilize, drain, revegetate, and put to bed one mile of existing road.
—Partners: Chuckwagon Trailriders, Rocky Mountain Youth Corps, and New Mexico Wildlife Federation.
—Funding: FS $6,100 Partners $9,460.

*Wisconsin, Wilson Flowage Dike Reconstruction*

—Reconstruction of two dikes on a premier waterfowl flowage with trophy northern pike fishery.
—Partners: Ducks Unlimited, Great Lakes Indian Fish and Wildlife Commission, National Fish and Wildlife Foundation, and Wisconsin Department of Natural Resources.
—Funding: FS $20,000 Partners $250,000.

*Question.* The fiscal year 1998 Explanatory Notes do not provide much detail on the costs of planning and investment in facilities and infrastructure for the 2002 Winter Olympics in Utah. What major efforts will be underway in fiscal year 1998 relative to the 2002 Winter Olympics?

Answer. Funding is provided for the following major efforts: A 4-person team to manage, guide, interface, and partner with the myriad of local, national, and international organizations to develop and implement annual plans so that Forest Service representation in the 2002 Winter Olympics is fully visible with appropriate representation. Work also continues with the Snowbasin land exchange. ($300,000)

Salt Palace visitor information partnership; Anderson Cove/Lodgepole Campgrounds-PPV, NEPA, planning; Snowbasin land exchange; venu preparation, and natural resources conservation education. ($426,000)

50 percent of the Regions Capital Investment Construction/Reconstruction program. ($1.1 million)

Trail re/construction. ($400,000)

*Questions.* A December 1996 GAO report stated that the Forest Service has failed to collect fair market value for a multitude of commercial and non-commercial special use permits. This issue was recently highlighted in an NBC News "Fleecing of America" episode. In that episode NBC stated that the Forest Service refused to comment about the validity of the GAO report. The agency budget justification states that recreation special uses generate $47.5 million for the U.S. Treasury, but it does not address any changes to the system which might provide for increased revenue's on a scale comparable to similar state owned uses as referred to by GAO. The budget justification speaks to updating recreation residence fair market value by 1999 and to implementing new ski resort fee system legislation. Is it the agency's

contention that these initiatives will adequately address issues raised by GAO? Has the agency responded to the GAO report?

Answers. The Forest Service generally agrees with the report's conclusions and has so stated in its response to GAO. Many holders of special use authorizations do not pay fair market value for the right and privilege of use and occupancy of National Forest System lands. The Forest Service recognizes the importance of obtaining a better return for the use of public resources and to recover the costs for providing these recreation opportunities. It endorses the concept of placing the special use authorization program on a more business-like basis.

The Forest Service is updating its fee systems to better reflect fair market value. The question mentions recreation residence and ski resort fees as two examples. Recreation residence appraisals should be completed in fiscal year 2002. The recently passed ski fee legislation will be implemented this summer. The challenge with any fee system is balancing the benefits of retaining its currency with the administrative costs of doing so. In many cases, the Forest Service is indexing fee schedule rates to retain some degree of fair market value currency between periodically scheduled (and costly) fee structure updates. The Ski Fee legislation calls for a review in 1999 to determine if it indeed meets fair market return.

The Forest Service is developing Cost Recovery regulations as recommended by GAO. Once implemented, these regulations would recover from the permittee costs borne by the Forest Service in responding to, processing and administering permits. Implementation is anticipated in the fall of 1997.

We cannot yet predict what change our current initiatives will make on receipts to the U.S. Treasury. To do that we first need to conduct appraisal and market rent studies to determine values for the various types of uses we authorize.

*Question.* The agency's performance indicator for wilderness management is miles of trail available. This indicator does not speak to a measure for the amount of use by the public. What is the history of wilderness use over the past 5 years? What is the increase in number of wilderness areas created and managed over the past 5 years? As the average age of the US population increases, is wilderness use declining? How are the 26,610 miles of trail categorized in terms type of trail? Some wilderness philosophy speaks to eliminating many trails within Wilderness to make the areas even more primitive. Is the agency affected by this philosophy in terms of a standard for "miles of trail available?"

Answer. Wilderness use over last 5 years increased about 9 percent, from 13,272 Recreation Visitor Days (RVDs) in fiscal year 1992 to 14,512 RVDs in fiscal year 1996. Wilderness use appears to be maintaining a reasonably constant, to slightly increasing, level. Wilderness use is not declining as a result of an increase in average age of the population; instead, wilderness visitors are becoming more reflective of the diverse American public. Studies conducted by the Aldo Leopold Wilderness Research Institute from 1972 through 1991 note the following changes in wilderness visitors: wilderness visitors today tend to be older than those who used wilderness in the past, there is a higher percentage of women using wilderness, the educational level of wilderness users is higher than in the past, and although racial minorities are still not well represented among wilderness users, this user segment continues to grow (Cole, Watson, Roggenbuck, 1995).

From 1991 through 1995, 17 wildernesses were designated on National Forest System lands. This added 944,882 acres to the National Wilderness Preservation System, and increased the acreage of wilderness managed by the Forest Service by approximately 3 percent. While these areas are certainly worthy additions to the National Wilderness Preservation System, the change in total wilderness areas and acres managed by the Forest Service does not seem a viable indicator of management performance. The job is not to create or encourage new wildernesses, but to appropriately steward those lands under our administration.

As displayed in the budget, the 26,610 miles of trail are miles available within wilderness, in addition to 87,466 miles available outside of wilderness. The Forest Service does not have a national objective of the trail program to eliminate trails within wilderness to make the areas more primitive. Instead, trail densities and travel planning in wilderness are determined, with public participation, by resource protection and wilderness use objectives. The Forest Service is currently developing wilderness performance measures in the following areas: ecological integrity, wilderness values, public use, and special provisions and administration.

*Question.* The agency cites an increase in use of concessionaires by 70 percent over the past decade. What affect will this amount of recreation concessionaires have on the Recreation Fee Demonstration program? How will potential receipts by affected?

Answer. Concessionaires will continue to play a significant role in the delivery of national forest recreation services. The existing concession program will not have a

significant impact on the recreation fee demonstration program or potential receipts. The fee demonstration program encompasses only 100 projects across the entire National Forest System. More than enough project diversity exists to let the Fee Demo test a wide range of projects. Many of the projects consist of developed sites that are not concession managed. The test should enable the Agency to make a better estimate of fee potential from all sites.

As the Agency has implemented the fee demo, firm emphasis has been placed on the value of collaboratively working on demonstration project proposals with concessionaires as these projects can have an affect on the concessions business. With a significant part of the recreation opportunities on national forest land being carried out by cooperators, it is vital that we work closely with them. These cooperators not only provide direct services to our customers, maintain sites under permit, but as private businesses they also return millions of dollars into local rural economies.

Flaming Gorge NRA is an example of this collaboration. In the NRA more than 24 permit holders and the Forest Service collectively carry out the extensive level of customer services which occur at this high use site. By focusing on collaborative relationships, the NRA has successfully implemented a fee demo project with full support of every permittee—critical support in that these permittees serve common customers, return benefits to local economies, and have political representation.

In summary the Forest Service is managing both these contemporary tools—concessions and the fee demo—to compliment one another. However, these are the types of issues that the fee demo test will provide valuable information on.

*Question.* The Recreation Fee Demo project allows use of collections to perform recreation facility reconstruction and construction. To what degree will such collections be utilized for this purpose? What has the public's reaction been to the use of funds for this purpose?

Answer. The Agency has a vast array of projects operating under the fee demo. Some are small, others are very large. Many focus on direct customer services and facility enhancements—with a focus on repair and reconstruction of old run down facilities. However, due to the relatively short implementation period to date, few actual reconstruction projects have started. In many cases, clean up activities, painting, and cleaner restrooms are examples of immediate actions the demo projects are doing to show fee paying customers a quick benefit.

Each demonstration project has a business plan that includes a priority list of needs—how, where, and when expected fee revenue will be used for specific tasks. Also, every project has a communication plan, outlining each step needed to keep their customers informed, reach community acceptance, and help keep Congress informed of these items.

To-date the Agency is experiencing a high level of community acceptance of projects and new fees. We feel our extensive efforts to communicate and educate our customers has been critical to the success of the program.

*Question.* The fee demonstration program was implemented with a 3 year test period and extended for 1 year. Are projects being brought on line as scheduled? What projects, if any, that were originally planned for recreation fee demonstration may not be brought into the program due to delays?

Answer. Most projects are coming on line very close to projected start dates. Two have been dropped—one due to liability concerns associated with charging a fee in an area with known fatalities (Rim Lakes,—Apache-Sitgraves N.F.—Ariz) and one because the Poudre River Complex—Arapahoe-Roosevelt N.F., Colorado, decided to concession instead. Some projects have been delayed due to major proposal modifications based on public feedback. We expect to have 40 projects from the first 50 collecting fees by July 1, 1997. The others plan to come on line later in fiscal year 1997 or early in fiscal year 1998. The Regions are currently submitting proposals for the next 50 projects and we expect that some of these will also be ready to come on line in fiscal year 1997, and early fiscal year 1998.

*Question.* The recreation fee demonstration project will involve the collection of significant sums of money in several areas. What plans has the agency made to protect these funds from theft? What plans have been made to protect the safety of employees making these collections?

Answer. The Forest Service has been collecting fees in developed sites for many years. Existing Agency fiscal requirements for handling money will continue to be applied to the Fee Demo projects. Theft and employee protection are included in current procedures. Employee safety will not be jeopardized. In some projects, the volumes of cash collections are significantly larger than the Agency has experienced in those locations in the past. We are beginning to explore the use of new avenues for payment with the use of credit cards /debit payments etc. Developing innovative solutions to address the increased volume and new processes are also part of the test. Some of the areas being explored include: increased use of credit cards and

vendor sales to reduce cash handling, armored car services for cash transfer, automated vending machine pass purchase, audit and accountability guidelines for these new tools/processes, and increased law enforcement coordination.

*Question.* How are payments of fees being enforced at demonstration sites? What actions are being taken with individuals who refuse to or who are uncooperative in paying fees?

Answer. Local compliance programs are being established for each Fee Demo project. Most units are taking a light handed approach to fee compliance during the start up phase. "Fix-It Tickets" are being used in some places—buy your pass and no fine is assessed. A high level of compliance is critical to the success of the fee Demo program. If a significant number of visitors do not pay, visitors that do pay will not be pleased. During start-up activities at all sites, widespread communication, education and signage will be the focus. As a last resort, the law gives each Agency the authority to issue tickets with a fine of up to $100.

*Question.* A recent news article (Oregonian, 3/22/97) spoke of a fee structure at the Mt. St. Helens Visitor Centers, which only allows for a multi-day pass as opposed to a single day pass. How are fee structures established at local fee sites? Is maximum flexibility being offered to the public for both short and extended stays?

Answer. The intent of the fee demo pilot is to test various fee methods and public reaction and acceptance. Each project can experiment with various fee levels and procedures. Short and long term stays are addressed in most areas by having a short stay pass of some sort—one to seven days seems to be the range, and annual passes.

At Mt. St. Helens, we are experimenting with a Monument Pass. Originally this Monument Pass was only good for one day. Based upon information received during the public collaborative process, the Monument decided that this Monument Pass would be good for an additional two days at no extra cost. This is consistent with other business approaches around the Nation. Disneyland is advertising the same concept. When you purchase the pass it will get you in the extra days for free, thereby giving them more value to the pass.

*Question.* What are some examples of "showcase" accessibility projects and what types of facilities were these projects developed for? What is the cost of these accessibility projects by type? What type of cooperative contributions in terms of services or funds can be directly related to accessibility projects?

Answer. The Agency has completed a number of award winning efforts in the field of Universal Access, having pioneered guidelines for outdoor recreation environments. The focus of this effort was to insure that outdoor recreation environments and activities are designed and carried out in a manner which is responsive to a diverse country, responsive to all ages, abilities, and cultures. At the same time, respecting the outdoor environment, and not taking away from this diverse user group the adventure, challenge, and enjoyment found in a spectrum of outdoor settings. This award winning effort was co-authored by the Forest Service and published in the book "Universal Access To Outdoor Recreation: A Design Guide." This publication now serves as the standard in the federal government and throughout the recreation industry for design of outdoor sites, facilities and services. This effort itself was completed through partnerships, saving the taxpayer about a quarter of a million dollars.

Similar cooperative projects have been completed in partnership with our private service providers, assisting them to develop guidelines for their service areas. These products include: Universal Access to Outfitting and Guide Services; Universal Access to Ski Areas; Universal Access Trail Evaluations; Universal Access to Wildernesses, Balancing The American's With Disabilities Act with the 1964 Wilderness Act.

These products have guided the design of new, and the reconstruction of existing facilities, and have shaped direction with cooperator permits.

Showcase examples are best found at new installations such as the El Portal Visitor Center in Puerto Rico and the South East Visitor Center in Ketchican Alaska, where integration of Universal Access is simply a way of doing business and at no cost increase, in that it is part of the design for the facility. Other examples include sites which require retrofitting. This can be costly when replacing facilities. However, this can be combined with other reconstruction plans to resolve health and safety issues. Examples can be found at areas across the country where existing developed recreation facilities are being upgraded. While these upgraded facilities may themselves not stand out as stellar, to a youngster, parent, or adult who in the past could not participate in outdoor recreation activities because basic facilities such as restrooms were unavailable, these modest site reconstruction activities are indeed life changing and stellar!

Much of the work getting done locally is through partnerships, agreements, by volunteers, and through concessionaire site reinvestments. Also, some of the identified projects to be enhanced through the Recreation Fee Demonstration Program address accessibility items. We do not track costs separately for accessibility modifications, and these changes are seldom done alone. It is a part of the cost of the entire reconstruction project.

WILDLIFE AND FISHERIES HABITAT MANAGEMENT

*Threatened and endangered species*

Threatened and endangered species programs continue to be critical to the agency's mission, but controversial and challenging. The administration is requesting a $5.5 million increase in this program.

*Question.* The agency budget justification speaks to "prioritizing" candidate plant, wildlife, and aquatic species and habitats. Based on agency knowledge of this process, what additional plants or animals may potentially be listed as threatened or endangered which could have a significant effect on agency programs similar to Northern/Western Spotted Owls, Marbled Murellet, etc.?

Answer. There are 47 species proposed for listing as threatened or endangered under the Endangered Species Act that have habitat on national forests and grasslands. Twenty-seven of these are plants, most with narrow ranges. There are an additional 182 Candidate species for which the Forest Service is evaluating the distribution on national forest system lands. Species with the most potential to be impacted by our management activities such as mineral extraction, timber harvest, grazing, or recreation are wide-ranging aquatic species. The proposed or candidate species that currently are of greatest concern are the bull trout and certain stocks of inland cutthroat trout and chinook salmon.

*Question.* Are there species of plants or animals [sic] could soon be "de-listed" which could also have an effect on agency programs?

Answer. Two species which are moving toward delisting in all or part of their ranges are the peregrine falcon and grizzly bear. Several plant species have been delisted. After de-listing, the Forest Service and the listing agency continue with identified conservation responsibilities. Monitoring is required for 5 years following de-listing. Additionally, close cooperation with the responsible State agencies is crucial after de-listing to assure that conservation is being achieved. Impacts to the agency will come to a large extent through a reduction in the amount of time and effort spent on procedural compliance associated with section 7 consultation.

*Question.* On March 19 the Supreme Court issued a ruling that people whose economic interests are affected by the Endangered Species Act can bring suit against the government to stop implementation of actions to protect species or plants. How might this ruling affect some agency accomplishments, operations, and budget allocations in fiscal year 1998?

Answer. There is no way to accurately project the impact of this ruling on agency accomplishments, operations, and budget allocations in fiscal year 1998. Additional litigation may result, which carries a burden of expenses associated with technical support to legal staff as well as potential delay of projects associated with conservation of species.

ANADROMOUS AND INLAND FISHERIES HABITAT MANAGEMENT

A budget increase of $3.9 million is requested for these programs.

*Question.* The agency budget justification speaks to emphasis in Region 10. What are the principle habitat restoration projects planned throughout the Forest Service for these funds? (i.e., increase of $3.9 million within the anadromous and inland fisheries habitat management expanded budget line items.)

Answer. The increase in funding will be targeted at increasing opportunities for public use and enjoyment of inland and anadromous fisheries resources. This will be accomplished through habitat restoration and enhancement that increases the number of fish national forest streams and lakes can produce, and through improvements of angler access, fish viewing, and interpretation opportunities. Specific examples include:

—construction of fishways at salmon migration barriers;
—construction of dams to create fish ponds/reservoirs;
—liming and/or fertilization of lakes to increase productivity;
—removing or stocking fish in cooperation with states;
—construction of fishing docks/piers and boat launches;
—installation of interpretive signs and viewing areas; and
—hosting of National Fishing Week and other aquatic education events.

The majority of the increase ($2.4 million) is within the inland fish habitat management expanded budget line item. Inland fish habitats support 90 percent of the 36.5 million days of angler effort on National Forest System lands each year. Use of inland fish resources on the national forests and grasslands generates about $1.6 billion and provides 57,000 jobs. Additional inland fish angling opportunities can be provided at a cost of $1–10 per angler visit, while generating local economic benefits of about $50 per angler visit.

The smaller increase ($1.5 million) within the anadromous fish habitat management expanded budget line item will primarily be directed to Alaska and Great Lake states where cost effective opportunities exist to increase recreational, commercial, and subsistence fishing opportunities. Although some of the increase will be directed to other geographic areas, programs are primarily focused on restoration and recovery of imperiled salmon stocks.

*Question.* What specific results can be expected from this increase in terms of habitat restoration?

Answer. We estimate that the increase in appropriations will result in restoration of: (1) more than 100 miles of inland fish stream habitat; (2) about 900 acres of inland fish lake habitat; and (3) nearly 100 miles of anadromous fish stream habitat.

*Question.* How has agency involvement in National Fishing Week changed since the program began?

Answer. The Forest Service has historically led all Federal agencies in the number of events hosted during National Fishing Week. The program is immensely popular with the public we serve and provides a unique forum to: convey a message about the importance of ensuring the health and productivity of streams and lakes; share our commitment to increasing recreational fishing opportunities; instill a shared sense of ownership and responsibility for management of public waters; and to build and strengthen partnerships.

In 1996, the agency and its partners hosted about 321 events that were attended by nearly 64,295 people. This represents a slight decrease in the number of events hosted, however, while the number of participants continues to increase. The decrease in number of events hosted is directly related to the decrease in inland and anadromous fish appropriations.

RANGELAND MANAGEMENT

The agency received an increase of $6.5 million from fiscal year 1996 to fiscal year 1997. It is requesting an increase of $7 million in fiscal year 1998.

*Question.* According to agency explanatory notes for fiscal year 1997 and fiscal year 1998 there was no change in grazing lands considered to be in unsatisfactory condition or in need of further analysis (23.5 million acres). Agency budget requests stated that increased funds will be used primarily for NEPA evaluation and implementation which could be expected to better quantify rangelands in unsatisfactory condition. Why has there been no change in this classification? What percent of allotments were evaluated in fiscal year 1997? With the agency's stated intent to complete the allotment evaluation of 2,516 allotments by the end of fiscal year 1998, what can the Committee realistically expect regarding funding requests in fiscal year 1999 and beyond for the rangeland management appropriation?

Answer. When the agency's fiscal year 1998 Explanatory Notes were prepared the final report on status of National Forest System (NFS) rangelands was not complete. The previous year's data were incorporated with the intent of substituting current data before final publication. Due to an oversight the 1996 data were not inserted into the final document. The 1996 data show that 7.8 million acres are not meeting or moving towards forest plan objectives and 13.5 million acres need further evaluation to determine status, bringing the aggregate to 21.3 million acres. This is a decrease of 2.2 million acres in these categories from 1995. Acreage figures for 1997 will not be available until late this fall.

It is estimated that NEPA analyses will be completed on 805 grazing allotments in fiscal year 1997. This represents 32 percent of the 2,516 analyses scheduled for analysis in Fiscal years 1996–98. NEPA analysis were completed on 581 allotments in fiscal year 1996. The sum of fiscal year 1996 analyses completed and fiscal year 1997 analyses projected is 1386, leaving 1,130 analyses to complete in fiscal year 1998 to meet the fiscal years 1996–98 objective. The agency will make it's best effort to accomplish this task. Several factors will affect the number of analyses the agency completes in fiscal year 1998 and future years. As analyses are completed more funds are required for implementing decisions and conducting project level administration and effectiveness monitoring. Increasing complexity of issues is driving up the cost of some analyses and ultimately the cost of project implementation, issue mitigation, administration and monitoring. If the range budget remains stable in fis-

cal year 1998 and beyond, annual accomplishment of NEPA analyses will steadily decrease but acres of rangeland reported in satisfactory condition would increase as implementation proceeds.

It is apparent that the Forest Service will have difficulty meeting the first 3 year benchmark of 2,516 NEPA analyses at the requested level. More funds must be directed towards implementation, administration and effectiveness monitoring as NEPA analyses are completed. The Committee can anticipate continued requests for additional range management funding until the program provides adequate resources to balance resource stewardship and compliance with environmental laws.

FORESTLAND MANAGEMENT

The Administration has requested an increase of $18 million in the Forestland Management Program. The timber sale volume to be offered will decline by 400 million board feet.

*Question.* The Administration requested $14.6 million more for timber sales management, than the agency requested. For what specific functions will this $14.6 million be used? What specific accomplishments will occur?

Answer. The original request from the agency did not provide for full implementation of the President's Plan for the PNW. The additional $14.6 million is for funding the President's Plan for the Pacific Northwest. fiscal year 1997 was the first year of full implementation of the PNW Plan. The additional funding for fiscal year 1998 is to: 1) fund the additional harvest administration resulting from meeting the volume levels in fiscal year 1997; 2) sustain the full implementation level; and 3) reflect the actual cost of meeting requirements of the PNW Plan. fiscal year 1997 is the first year that we will meet the probable sale quantity (PSQ), and we are now able to determine the actual cost of meeting the plan.

Rather than reduce the fiscal year 1998 agency requested allocations to regions and forests not covered by the PNW Plan, the Administration chose to maintain those levels and to request an additional $14.6 million to fully implement the PNW Plan.

The additional $14.6 million will provide an additional 140 million board feet of timber offered for sale from forests covered by the President's Plan for the PNW.

*Question.* The Administration increased timber sales management funds by $14.6 million, and salvage funds by $3.0 million over the agency request. However it reduced the agency's request for road construction funds by 19.2 million, and reduced the agency road maintenance request by 7.7 million. In light of this action, how will the agency modify it's planned timber program to meet it's timber sale target?

Answer. Funds for timber roads are adequate to administer road work on existing sales and to prepare surveys and designs for the green sale program of 2.5 BBF in fiscal year 1998. The shift of funds from road construction made by the Administration to balance competing resource priorities will affect our ability to conduct engineering support in planning for the transportation needs for future timber sales beyond fiscal year 1998.

The roads support for salvage sales is funded from salvage sale funds, thus that program is not affected by the reduction of road funds.

The reduction in road maintenance funding will not affect the timber program, but will reduce our ability to manage and maintain the permanent road system.

*Question.* The agency has a timber sell target of 4.18 billion board feet in fiscal year 1997. Is this volume actually selling? Please provide a comparison of the volume offered to the volume sold for fiscal years 1994–96.

Answer. The timber volume of 4.18 billion board feet for fiscal year 1997 is actually our planned volume to be offered for sale given the available funding. The intent of the Forest Service is to sell all the volume that is offered. However, market conditions influence whether people are willing to purchase all timber sales. About 13 percent of the volume offered over the last three fiscal years was not sold. The following table shows each fiscal year.

TIMBER VOLUME

[Volume in billion board feet]

| | Fiscal year— | | |
|---|---|---|---|
| | 1994 | 1995 | 1996 |
| Volume offered | 3.41 | 4.01 | 4.02 |
| Volume sold in year of offer | 2.56 | 2.49 | 2.45 |

TIMBER VOLUME—Continued

[Volume in billion board feet]

| | Fiscal year— | | |
|---|---|---|---|
| | 1994 | 1995 | 1996 |
| Volume sold following fiscal year | .40 | .81 | [1] .78 |
| Long-term contract volume released [2] | .18 | .14 | .19 |
| Total sold/released | 3.14 | 3.44 | 3.42 |
| Volume not sold | .27 | .57 | .60 |
| Percent of offer not sold | 8 | 14 | 15 |

[1] Through March 31, 1997.
[2] Volume released from long-term contracts in region 10 is not counted toward sold volume since this volume was previously recorded as sold in the 1950's when the contracts were initiated.

*Question.* The Independent Forest Products Association states that the proportional amount of sawtimber sold as a percentage of total timber sold, is decreasing substantially. What percent, for the past 5 years of the total volume accomplishment, has been from saw timber and what percent has been from other products? Please be specific regarding the other products.

Answer. The table below provides our data related to this question, which comes from the Automated Timber Sale Accounting System. As can be seen, there has been no substantial decline in the proportion of sawtimber versus the total volume sold over the past 5 years. Other products, besides sawtimber, that are sold include the categories of pulpwood, poles, pilings, posts, fuelwood, excelsior wood, cooperage bolts, miscellaneous, and cull logs. The highest volume categories of other products are provided in the table.

HIGHEST VOLUME CATEGORIES OF OTHER PRODUCTS

[All volumes in MMBF]

| Fiscal year | Volume sold | | Percent sawtimber | Other products volume sold | | | |
|---|---|---|---|---|---|---|---|
| | Sawtimber | Total | | Pulpwood | Fuelwood | Cull | All other |
| 1992 | 2,688 | 4,458 | 60.3 | 1,134 | 381 | 108 | 147 |
| 1993 | 2,672 | 4,515 | 59.2 | 1,108 | 445 | 80 | 210 |
| 1994 | 1,578 | 3,056 | 51.6 | 936 | 343 | 49 | 150 |
| 1995 | 1,448 | 2,885 | 50.2 | 877 | 303 | 39 | 218 |
| 1996 | 1,943 | 3,384 | 57.4 | 746 | 247 | 33 | 415 |

*Question.* What is the status of implementation of the General Accounting Office recommendations regarding timber theft prevention?

Answer. It was the Office of Inspector General of the Department of Agriculture that conducted a review of timber theft problems in the National Forests. The recommendations of the audit have been implemented and the Office of Inspector General has closed the audit.

*Question.* The agency operates a total of 11 nurseries which are funded through the working capital fund. With the combined production of seedlings declining by 38 percent, how have the costs of maintaining these nurseries been affected?

Answer. As Working Capital Fund (WCF) facilities, Forest Service nurseries must annually establish a selling price for seedlings that covers the production costs associated with growing the seedlings. Declining production levels at Forest Service nurseries have resulted in higher seedling costs because the fixed costs of running these facilities must be absorbed by a reduced level of seedling orders. Any cost increases are ultimately borne by the customer in the price they pay for the seedlings grown at these facilities. Because of this, Forest Service nursery managers work hard to hold the line on selling price increases. In recent years they have been doing this by reducing personnel at these facilities and by seeking ways to increase the efficiency of their operations. These efforts have helped to keep cost increases to a minimum. For example, the J. Herbert Stone Nursery charged $185 per thousand for 2–0 bareroot conifer seedlings in fiscal year 1994. This selling price increased to $186 per thousand in fiscal year 1995, and rose to $198 per thousand in fiscal

year 1996. This equates to a 7 percent rise in selling prices despite a decline in seedling production of roughly 47 percent (from 21.2 million seedlings in fiscal year 1994 to 11.3 million seedlings in fiscal year 1996). Despite the decrease in production, the nursery managed to cover production costs without pricing itself out of the market.

The Agency is committed to maintaining cost-efficient nursery operations. In December, 1995, following a careful analysis of anticipated future seedling orders at 7 Forest Service nurseries in the Western U.S., the decision was made to close 3 of these facilities by the year 2000. We believe that this action, coupled with other measures to maintain cost-effective nursery operations, will provide for a National Forest Nursery System that is well-tailored to meet resource management needs for the foreseeable future.

*Question.* The agency states that combined production of bareroot seedlings and containerized stock will be reduced by 38 percent from fiscal year 1997 to fiscal year 1998 primarily due to the reduced timber program. In order to reduce operating costs and fully utilize nursery capacity, can cooperative work with states and private operators result in improved reforestation on state, private, and local government lands?

Answer. Yes, we believe it can. The Granger-Thye Act of 1950 provides for the sale of forest-tree seed and nursery stock to States and political subdivisions in each State. This Act prohibits the sale or exchange to these entities of ornamental or other stock for landscape planting of types commonly grown by established commercial nurseries. To varying degrees, all of our nurseries are working with other Federal and State agencies to more fully utilize nursery capacity and to provide for the growing stock needed by other governmental entities. In fiscal year 1996, Forest Service nurseries produced about 4.8 million bareroot seedlings for other agencies, representing about 8 percent of all bareroot production nationally. The percentage of seedling orders grown for other agencies in relation to total seedling production has risen over the past few years at most Forest Service nurseries.

*Question.* Does the Forest Service mutually cooperate with State Foresters in the use of respective nurseries for the growth of planting stock? If so, what is the number of nurseries and the amount of funds involved in cooperative efforts?

Answer. The Forest Service cooperates with State Foresters and U.S. Territorial forestry agencies mainly by providing technical and financial assistance through its State & Private Forestry (S&PF) programs. Funding for the S&PF Seedling, Nursery, and Tree Improvement Program totalled $2.659 million in fiscal year 1997. These funds were used to provide technical and financial assistance to 69 State and 4 Territorial nurseries which produced 396 million seedlings in 1995 (the most recent year national data is available). Additional technical assistance to these nurseries was provided by the Forest Service's National Tree Seed Laboratory in Macon, Georgia. The Laboratory provides seed-testing services, serves as a seed bank for national and international research needs, and provides technical information and training on all aspects of forest tree and shrub seed harvesting and utilization. Funding for the National Tree Seed Laboratory was $263,000 in fiscal year 1997.

State nurseries sell only small amounts of seedlings to the Forest Service. Many State nurseries are prohibited from submitting bids on these contracts by State statutory or regulatory requirements. Market conditions also play a factor. Many State nurseries have recently been operating at or near full capacity to supply seedlings for non-Federal customers.

*Question.* The Congressional Budget Office estimates that eliminating deficit timber sales would save $185 million in federal funds over a 5-year period. The General Accounting Office states that deficit timber sales occur in 3 of 9 regions. Based on the GAO methodology, what would be the impacts of eliminating timber sales that fail to produce income in excess of preparation costs.

Answer. The study we believe is being referred to in the question is the 1995 GAO Report entitled "Forest Service—Distribution of Timber Sale Receipts fiscal years 1992–94." That study had a very specific objective, namely to compare the costs of sale preparation with the sale revenues returned to the General Fund of the U.S. Treasury. Consistent with this goal, in determining when a deficit situation existed, the study did not count as income either purchaser road credits, or purchaser deposits for such things as reforestation, road maintenance, and brush disposal. According to the figures in that study, only about 10 percent of all National Forest timber sale receipts ultimately end up in the General Fund—the other 90 percent are either not received in the form of cash (e.g., purchaser road credits), or goes into some special Congressionally authorized account (e.g., the K-V and NFS funds). The Forest Service has not based the benefits of selling National Forest System timber soley on revenues returned to the U.S. treasury. Some important reasons why are:

National forest timber sales are not only a means of producing fiber to help meet the nation's demand for wood, they are also an important tool for managing national forest ecosystems. It is vital to recognize that national forest timber is sold and harvested for essentially three reasons:

1. To help meet the nation's demand for wood, thereby reducing pressures on private forest lands and the need for foreign imports. Sales made primarily for this purpose are called "timber purpose" sales.

2. To help achieve non-timber management objectives that require manipulating the existing vegetation—e.g., reducing forest fuels, improving forest health, and creating habitat desired by certain species of wildlife. Sales made primarily for this purpose are called "forest stewardship" sales.

3. To provide fuelwood, posts, Christmas trees, and other forest products to individuals for their own use. Sales made primarily for this purpose are called "personal use" sales.

Most below-cost timber sales fall into the last two of the preceding categories. Accordingly, one important effect of eliminating such sales is that we would greatly compromise our ability to use timber sales as a tool for achieving various land stewardship goals. This would almost certainly be detrimental for the Federal Treasury as well. Often the net costs (i.e., revenues—expenditures) associated with using other treatment options (e.g., prescribed burning, use of chemical herbicides, or cut and leave) are greater than those associated with using a timber sale because these other options do not generate any revenue to help offset the costs of their application.

National forest timber sales are important to the economies of many local communities, especially in the western U.S. The latest Timber Sale Program Annual Report (i.e., TSPIRS Report) shows that between fiscal year 1991 and fiscal year 1995, the number of jobs supported by the harvesting and processing of national forest timber dropped by 38 percent—from 103,151 jobs to 63,623 jobs. During this same period, the timber sale program's estimated contributions to regional income and federal tax receipts also fell—in these instances by 58 percent. Specifically, regional income is estimated to have dropped from $5.3 to $2.2 billion, and federal tax revenues from $749.4 to $336.8 million. To some degree these economic impacts have undoubtedly been offset by increased harvesting from private forest lands, but to the extent that this has occurred—most of the beneficiaries are in the South, not in the West. Eliminating deficit timber sales will only compound the economic and social hardships that now confront many rural western communities.

National forest timber cannot always be priced at a level high enough to cover the agency's costs of production. The Forest Service, as a matter of law and policy, assumes many costs not incurred by private timber producers: adhering to stricter regulations for environmental assessment and analysis; involving the public in sale planning and allowing for administrative appeals. At the same time, however, we sell our timber in an open market where most purchasers have a choice of buying either from public or private sources. So, should we decide that national forest system must be priced to fully cover production costs, the result will be that we price ourselves out of the market. This could result in paying higher costs to manage timber stands for stewardship objectives than we would spend using timber harvest as a management tool.

*Question.* What is the current status of pipeline timber sale volume? How much volume planned for sale in fiscal year 1998 is currently completed through the NEPA process? Is the overall status of the pipeline sufficient to assure accomplishment of the future planned timber sale program?

Answer. As of March 31, 1997, there is approximately 1.3 billion board feet of timber sale volume prepared through the NEPA process for future years. NEPA documentation has been completed on 800 million board feet of timber volume for the fiscal year 1998 timber sales program. The agency goal in timber sale pipeline is to have about 70 percent of NEPA work completed and a substantial amount of the field layout completed for the fiscal year at the start of the fiscal year. This would require having about 2.7 billion board feet through NEPA at the start of fiscal year 1998. Currently about 30 percent of the desired pipeline volume for fiscal year 1998 sales is through NEPA.

*Question.* Many "other" forest products are sold by the Forest Service. These include mushrooms, bear grass, mosses, etc. What is the value of these products in terms of income for the past 5 years? Do sales of these products affect timber volume offered targets?

Answer. The following table displays the total value of miscellaneous non-convertible forest products and Christmas trees. Non-convertible forest products represent such items as; mushrooms, transplants, vines, pine straw bear grass, mosses, and

many others. It does not include products that can be converted to a volume estimate such as, fuelwood, posts, poles.

*Value of miscellaneous nonconvertible forest products and Christmas trees*

| | *In thousands* |
|---|---|
| Fiscal year: | |
| 1996 | $3,261.8 |
| 1995 | 2,935.1 |
| 1994 | 3,138.3 |
| 1993 | 2,791.4 |
| 1992 | 2,423.0 |
| Total | 14,549.6 |

As a whole, these special forest products are a considerable business in many locales. The sales of these products do not directly affect the timber volume offered. However, the cost associated with administering this business is included in the timber sales management line item.

*Question.* In recent years a significant number of highly qualified and seasoned timber sale administrators left the agency. What has been done to replace these needed skills? In some regions of the country, this critical task is performed by employees with temporary appointments. Has FTE ceiling prohibited the permanent placement of employees in timber sale administration functions?

Answer. The Forest Service has lost many skilled sale administrators as a result of the decrease in the size of the timber sale program and through downsizing the overall workforce. In many cases, people with less experience have taken over these responsibilities. Forests and regions have increased the training programs for sale administrators to assure people administering sales have the skills they need. Depending on what happens to the size of the sale program, we could face a problem in the future with having enough trained and experienced people to carry out the program. At this point, the budget is the driving force, not FTE ceilings, in limiting the size of the sale administration staffs.

LIABILITY FOR SUSPENDED AND CANCELLED TIMBER SALE CONTRACTS

The Forest Service has incurred considerable liability for timber sale contracts which have been suspended or cancelled because of threatened or endangered species. Two instruments are available that would limit the Forest Service's future liability for timber sale contracts that need to be suspended or cancelled because of threatened or endangered species—(1) regulations which state the settlement timber purchasers' are entitled to when a timber sale contract is suspended or cancelled because of threatened or endangered species and (2) a new timber sale contract that specifies settlement in these situations and provides the Forest Service more flexibility to modify contracts and delete timber areas affected by threatened or endangered species. Since the late 1980's, the Forest Service has been working on revising these two instruments, yet work is still incomplete.

*Question.* Does the Forest Service intend to publish proposed regulations on the settlement that will be provided when timber sale contracts are suspended or cancelled because of threatened or endangered species? If so, when?

Answer. The Forest Service published a proposed rule concerning contract cancellations on December 30, 1996. The comment period ended on February 13. Presently, the comments are being analyzed to determine what the final rule might be.

*Question.* Does the Forest Service have a plan to issue for public comment a revised timber sale contract? If so, when?

Answer. The Forest Service plans on publishing a proposed contract for public comment this coming summer. Presently, the proposal is being reviewed by OMB.

TIMBER SALVAGE SALES

The salvage program will involve the preparation of 1.3 billion board feet, as part of the overall timber offer target of 3.8 billion.

*Question.* The report titled "Interagency Salvage Program Review" discussed collaborative efforts by the Forest Service, Bureau of Land Management, National Marine Fisheries Service, Environmental Protection Agency, and the Fish and Wildlife Service relative to accomplishments under the Rescissions Act. The report found the definition of salvage was not clearly defined and that in the case of the Forest Service, there was a tendency to broadly label sales as salvage in order to capture funds for forest-health related activities. The report recommendations state that the Forest Service and BLM should establish an interagency group to define salvage for use

following the Rescissions Act. What is the status of this recommendation? What potential effect could this initiative have on the current definition of salvage as used by the Forest Service today?

The report also addressed the need for continued collaboration between agencies as the cumbersome timber sale planning and preparation effort proceeds. What efforts will the Forest Service make to assure such collaboration in the future with expiration of mandates such as the Rescissions Act?

Answer. The interagency team has developed a draft action plan associated with the review report you cite, and the agencies are currently evaluating the draft action items. With respect to the salvage definition, there have been various options developed in association with the proposed Forest Ecosystem Restoration and Maintenance (FERM) fund. Those options range from using the current definition to one which would only include dead or dying trees. Any change in the definition or the way it is applied and/or any limitations applied to the salvage sale fund will have a direct effect on the amount of salvage volume sold. The primary objectives of reviewing the salvage definition, as outlined in the review report, are to "* * * ensure that the intent of projects will be clearly articulated to the public * * *" and to "* * * consider criteria for identifying salvage situations where there is a need to expedite the sale preparation process" (page 17). The agencies are continuing to evaluate the definition options and work towards implementation of this recommendation.

The Rescissions Act itself did not mandate interagency collaboration. The collaborative processes were established through the Administration's Interagency Memorandum of Agreement (MOA) in response to the requirements of the Act. In fact, the interagency processes of early collaborative involvement used in the MOA were initially implemented under the Pacific Northwest Forest Plan and were well underway before the passage of the Act. The MOA helped to expand interagency collaboration beyond the Pacific Northwest. The Forest Service and its sister agencies are continuing to refine these ongoing processes to assure efficient and effective project planning.

The report also addressed the need for continued collaboration between agencies as the cumbersome timber sale planning and preparation effort proceeds. What efforts will the Forest Service make to assure such collaboration in the future with expiration of mandates such as the Rescission Act?

*Question.* The GAO report (GAO/RCED–97–53) on salvage sale accomplishments under the Rescissions Act, states that the agency "does not know whether the current estimate of salvage timber capable of being harvested is more or less than the previous estimate of 13 billion board feet, which was previously estimated as the accessible timber for harvesting." Does the agency now have an estimate of their backlog inventory?

Answer. The Forest Service does not routinely track the amount of merchantable volume that could be salvaged. The estimates noted by the GAO in their report were calculated for an effects statement on the emergency salvage bill when it was initially proposed. The estimates were obtained from individual national forests responding to a series of hypothetical situations (e.g., what amount of merchantable salvage timber would be available for harvest if Forest Plan standards and guidelines weren't incorporated into sale design?).

*Question.* The GAO report states that provisions of the Act designed to expedite the sale of salvage sales had little affect on the timetable. If this is true, what factors allowed the agency to make these accomplishments?

Answer. Many of the sales covered by the Rescissions Act were well into the sale preparation process when the Act was passed. As a result of the intense fires during the summer of 1994, the agency had already placed a high priority on timber salvage. In addition, severe storms during the winter of 1995/1996 and more fires during the summer of 1996 added to the salvage opportunities. In some cases, excluding administrative appeals and limiting judicial review decreased time frames. In other cases, the controversies resulted in more litigation than is normally experienced. Based upon experience of the national forests reviewed by GAO, few appeals or legal challenges normally occur when selling salvage timber.

*Question.* When will the expected Administration proposal to divide the salvage sale fund into two parts be received? What effect will this proposal have on salvage sale volume sold?

Answer. We do not have an anticipated date for transmitting the proposal. Various options are being reviewed, including administrative changes to current programs. The fiscal year 1998 budget was developed with a given volume planned to be prepared and offered for sale. There are no plans to change this volume unless our final appropriation is different from the President's budget request.

*Question.* An agency briefing paper on the new Forest Ecosystem Restoration and Maintenance Fund, states that funds will be used to finance those management activities that are identified as being of high priority for ecosystem restoration and maintenance. How does this compliment or conflict with the ability to perform work of this nature through the KV program?

Answer. KV expenditures are: (1) limited to the timber sale from which they were collected, (2) dependent on sufficient revenues being generated by the sale to finance the activities, (3) limited to projects within the timber sale area boundary, and (4) available for up to 5 years from sale closure. Activities accomplished from the proposed Forest Ecosystem Restoration and Maintenance Fund would not be subject to these restrictions and would compliment the use of KV on lands not associated with a timber sale.

*Question.* Will timber be sold as part of management activities performed from this new fund?

Answer. Final decisions have not been made as to what legislation will be proposed and the activities to be included.

*Question.* Over the past 20 years the importance of the salvage timber program has increased significantly when compared to the green timber program with regard to the volume of timber offered for sale. For example, in fiscal year 1977 the volume of salvage timber harvested was less than 8 percent of the total volume of timber harvested by the Forest Service, while in fiscal year 1996 the volume of salvage timber harvested was almost 50 percent of the total volume of timber harvested by the Forest Service. What has the Forest Service done to accurately determine the volume of salvage timber on national forest lands that can be offered for sale? What type of salvage volume inventory, if any, of salvage timber does the Forest Service maintain?

Answer. Salvage has become an important component of the timber program on a percentage basis. The annual amount of salvage is determined by each field unit following events which kill or weaken trees, such as insect epidemics, fires, windstorms, and snow damage. Once the damage is determined, salvage sales are based on these salvage opportunities. Each "opportunity" must have sufficient salvage present to prompt a salvage sale effort. The actual salvage volume included is the amount that can be economically removed and still meet other environmental considerations such as riparian, wildlife, and visual needs. Additionally, in a regular green sale there are usually incidental amounts of salvage that are marked and included for harvest if they are not needed for other environmental purposes. Salvage efforts also vary depending on market factors. When there is a depressed market for small logs and chip material, we do not prepare this size salvage for sale. Field units continually survey for dead and damaged timber as a normal part of management. However, there is not an inventory of salvage because when a salvage opportunity is identified, it is addressed quickly to prevent deterioration of the products involved.

PRESIDENT'S NORTHWEST FOREST PLAN

*Questions.* The jobs-in-the-woods program as addressed in the President's Northwest plan speaks to the performance of "short-term jobs * * * to restore the region's watersheds to environmentally sustainable conditions." (a) What is the inventory of such projects? (b) How do wages for these projects equate wages that displace forest products workers had previously received? (c) Does the jobs-in-the-woods program delay what is ultimately the economic demise of the small rural communities of the Northwest due to reduced timber productions?

Answers. (a) Restoration needs and priorities are identified when watershed analyses are completed. Thus, the inventory of needs continues to grow as more and more analyses are completed. At current funding levels, we estimate at least 10 years of priority restoration needs have been identified. Large natural events can and have increased overall needs for watershed restoration (e.g., Northwest flooding in 1996 and 1997) compared to the initial watershed analyses. The project planning aspects (specifications, etc.) of these needs are completed 12–18 months ahead of implementation given current staffing and funding. (b) The analysis for the jobs-in-the-woods program for fiscal year 1995 indicated that the average wage and benefit for workers in the program was approximately $17.50 per hour. While this level exceeds the states' definition of a "family wage", it is below the level historically paid to primary timber workers. A primary difference between the two is the level and extent of benefits received. While the total compensation is below the historical level, this program has enabled workers to remain in their communities and obtain livelihoods by working in the woods. (c) Absolutely Not! The jobs-in-the-woods program for the Forest Service has been a $14–16 million a year program. Except for the first year,

fiscal year 1994, this program has not involved new money. The overall magnitude/significance of injecting $14–16 million of funds into communities (over 500 residents) across the area of the NW Forest Plan has not been at a level that would prevent the "economic demise" of these communities.

However, there has been three significant aspects of the jobs-in-the-woods program: (1) Jobs-in-the-woods program has provided the opportunity for many communities to develop new and improved skills for restoration related work so that they can locally respond to future restoration needs. (2) Jobs-in-the-woods has enabled the agency and the communities to better understand, appreciate, and capitalize on the opportunities to improve the quality of local jobs across all programs areas by working collaboratively. It's no longer simply how we use the jobs-in-the-woods funding to improve quality of jobs, but rather, how we design and manage our overall programs to best utilize and capitalize on the skills and abilities of local workers. (3) Jobs-in-the-woods is only one program within the Northwest Economic Adjustment Initiative assisting communities in transition. In conjunction with jobs-in-the-woods, the Forest Service has fully utilized its Rural Community Assistance program to assist communities to diversify their economic conditions. Some of this economic diversification has been aimed at bringing in completely new businesses but also has been aimed at designing new economic opportunities associated with the new natural resource management policies—e.g., creating new industries for small diameter products, utilization of special forest products, tourism, new recreation opportunities, etc. But the eventual success of these initiatives are generally dependent upon healthy watersheds. Both of these programs have provided the tools and wherewithal to assist in this transition (both programs working hand-in-hand) and the agency and communities are making the best out of them. If the watershed restoration/jobs-in-the-woods program was eliminated, it would cause additional and immediate economic problems to these affected communities with the loss the jobs associated with this level of financial investment (as would be the case of the elimination of any economic activity). But more critical is the loss of ability for the agency to restore and/or maintain the health and vitality of these watersheds. Without an active restoration program full recovery will be significantly delayed and will affect the local communities' ability to derive economic opportunities that are associated with healthy watersheds.

*Question.* The agency will offer 763 mmbf as part of the President's Northwest Forest Plan. This volume (except that being offered by Region 5) is included in the planned total Region 6 planned offering of 1.025 bbf. Is this target on track?

Answer. The 763 mmbf you reference includes the probable sale quantity (PSQ) of 694 mmbf plus 10 percent "other wood" as defined by the Pacific Northwest Forest Plan. The Region 6 portion of the estimated volume is 586 mmbf (533 mmbf in PSQ plus 10 percent other wood). The 586 mmbf is included in the 1.025 bbf planned offering for all of Region 6. At this time, the sale preparation work is on track and the region expects to offer the full 1.025 bbf in fiscal year 1997.

*Question.* The document entitled "The Northwest Forest Plan, A Report to the President and Congress," dated 12/96 cites examples of cooperation between the Forest Service, Bureau of Land Management, and the Fish and Wildlife Service, that helped reduce the required Endangered Species Act consultation from 114 days to 30 days in the area covered by the Plan. Is this same degree of cooperation occurring elsewhere in the United States for specific species which are affecting timber sales and other management actions? Has this cooperation had an affect on the appeals process? What action is being taken to "institutionalize" this degree of cooperation outside the Pacific Northwest?

Answer. The streamlined consultation process has been a success. Where the teams focused on early interagency involvement, cooperated fully and were supported by decision-makers in their efforts, timeframes were greatly reduced and the resulting projects were better designed. In the summary produced for fiscal year 1996 by the Interagency Streamlining Consultation Group for Oregon, Washington, Idaho, Montana, and California, informal consultations were completed between one and 30 days with the an average of 17 days. Formal consultations were completed between one and 71 days, with an average of 46.5 days.

Elsewhere in the country the consultation process varies in timeframe. In the Southeastern Region informal consultation averages about 30 days and formal consultations may take 4 months. Outside the northwestern states consultation times are not specifically tracked.

The Forest Service is engaged in a number of important interagency efforts related to consultation. An interagency Memorandum of Agreement is being prepared for streamlining program level consultations. This will save time and effort and lessen the need for additional formal consultations on projects such as timber sales and grazing permits. Additionally, the continued work of the interagency streamlined

consultation teams in several regions has reduced timelines for consultation while assuring better designed projects. Our interagency cooperation, because it results in better designed projects, should reduce the need for appeals. However, the agency would have to design a systematic method to track and analyze this over time.

SOIL, WATER, AND AIR MANAGEMENT

The Soil, Water, and Air Management program is proposed for an increase of $7.6 million including $2.5 million for operations and $5.1 million for improvements.

*Question.* What impact has the harsh weather in the West and Midwest had on the planned Soil and Water Program? How might this affect the scope of the budget request for fiscal year 1998 and 1999?

Answer. The extensive rain, snow, wind, and flood damage in the West and Midwest will require Forests to adjust many work priorities for the coming fiscal years. If emergency supplemental funding authorizations fall short of identified needs, normal program funds will be re-directed to address pressing repair needs to bring the Forests back to full public safety. This will require Forests to delay normal programmed watershed improvements into future years. Similar adjustments may also occur in related programs such as wildlife and fisheries, recreation, and engineering.

*Question.* How has the program been affected by water rights adjudication issues? Has the cost of involvement in and support to adjudication issues resulted in less attention to other resource management issues?

Answer. The Forest Service is a water user and a party in 44 adjudications in 8 western States. About 14 percent of the total Soil Water and Air (NFSO) Expanded Budget Line Item (EBLI) has been used to pay for associated water adjudication activities in recent years.

Adjudication issues have diverted time, staffing, and resources away from other resource management issues in regions where water right adjudications are active. Cost for adjudications are multi-function financed, using the benefitting function concept. In most adjudications, the NFSO EBLI pays 50 percent; the remaining 50 percent is normally spread among recreation, timber and wildlife/fisheries accounts.

*Question.* The interagency initiative to reclaim abandoned mines will focus on watersheds in Colorado and Montana. What is the inventory of other such projects throughout the United States? What is the specific cost of the three projects mentioned for which the fiscal year 1998 increased funding will be used?

Answer. Of the approximately 38,000 abandoned and inactive mine sites on lands managed by the Forest Service, we estimate that about 4,100 sites contribute to non-Comprehensive Environmental Response Compensation and Liability Act (CERCLA), water quality problems. This figure may increase slightly when our inventory is completed in fiscal year 1998.

Working in concert with states and other initiative partners, we are prioritizing watersheds to be addressed as funding becomes available. While figures are incomplete at this time, we estimate that Colorado and Montana will both receive about $2 million to finalize preparatory work and institute cleanup projects.

The Forest Service and its USDI partner agencies have tentatively chosen Arizona as the third state in which to begin this program. While a final figure is not definite at this time, we estimate the preliminary work in the the third state will require between $500,000—$600,000 to Arizona to begin assembling relevant data, working with partners to delineate and prioritize watersheds, and begin needed water quality assessments prior to remediation efforts.

*Question.* What specific changes are planned in this program as a result of storm damage in the West over the past 2 years?

Answer. To respond to storm damages, resource professionals will shift work priorities into project design and contract administration. This will cause a de-emphasis on watershed analysis and input to other project work to some degree.

Watershed improvements will focus on problems causing direct and indirect effects on riparian areas, anadromous and other key fisheries, habitat for Threatened and Endangered species, and watersheds not meeting state water quality standards.

Watershed professionals will use knowledge gained from the recent flood events to assess cause/effect relationships between land management practices and damages, and work to revise management to minimize future problems.

Watershed professionals are currently planning a specific effort to streamline methods to more quickly and efficiently evaluate damages and repair needs from floods and other natural disasters, provide consistent interpretation of findings, and coordinate with other agencies and local officials. This process will have strong parallels to our highly successful Burned Area Emergency Rehabilitation (BAER) program that deals with results of severe wildfires.

In order to repair damages from severe storms in the Winter of 1995–1996, Congress appropriated $87.4 million in fiscal year 1996. The Forest Service allocated these funds to seven of nine Regions to perform a wide range of repair activities including watershed restoration, fisheries habitat repair, road and trail reconstruction, repair of recreation facilities, and similar actions. Request for additional emergency supplemental funds are currently before Congress to repair damages from storms over the 1996–1997 winter.

MINERALS AND GEOLOGY

*Question.* What significant litigation has occurred in recent years regarding liability relative to abandoned mines on National Forest System land?

Answer. The Forest Service has been involved in three significant cases related to abandoned mines on National Forest System land. These cases involved claims by the United States against potentially responsible parties for environmental damages and cleanup costs pursuant to the Comprehensive Environmental Response, Compensation, and Recovery Act (CERCLA) and other applicable environmental laws. The three cases are as follows.

*Shiny Rock (Amalgamated) Mill Site.*—In May 1997, the United States Department of Justice (DOJ) filed a Consent Decree related to the Shiny Rock (Amalgamated) Mill Site in Oregon. The Consent Decree will require Persis Corporation to conduct a remedial action, including removal of tailings deposited adjacent to Battle Ax Creek, upstream of the water supply of Salem, Oregon. The site is located in the recently designated Opal Creek Scenic Recreation Area. Persis Corporation is the parent corporation of Shiny Rock Mining Company, which controlled the site and the surrounding area from 1973–1992.

*Bunker Hill Superfund Site.*—In March 1996, DOJ filed suit in federal district court on behalf of the United States Department of Agriculture (USDA), the United States Department of the Interior (DOI), and the United States Environmental Protection Agency (EPA) against eight mining companies for extensive environmental damage in the Coeur d'Alene Basin in Northern Idaho. The suit, known as United States v. ASARCO et al., was brought under CERCLA and the Clean Water Act (CWA) both for natural resource damages and cleanup costs. The complaint alleges that decades of mining and smelting activity in the Coeur d'Alene basin and at the Bunker Hill smelting site have resulted in extensive environmental damages to the natural resources of the region, including wildlife, soils, and vegetation. The Coeur d'Alene Indian Tribe has also filed suit and joined the United States as a co-plaintiff in the litigation. The litigation itself is in the discovery stage and no trial date has been set yet by the Court.

*Blackbird Mine Site.*—This litigation was initiated in 1983 by the State of Idaho, who sued the owners of the Blackbird Mine under CERCLA and state laws. In 1990, the current owners of the Blackbird Mine, the Blackbird Mining Company, sued past owners and operators and also named DOI and USDA as third party defendants. In 1993, the United States sued the Blackbird Mining Company and previous owners and operators of the site under CERCLA, the CWA, and the Endangered Species Act. The United States' action and the State of Idaho's action were consolidated soon thereafter. In 1994, the United States District Court for the District of Idaho ruled in favor of the United States and the State of Idaho, finding the past and current mine owners and operators liable, while dismissing all claims against the Forest Service. In April 1995, the federal government reached an agreement with the mining companies in a Consent Decree covering both response actions and natural resource damages. The mining companies are conducting an "Early Action" response action at Blackbird Mine pursuant to an Administrative Order on Consent (AOC) negotiated with EPA, and are undertaking natural resources restoration action pursuant to the Consent Decree. In November 1995, the mining companies appealed the dismissal of their claims against the United States to the Ninth Circuit. That appeal has been stayed while the parties attempt to negotiate a settlement of the claims not resolved in the Consent Decree and the AOC.

LANDWOWNERSHIP MANAGEMENT

A $2 million increase is proposed in the Landownership program including $1 million in real estate management and $1 million in Land Line Location.

*Question.* When can it be expected that the new fee schedule to obtain fair market value for communication sites will be implemented? The agency budget justification says implementation will be delayed. What level of funding is necessary to assure prompt implementation of the fee schedule?

Answer. The FS started implementing its new fee schedule for communications uses (in the western Regions of the United States) in Calender Year 1996. Imple-

mentation was initiated following an extensive series of on-site training sessions during 1996. The agency is now conducting a series of follow-up visits to a sample of administrative units, to monitor fee schedule implementation, and to assure that it is being done accurately and consistently. Over 90 percent of our administrative units in the West (Regions 1 thru 6) have implemented the new fee schedule. The fees for a significant percentage of existing facilities will increase dramatically as a result. Many permit holders qualify for the fee phase-in provisions of our policy. Therefore, we don't expect to capture the full market value for facilities under a fee phase-in until Calender Year 2002.

In fiscal year 1997, the FS intends to make our communication use fee schedule for the western United States applicable to all NFS lands. We will begin with a public notice and comment process, with final adoption occurring later this year or in early 1998. Implementation of the fee schedule in the Eastern, Southern, and Alaska Regions of the FS is expected to occur beginning in CY 1998.

*Question.* What portion of real estate management funds are being used to exchange lands within wilderness areas? What is the future wilderness land exchange program in terms of funds planned and parcels covered?

Answer. We estimate that 5 percent of Agency real estate management funds are being used to process exchanges in which the United States will acquire lands within designated wilderness areas. As long as real estate management funds remain consistent, it is expected that the 5 percent will remain constant.

*Question.* During discussions regarding fiscal year 1997 appropriations, the agency noted that many small hydroelectric project applications are being delayed due to the complexity of analysis requirements. Specifically mentioned was Martin Creek. Please provide an update of the status of the hydroelectric application process including an inventory of applications and a comparative status of the analysis process over the past 3 years.

Answer. Attached is an inventory of hydropower project applications affecting NFS lands over the past 3 years including the status of each project and an indication of whether the project was delayed due to the complexity of issues related to the project. To answer your questions, we queried each of our nine regions. Based on each region's response, we found that many forests have been able to respond in a timely manner to project proposal over the past 3 years but only with a great deal of time and effort expended by the Forest Service staff. At the same time, a number of project proposals have been delayed on various forests due to the complex issues related to project analysis. In addition to the complexity of issues, the regions cite other delaying factors, including: the FS administrative appeals process, litigation, disagreements between FERC and the FS during joint NEPA analyses, FERC backlog of projects, lack of communication from FERC during key points in the analysis process, lack of skilled personnel and lack of sufficient funding to effectively run the hydropower program.

As shown in the attached table, most delays have occurred in regions 5 and 6 where the bulk of hydropower licensing and relicensing proposals are pending. These delays primarily occur during the time the FS and FERC are preparing cooperative NEPA documents. Delays have occurred on 28 of the 67 projects (40 percent) the FS has worked on over the past 3 years due to the complex issues involved with analyzing these projects.

STATUS OF HYDROPOWER LICENSING AND RELICENSING APPLICATION BY REGION 1994–97

| Number | Project name | Application type | Status | Forest Service delays |
|---|---|---|---|---|
| | | Region 1 (Northern Region) | | |
| 2188 | Missouri-Madison | Relicense | FS/FERC almost ready for DEIS issuance | No |
| 2075 | Noxon Rapids | ...do | Relicensing started in 1995/FS and other agencies negotiating settlement agreement w/Licensee. | No. |
| 2058 | Cabinet Gorge | ...do | ...do | No. |
| 1991 | Moyie River | ...do | FS involved in Stage I consultation | No. |
| | | Region 2 (Rocky Mountain Region) | | |
| 2187 | Georgetown | ...do | FS/FERC completed EA/license issued | Yes. |
| 2035 | Gross Reservoir | ...do | FS involved in preapplication consultation | No. |
| 2275 | Salida | ...do | FS/FERC completed EA–license issued | Yes. |
| 2032 | Strawberry | ...do | FS in preapplication consultation | No. |

STATUS OF HYDROPOWER LICENSING AND RELICENSING APPLICATION BY REGION 1994–97—Continued

| Number | Project name | Application type | Status | Forest Service delays |
|---|---|---|---|---|
| | | Region 3 (Southwest Region) | | |
| 2069 | Childs-Irving | ...do | FS/FERC preparing EA–draft EA about to be issued | Yes. |
| | | Region 4 (Intermountain Region) | | |
| 1994 | Snake Creek | ...do | FS in preapplication consultation | No. |
| 1517 | Monroe | ...do | ...do | No. |
| | | Region 5 (Pacific Southwest Region) | | |
| 137 | Mokelumne | ...do | FS reviewing amended application | No. |
| 184 | Ed Dorado | ...do | FS involved in Stage I consultation | No. |
| 1388 | Lee Vining | ...do | FS administration appealpending | Yes. |
| 1389 | Rush Creek | ...do | ...do | Yes. |
| 1390 | Lundy | ...do | ...do | Yes. |
| 1394 | Bishop Creek | ...do | Litigation recently resolved in DC Circuit Court | Yes. |
| 2661 | Hat Creek | ...do | FS providing comments on application | No. |
| 2687 | Pit 1 | ...do | ...do | No. |
| 1962 | Rock Creek | ...do | FS coop. agency in FERC EIS | No. |
| 2105 | Beldon Siphon | Amendment | FS administration appeal recently resolved | Yes. |
| 1932 | Lytle Creek | Relicense | FS providing preliminary 4(e) conditions | No. |
| 1933 | Santa Ana | ...do | FS providing 4(e) conditions | No. |
| 1934 | Mill Creek | ...do | ...do | No. |
| 372 | Lower Tule | ...do | FS beginning to review proposal | No. |
| 1333 | Tule River | ...do | DC Circuit Court decision on litigation issued recently. | Yes. |
| 1930 | Kern River 1 | ...do | Coop. EA in progress—preliminary 4(e)s issued | No. |
| 2290 | Kern River 3 | ...do | FS admin. appeals pending | Yes. |
| 1354 | Crane Valley | ...do | ...do | Yes. |
| 1988 | Haas-Kings | ...do | ...do | Yes. |
| 2017 | Big Creek | ...do | FS involved in preapplication consultation | No. |
| 2085 | Mammoth Pool | ...do | EA in progress | No. |
| 1061 | Phoenix | ...do | FS administration appeal pending | Yes. |
| 3258 | Pine Creek | New application | License denied litigation in DC Circuit Court resolved recently. | Yes. |
| 6188 | Red Mt.-Tinemaha | ...do | License issued. Licensee recently filed lawsuit against FS in state court re: water rights issue. | Yes. |
| 11543 | Lewiston | ...do | FS reviewing application | No. |
| 11452 | Angels | Transfer of license | FS working on NEPA w/FERC | No. |
| 11477 | Utica | ...do | ...do | No. |
| 10081 | Clavey | New Application | Application withdrawn in 1995 FS was coop. w/FERC on EIS. | No. |
| | | Region 6 (Pacific Southwest Region) | | |
| 1927 | N. Umpqua | Relicense | FS working on NEPA analysis | No. |
| 460 | Cushman | ...do | FS participating in NEPA analysis | No. |
| 2042 | Box Canyon | ...do | FS beginning to review application | No. |
| 2225 | Sullivan | Amendment | FS working on NEPA document | No. |
| 2016 | Mayfield-Mossy Rock | Relicense | FS beginning consultation | No. |
| 2071 | Yale | ...do | ...do | No. |
| 2342 | Condit | ...do | FS analyzing proposal | No. |
| 1862 | Nisqually | ...do | FS working on NEPA document | No. |
| 3721 | Nooksack | New application | Part of river basin cumulative EIS. FS was coop. agency w/FERC but withdrew due to disagreements over information needs. FS commented on DEIS in 1995. FEIS not yet issued. | Yes. |
| 4282 | Deadhorse Creek | ...do | Part of river basin EIS. (See discussion for Nooksack Falls Project on previous page). | Yes. |
| 4312 | Canyon Creek | ...do | ...do | Yes. |
| 4376 | Rocky Creek | ...do | ...do | Yes. |
| 4437 | Diobsud Creek | ...do | ...do | Yes. |
| 4628 | Wells Creek | ...do | ...do | Yes. |
| 4738 | Glacier Creek | ...do | ...do | Yes. |
| 10100 | Irene Creek | ...do | ...do | Yes. |

STATUS OF HYDROPOWER LICENSING AND RELICENSING APPLICATION BY REGION 1994–97—Continued

| Number | Project name | Application type | Status | Forest Service delays |
|---|---|---|---|---|
| 10416 | Anderson Creek | ...do | ...do | Yes. |
| 10942 | Martin Creek | ...do | ...do | Yes. |
| | | | Region 8 | |
| 269 | Queens Creek | Relicense | FS is preapplication process | No. |
| 1951 | Sinclair | ...do | FS participating in EA | No. |
| | | | Region 9 | |
| 2064 | East Fork Chippewa River | ...do | FS in preapplication consultation | No. |
| 2113 | Wisconsin River | ...do | FS administration appeal pending | Yes. |
| 469 | Winton | ...do | FS in prenotice stage of application review | No. |
| 2360 | St. Louis | ...do | License issued in 1966 | No. |
| 1864 | Bond Falls | ...do | FS submitted preliminary 4(e) conditions in 1996 | No. |
| 2402 | Prickett | ...do | License issued in 1995 but rehearing pending | Yes. |
| | | | Region 10 | |
| 420 | Ketchikan Lakes | ...do | FS involved in preconsultation process | No. |
| 11077 | Goat Lake | New application | FS involved in joint NEPA w/FERC | No. |

*Questions.* Additional challenges are occurring as a result of urban encroachment adjacent to NF Lands. (a) How has this affected the land line location program? (b) Is an increasing amount of funds being used to support litigation relative to private land encroachment? (c) How has this affected the timber sale program on lands adjacent to private ownership?

Answers. (a) Urban encroachment on NFS lands is occurring at a rate faster than funding for the Landline Location program allows us to survey the boundaries. The majority of urban interface encroachments are occurring in areas with the highest real estate prices, areas of high demand for private ownership, and areas with high development potential because they provide easy access to the public lands. Areas around Los Angeles, CA; Lake Tahoe, NV; Jackson, WY; Aspen, Vail, and the Front Range of Colorado are heavily impacted. This increasing need to survey, mark, and maintain the NFS boundaries in and adjacent to urban development has refocused the direction of the Landline Location program. The program in the past was focused almost exclusively on physically marking the lines where resource management activities were occurring. In the past these land and resource activities were occurring faster than the forest surveyor could establish or mark the property lines. Consequently only the most serious encroachments and trespasses were acted upon. The Landline Location program in recent years has become more focused on providing a complete stewardship responsibility of the public estate, including the survey and marking of these urban interface boundary lines to prevent occupancy of NFS lands, and to support land and resource management activities. Included in this responsibility is the resolution of property line conflicts with our adjoining landowners as well as the defense of the public estate. We now place greater emphasis on protecting the boundary lines previously marked, and marking boundary lines where there is a greater likelihood of urban interface encroachment onto the public estate.

(b) There does not appear to be a significant increase in the amount of funds used to support litigation to resolve private land encroachments on NFS lands. This is due in part to efforts on the part of the FS to resolve encroachments and trespass cases without the use of litigation, using the various public laws and authorities available to resolve encroachments on NFS lands. This effort to resolve encroachments before litigation develops is considered a lands stewardship responsibility and is generally funded and/or supported with a combination of Landline Location (NFLL), Real Estate Management (NFLA), and benefitting function funds. Often the potential for litigation encourages the FS and the encroaching adjoiner to seek an amicable and legally acceptable resolution.

(c) The FS policy is to survey and mark all NFS boundaries prior to any resource management activity occurring on NFS lands adjacent to non-NFS lands (private, corporate, state, or other federal agency lands). These land surveys, performed prior to the resource management activities usually identify encroachments on the public estate, as well as mark the boundary lines of the NFS. The discovery of encroachments on NFS lands may in some cases lead to the exclusion of land and resource

management activities within the strip of encroachment until such time as the encroachment is resolved.

INFRASTRUCTURE MANAGEMENT

An increase of $3.2 million is planned for Infrastructure Management, including $1.9 million for road maintenance and $1.3 million for maintenance of facilities.

*Question.* Up to $5 million of road maintenance funds have been authorized for use in obliterating forest roads. In what regions have such funds been spent in? What criteria are employed to determine which roads should be obliterated?

Answer. In fiscal year 1996, all Regions obligated road maintenance funds for road obliteration. The amount of road maintenance funds obligated in each Region for road obliteration in fiscal year 1996 is summarized below.

*Fiscal year 1996 road maintenance funds obligated for road obliteration*

| *Region* | *Thousands* |
|---|---|
| 1 | 10.8 |
| 2 | 35.0 |
| 3 | 72.6 |
| 4 | 7.5 |
| 5 | 162.5 |
| 6 | 548.1 |
| 8 | 24.1 |
| 9 | 1.7 |
| 10 | 30.0 |
| Total | 892.3 |

Land managers at the field level decide which roads should be obliterated based on forest plan objectives and resource management and protection needs. Road obliteration decisions are made based on the long term need of a road to manage and protect resources; the need to reduce erosion or limit road density to enhance wildlife management; or the need to meet other ecosystem management objectives.

Predominately, the roads being obliterated are un-engineered roads that are causing serious environmental damage due to poor location, steep grades, and lack of proper drainage. They are mostly old skid trails, off-road vehicle tracks, and timber or mining roads constructed without the benefit of proper design. Many have already been closed to vehicle use. In a few cases, they are Forest Development Roads no longer needed due to changed resource management objectives.

*Question.* Despite a slightly more than 2 percent increase in road maintenance funding request, there is no increase in accomplishment. How will the increased funds be used?

Answer. The requested funding is sufficient to fully maintain approximately 40 percent of roads and associated structures at a level consistent with current use. We expect little change in the percent of roads fully maintained since the 2 percent increase is roughly equivalent to inflation.

*Question.* As the agency reduces its employees, how has this translated to a reduction in facilities that must be maintained for the employees? Are costly facilities able to be eliminated?

Answer. Many Forest Service offices are in leased facilities. As facility leases come up for renewal, we consider moving to government-owned facilities or reducing the square footage needed in the new lease.

Some Forests have looked for opportunities to make unused space available through sharing arrangements with other agencies. Forests have also turned back unused space to the General Services Administration for reassignment to other agencies.

Some examples of efforts to eliminate or reduce facilities include:

Region 1.—Six offices co-located into three with four additional offices planned for co-location in the near future.

Region 4.—Updated a forest facilities master plan calling for the elimination of 120 buildings.

Region 5.—After co-locating ranger districts, three leased facilities are being eliminated and two district office facilities are recommended for disposition. One administrative unit moved from a leased facility to a government-owned facility and an old ranger house used for administrative purposes is planned for disposal. Also, space for a Forest Supervisor's Office will be reduced when contracting for a new lease.

Region 6/Pacific Northwest Station.—A warehouse and a residence will be exchanged for riparian resource land. A Research lab has been transferred to a state university. A guard station was transferred to a town for use as a city park. Colocation of Forest Service and BLM personnel is in progress in several locations across the Region. Sites not currently in use where long-term need by FS has not been determined have been made available for use by others via special use permits using the Granger-Thye authority. Where recreation is the preferred activity, some facilities such as fire lookout towers are being made available for rental using the Granger-Thye authority.

Region 8.—District consolidations in South Carolina, Mississippi, and Texas and a forest consolidation in Virginia (George Washington-Jefferson NFs) will lead to reductions in facilities. Regional Office downsizing has reduced the amount of leased space required.

Region 10.—Minor consolidation of leased space on two national forests has led to minor consolidation of leased space.

In the case of Research, many of our laboratories are federally owned. We are colocated with a number of Universities on their campuses and in some cases the space is free.

Budget reductions in fiscal year 1996 have caused us to close seven locations. Each closure has different circumstances to address. In some cases the facilities are still being maintained due to leases and contract stipulations. One facility has been transferred to a community college as a result of Congressional direction. No savings have occurred to date due to transfer of station costs and utility/general maintenance contracts which need to be continued until facilities are eliminated.

LAW ENFORCEMENT

The Administration proposes an increase of $2.3 million to this program.

*Question.* The Forest Service and Department requested $69 million for law enforcement operations. The administration reduced this amount in spite of an agency appeal. Now the Forest Service faces eliminating more than 60 law enforcement employees. What amount of funding will prevent the elimination of these positions?

Answer. In the Administration's 1998 budget for law enforcement there is an increase of $2.3 million from the previous fiscal year. In recent years, the approval and passage of laws specifically related to increased law enforcement salaries, including Title 5, U.S.C. Section 5545 (a) Law Enforcement Availability Pay for criminal investigators, and (c) Administratively Uncontrollable Overtime for law enforcement officers, and approval of early retirement for LEOs has continued to increase base program costs. This $2.3 million will cover increased base costs for a reduced level of law enforcement employees.

Law enforcement personnel are more expensive to fund than normal agency personnel because of the laws and benefits listed above. These higher base costs plus the additional costs to maintain specialized training requirements along with certifications and specialized equipment needed in the performance of their duties contribute to an estimated costs for a Law Enforcement Officer to be around $75,000 per individual. After fixed costs are reduced from the budget for law enforcement (fleet equipment, support, and cooperative law enforcement) 90 percent of the remaining amount goes directly to salary and associated costs.

Presidential direction last year directed the Agency to place an additional 20 law enforcement officers on the California/Mexico border to address the increased resource violations created by illegal aliens. This direction has further impacted the Forest Service law enforcement program. In order to meet this special direction, we are detailing officers from regular duty stations service-wide to this special problem area. The FS has requested reimbursement from INS for these operations, both those already provided and those that will continue in fiscal year 1998.

Continued refinement of information has identified that added costs could create a shortfall in funding for some occupied positions. Approximately, 50 occupied positions could be affected. All of these positions are considered important to maintain a professional effective program. Costs associated with a reduction of 50 positions is estimated at $3.7 million. However, a higher funding level for this program would require an offset of providing lower funding for other Agency program areas.

*Question.* Results from an independent study of the law enforcement organization seemed to indicate that it was too early to determine the effectiveness of the "straight-line reporting structure." The report states that the organization is still evolving. What steps is the agency going to take to assure full evolution and operation as a professional law enforcement organization?

Answer. The Forest Service fully supports the implementation of the straight-line reporting structure for the law enforcement program. The program now has inves-

tigative independence and is free from allegations of interference and improprieties. Also professional standards and guidelines are now in place which improve the program's role in supporting resource management activities and ecosystem protection. The following steps will be taken to continue the evolution of this important program:

1. Continue to evaluate the level of organizational structure needed and implement standards of performance for LE&I personnel that will heighten the professionalism of LE&I.
2. Emphasize training, both initial and in-service, which is an inherent part of any professional organization.
3. Examine the need to streamline and update Title 36, Code of Federal Regulations, as it relates to FS LE&I activities and prohibitions.

*Question.* The President has directed the Forest Service to station 20 officers on the Cleveland National Forest for the purpose of conducting border operations. These operations have resulted in the apprehension of thousands of illegal aliens. What authority does the Forest Service have to conduct such operations? How much has the President's direction cost?

Answer. The authorities for the protection of the resources are contained in 16 U.S.C. 551, 559, 559b, 559c, and 559d. 16 U.S.C. 553 allows officers from the Forest Service to "aid the other Federal bureaus and departments on request from them, in the performance of the duties imposed on them by law." At the direction of the President, the Forest Service has provided additional law enforcement personnel on the southern areas of the Cleveland National Forest. These additional officers have been provided to increase the protection of the using public, employees and the resources. The role of the Forest Service is not the apprehension of illegal aliens. If individuals are contacted while law enforcement personnel are performing their core mission, they are detained for the United States Border Patrol.

During fiscal year 1996, costs for the Cleveland operations that were above normal Law Enforcement activity costs amounted to $1,048,000. This amount covers the extra travel/per diem/lodging and overtime for the officers detailed to this special operation. Officers base salaries are not included.

Costs above normal activity levels for this fiscal year through March 31, 1997, are estimated at approximately $556,000.

WILDLAND FIRE MANAGEMENT AND BRUSH DISPOSAL

A significant budget restructuring is being proposed for the Wildland Fire Management program. The Administration is also proposing to establish a government-wide emergency contingency account to support operations for major national emergencies. Under the Brush Disposal program, the agency proposes to accomplish 33.7 thousand acres less of treatment.

*Question.* The agency recently initiated an effort referred to as "Fire 21" to address issues of safety, planning, role of fire, wildland urban interface, preparedness, and accountability. What significant improvements have occurred in these areas as a result of "Fire 21?"

Answer. "Fire 21" is a long term strategy to provide a safe and more effective wildland fire protection program. It has provided a communication tool for identifying the priorities in wildland fire management. This has helped managers and employees focus efforts on the critical jobs to be done. A line officer team and a network of fire management officers are working together for the first time in a national effort to facilitate implementation of Fire 21. A Fire 21 Cadre Implementation Plan is being developed to direct the training and development of the workforce in the skills required to meet future challenges.

*Question.* What specific measures have been implemented to make fire suppression and preparedness more efficient and cost effective?

Answer. Comparative analyses are made of different mixes of firefighting resources to determine the least cost and most effective combinations for a given area. National, regional, and forest reviews examine budget implementation and preparedness activities on a regularly scheduled basis to improve accountability. Opportunities where resources can be shared have been implemented with consolidation of facilities where appropriate. Contracts for support services are made through a competitive bid process.

*Question.* What procedures are used by the Forest Service for projecting and allocating wildfire suppression resources among wildfires in order to control, and possibly reduce, wildfire suppression costs?

Answer. The National Interagency Fire Center coordinates the efficient mobilization of resources at the national level. This assignment of resources is made on a priority basis for large fires in competition with each other. Priorities are set by a

multi-agency coordination group based on values at risk. Costs are considered in terms of mobilization and transport of closest available resources. Similar procedures are used by Geographic Area Coordination Centers around the country for regional and local decisions.

*Question.* How well do the cooperative agreements for allocating wildfire suppression resources between the Forest Service and other federal, state and local agencies work? Are improvements needed in how the allocation of suppression resources is accomplished?

Answer. Cooperative fire protection agreements between federal and state agencies promote the effective use of fire resources between organizations. There has been a significant effort between federal, state and local fire agencies to establish new and update old cooperative fire protection agreements, particularly in areas with wildland/urban interface fire challenges. This process will improve the effective and efficient use of interagency fire suppression resources.

*Question.* How does the Forest Service estimate, document and account for wildfire suppression costs? Is an Incident Cost Accounting Report (ICAR) prepared for each wildfire? If not, why not?

Answer. The National Fire Management Analysis System allows projections of average annual suppression costs for national forest system lands. The suppression cost of each wildfire is estimated by use of an Escaped Fire Situation Analysis used at the local level. Incident Management Teams assigned to large wildfires track and monitor suppression costs of each incident daily and develop final fire cost packages for the agency. Agency Comptrollers monitor expenditures and provide advice for cost control measures to local line officers.

The size and complexity of the fire determine if an Incident Cost Accounting Report or equivalent is prepared. There are no set factors for its use. Examples of some determinants for the use of an Incident Cost Accounting Report are multiagency jurisdiction, public concerns, threat to resources and property, etc.

*Question.* What level of preparedness funding would be necessary in fiscal year 1998 to operate at 90 percent MEL?

Answer. Preparedness funding at 90 percent MEL would mean a level of $351 million.

*Question.* The agency budget justification states that there is a greater risk to public and firefighter safety with funding below 100 percent of the MEL index (most efficient level). How is safety specifically affected by a lack of 100 percent funding?

Answer. The National Fire Management Analysis System is used to determine the Most Efficient Level (MEL) for wildfire suppression. The MEL quantifies the organizations and budget needed to safely and effectively fight wildfire. MEL is based on historical wildfire occurrence, size and difficulty of control in specific locations. At funding levels less than MEL, there are fewer firefighters and equipment available. Less firefighters for initial attack often results in larger, more intense wildfires. To the extent that there are larger, more dangerous fires, firefighters and public safety become of paramount concern.

*Question.* The agency established a goal of "red carding" 75 percent of all Forest Service employees? How successful has this effort been so far?

Answer. The goal is to increase support for fire suppression, especially during periods of severe fire activity. This also includes non-redcarded personnel. Several Regions have already required fire support requirements be placed in every person's (both redcard and non-redcard personnel) position description which has increased the pool of available personnel.

Some units have reported a red-card success rate as high as 85 percent.

*Question.* In combination with Brush Disposal funds, what is the overall status of the hazardous fuels inventory? Is this inventory declining or increasing?

Answer. We estimate that there are approximately 58 million acres having naturally occurring fuels that are predisposed to stand replacement fire, i.e., fire which will totally consume all the vegetation. This, by far, outshadows any level of fuels generated specifically by timber sale activities and which qualify for brush disposal funds. This acreage predisposed to stand replacement fire is constantly growing, especially as commodity production levels decrease.

*Question.* The agency budget justification states that hazardous fuels reduction activities which were previously funded under the Preparedness and Fire Use budget line item have been moved to the Suppression Operations budget line item. A review of the President's budget does not indicate how actual planned expenditures for this function will be affected by the change. What specific expenditures are planned for hazardous fuels reduction as compared to the past 5 years of expenditures? What gains will be realized from this change?

Answer. The new budget structure moves hazardous fuels reduction activities from the Preparedness and Fire Use budget line item (renamed Preparedness) to

the Suppression Operations budget line item (renamed Fire Operations). This allows flexibility in funding hazardous fuels activities to more effectively address the health of the Nation's forests without detracting from the capability to prevent forest fires and to take prompt, effective initial attack suppression action on wildfires.

The proposed budget level will allow funding for hazardous fuels reduction at a level of between $30-$50 million. Depending on weather conditions this funding level will allow treatment of between 850,000 and 1,300,000 acres in high priority areas where the risk of wildfire and long-term damage to resources can be reduced through fuels management.

*Question.* The brush disposal accomplishments for fiscal year 1996 and fiscal year 1997 are higher than those proposed for fiscal year 1998. Does this indicate that progress is being made in reducing the backlog of untreated acres?

Answer. No. The brush disposal line item is a permanent appropriation for the treatment of debris resulting from a timber sale. National forest timber sale contracts require treatment of debris created by timber sale operators. This work can be performed by the timber purchaser, the purchaser can request the Forest Service to do the work by depositing funds to cover the cost of the work, or the Forest Service can require mandatory deposits and the agency complete the work. The reduction of brush disposal acres is in response to the decline in timber sales over the past several years. Hazardous fuels reduction is part of the Fire Operations line item and provides for all hazardous fuel reduction program activities. These activities are conducted in high priority areas where the risk of wildfire and long-term damage to resources can be reduced through fuel management. The President's budget would allow funding for hazardous fuels reduction at a level of between $30 and $50 million. Depending on suitable weather conditions, this funding level will allow treatment of between 850,000 and 1,300,000 acres which is an increase of between 100,000 and 550,000 acres from the level planned for fiscal year 1997.

*Question.* What is the status of the Brush Disposal fund nationwide in terms of cash on hand and to be collected, versus the cost of work to be accomplished with brush disposal funds?

Answer. As of September 30, 1996, the Brush Disposal fund had an unobligated cash balance of $39 million, and anticipated collections during fiscal year 1997 are estimated to be approximately $16 million (this is an updated anticipated collection figure subsequent to the President's Budget.) The planned program level for fiscal year 1997 is for treating 185,000 acres at a cost of $45.6 million. There are adequate funds available to complete planned brush disposal in fiscal year 1997.

*Question.* Smokey Bear is an integral part of the Forest Service fire prevention message. Smokey is uniformly recognized by school children throughout the United States as an icon that can be trusted. Critics say Smokey Bear's use is over zealously protected by the Fire Prevention Establishment to be used exclusively for the prevention of fire. What is the agency's position on the expanded use of Smokey Bear in other critical national initiatives such as "just say no to drugs" campaign, or a national violence prevention program?

Answer. Congress established Smokey Bear as the National Forest Fire Prevention Symbol with Public Law 82–359. The law states clearly that Smokey is to promote "Forest Fire Prevention". It further takes him out of the public domain and places him under the direction of the Secretary of Agriculture in cooperation with the National Association of State Foresters and the Advertising Council. In 1974, Smokey's responsibility to Forest Fire Prevention was further reinforced by Public Law 93–318.

Studies conducted through the Advertising Council show Smokey's high recognition level and success is due to his simplicity of message. Almost 70 percent of school children can recognize his message of "Remember, Only You Can Prevent Forest Fires". To confuse his message with drugs, violence, ecology, pollution or any other national campaign is to dilute his message and violate his intended use.

RECONSTRUCTION AND CONSTRUCTION

*Facilities construction and reconstruction*

The administration proposes to decrease funds to support facilities by a total of $27.7 million including a reduction of $26.5 million for recreation facilities.

*Question.* The agency proposes to change appropriation language to authorize the expenditure of up to $250,000 for minor construction. How would funds be generated to perform the assumed increase in minor construction? What program accomplishments would be affected by diverting funds from other line items for the purpose of minor construction? Would the performance of this minor construction be managed in such a manner as to assure other program accomplishment does not suffer? An agency briefing paper dated February 7, 1997 states that if the limit

were increased to $250,000, a total of 85 percent of all Research and FA&O facility reconstruction or construction projects could be accomplished. If this change were enacted, what timetable would the agency follow to bring facilities to current standard without affecting program accomplishments? What percent of the recreation backlog would be applicable to this new $250,000 limit?

Answer. We do not intend to increase significantly the total number of dollars spent for minor construction. Therefore, program accomplishments in funds tapped for minor construction will not be affected significantly.

Raising the minor construction authority would provide another tool to give line officers more flexibility to meet their priority needs. Some program funds could be focused on a Region-wide basis for minor construction of replacement facilities rather than continued remodeling or renovations of old structures. For example, additions could be constructed to replace aging mobile homes used for temporary office space or crew quarters.

A summary of minor construction projects completed in fiscal year 1996, planned for fiscal year 1997, and estimated for fiscal year 1998, based on raising the minor construction authority, is shown in Table A. The total number of projects completed will be reduced with the average cost of individual projects expected to increase.

TABLE A—FA&O MINOR CONSTRUCTION PROJECTS

| Fiscal year | Number of projects | Total in millions | Average cost/ project |
|---|---|---|---|
| 1996 (completed) | 90 | $3.9 | $43,000 |
| 1997 (planned) | 65 | 3.3 | 51,000 |
| 1998 (estimated): | | | |
| Less than $100,000 | 28 | 1.7 | 61,000 |
| $100,000 to $250,000 | 11 | 1.6 | 146,000 |

If the change is enacted and the Regions do not increase the amount of benefitting funds for minor construction, the construction and reconstruction backlog will continue to grow. The 85 percent refers to the number of projects that have a total individual project cost under $250,000. Projects under $250,000 account for 27 percent of the total estimated FA&O facility backlog cost. Because this proposal does not intend to raise capital investment funding, the backlog will continue to grow. Therefore, no timetable for bringing existing facilities up to current standards can be set.

The recreation facility backlog, now in excess of $818 million, is not expected to change significantly with this increase in authority.

*Question.* What portion of the reconstruction backlog is applicable to the current "minor" reconstruction limit of $100,000?

Answer. About 50 percent of the total number of projects on the Fire, Administrative, and Other (FA&O) facilities reconstruction and construction backlog could be accomplished under the current minor construction authority of $100,000.

*Question.* Recently the Oakridge Ranger Station, Willamette National Forest was destroyed by arson. What effort has been undertaken to reconstruct this facility? When will this task be accomplished? Why was this project not included in the fiscal year 1998 construction plans? If it were now included, what projects would be dropped from the plan if there were no increase in appropriation?

Answer. The Forest Service is proceeding expeditiously in assessing options of reprogramming or transferring funds to provide approximately $3.9 million in fiscal year 1997 to reconstruct the Oakridge Ranger Station. Once funds are are available, it could take up to 2 years to complete construction since outside work cannot proceed during the winter months at the site.

The Oakridge project was not included in the fiscal year 1998 program since it was the intent of the Forest Service to submit the reprogramming request in fiscal year 1997. It is important to note that if the $3.9 million Oakridge project is included in the project list for the current $8.196 million total FA&O request, each Region's share could be reduced more than half, from $841,000 to about $379,000. The allocation to the Northeastern Station would be reduced from $394,000 to $252,000.

The projects in the FA&O Reconstruction and Construction Project Listing in the Forest Service's explanatory notes are listed in priority order by Region. The following list shows projects that probably would be dropped or receive substantially reduced funding based on the decreased allocations to Regions if Oakridge is included without an increase in this line item. Some adjustments in the final list of projects

may also be needed since it is unlikely across-the-board reductions would result in a viable project in all cases. Some minor adjustments in the planning and design projects may be possible but large reductions would most likely result in loss of personnel and capability to accomplish planning and design work.

| State | Forest | Project name | Project dropped | Reduced funding |
|---|---|---|---|---|
| Montana | Lolo | Ninemile RS utilities | X | |
| Do | Lewis & Clark | Hannon Gulch/Little Snowies WC | X | |
| Do | Flathead | Spotted bear fourplex, phase 2 | | X |
| Colorado | GM/UNC/Gunn | Norwood Bunkhouse | X | |
| Do | Med Bow/Routt | Yampa Bunkhouse | X | |
| Do | ...do | Walden Bunkhouse | | X |
| Arizona | Kaibab | Chalendar RS, phase 3 | | X |
| Idaho | Boise | Garden Valley crew quarters | X | |
| Utah | Fishlake | Loa district office | X | |
| Do | Dixie | Panguitch Bunkhouse | | X |
| California | LTBMU | LTBMU Supervisor's Office, phase 3 | X | |
| Oregon | Fremont | Silver Lake Office, phase 1 | | X |
| Kentucky | Daniel Boone | Redbird WC | | X |
| Michigan | Hiawatha | St. Ignace administration site | | X |
| Alaska | Chugach | Cordova Office, phase 3a | X | |
| Do | ...do | Seward RD Office | X | |
| Do | Tongas-Stik | Petersburg RD housing | | X |
| West Virginia | Morgantown | Morgantown Annes construction | X | |

*Question.* How has the Challenge Cost-share and other partnership programs specifically assisted in the reconstruction and construction of recreation facilities?

Answer. The Challenge Cost-share and other partnership programs assist in the reconstruction and construction of a wide range of recreation facilities, specifically in the areas of: Developed sites, trails, interpretation and education, fishing, and heritage. The following are examples of typical projects:

Region 1, Montana, Flathead River Access: Reconstruction of rest rooms, boat ramp, and parking lot.

Region 2, Colorado, Maroon Valley: Reconstruction of three campgrounds, entrance station, three trailheads, trails, parking lots, signs, and shelters.

Region 3, Arizona, Sabino Canyon Interpretive Sites: Reconstruction of the parking lot and the environmental education and interpretive facilities.

Region 4, Utah, Great Western Trail: Construction of five trail segments, trailhead, signs, revegetation, and interpretation.

Region 5, California, Taylor Creek Stream Profile Chamber: Reconstruction of the building to conform with the Americans With Disabilities Act, revision of the interpretive exhibits, and rehabilitation of the trail.

Region 6, Washington, Johnston Ridge Observatory Exhibits: Construction of interpretive and educational exhibits in the Mount St. Helens National Volcanic Monument.

Region 8, Texas, Cagle Sanitation: Construction of a sewer treatment facility for a new recreation complex.

Region 9, West Virginia, Seneca Rocks Excavation: Excavation of prehistoric site and development of the interpretive plans for proposed construction of a Visitor Center.

Region 10, Alaska, Starrigavan ATV Trail: Construction of two loop trails and a parking lot; rehabilitation of existing logging roads; and replacement of a bridge.

ROAD CONSTRUCTION AND RECONSTRUCTION

The administration proposes to reduce funds for road construction and reconstruction by $6.7 million.

*Question.* The Agency reports a road reconstruction backlog which is estimated to be between $4 and $5 billion. The most urgent roads in need of reconstruction total approximately $403 million. Despite this backlog, the administration proposed a funding level of $86.3 million which is less than the lowest increment proposed by the agency. Concurrently the administration proposes a $17.6 million dollar increase in the timber sales management and salvage programs over the agency request. This appears to be inconsistent. How can the agency meet future timber offer goals

if the volume is prepared for sale but the road system is not in condition to support the volume removal?

Answer. Funding for roads backlog must be balanced against the need for funds for other Forest Service programs and the need to balance the budget.

The proposed budget assumes fewer sales in roadless areas and the need for less timber road support funding.

Funds for timber roads are adequate to administer road work on existing sales and to prepare surveys and designs for fiscal year 1998 green sale program of 2.505 MMBF. Engineering support needed for out year sales, including transportation planning, design, rights of way and bridge reconstruction and construction, will be provided to the extent possible. The sale program will be located to the extent possible to minimize road requirements. While every effort will be made to meet planned sale levels, some out year sales may be delayed.

Roads support for salvage sales is funded from salvage sale funds so that program is not affected by the reduction of road funds.

Preparation and administration of timber sale road maintenance is a relatively small portion of the road maintenance program and the actual maintenance is funded as part of the timber sale appraisal. The reduction in road maintenance funding is not expected to impact the timber program in fiscal year 1998.

*Question.* The agency budget justification states that direction is to "minimize entry into roadless areas." In July 1996, the Secretary placed restriction on salvage sale preparation which excluded volume in inventoried roadless areas. Why is the Administration continuing to avoid development and management of roadless areas which are available for timber production and which are considered as timber lands in the Forest planning process?

Answer. First, in regard to the Secretary's July 1996 restriction, the restriction applied to only those sales that were not considered emergency. The prohibition did not apply if salvage sales qualified under the definition of "imminently susceptible to fire." Trees "imminently susceptible to fire" were trees located in areas with high fuel loading or where there was a high fire risk rating for the specific habitat type, and near local communities or occupied structures. Proposed sales in areas with high fuel loading or where there is a high fire risk rating for the specific habitat type, but that are not near local communities or occupied structures, are to receive priority consideration for offering under the normal timber program authorities according to the July, 1996 direction.

Regarding the budget justification statement, the Forest Service is placing a high priority on regaining trust by the public by collaborating with them as timber sales are proposed. We know that roadless area entry is often controversial, so the focus is on areas outside the roadless area for the most part to increase the likelihood of rebuilding trust. As noted in the statement however, entry into roadless areas will continue.

*Question.* The agency's request for road construction funds was reduced $19.2 million by the Administration. How does this action by the Administration affect road construction plans in fiscal year 1998? Will access to specific roadless areas not occur due to this action? If so, what areas?

Answer. Funding for the recreation and general roads programs is adequate to serve the immediate needs for these programs. However, a large backlog of road and bridge reconstruction needs exist in these areas. This backlog is expected to increase in fiscal year 1998.

The proposed budget assumes fewer timber sales in roadless areas. Agency direction is to minimize entry into roadless areas. The impact on access to specific roadless areas has not yet been determined.

*Question.* In response to subcommittee questions for the fiscal year 1997 process, the agency stated that it is no longer tracking the status of maintenance backlog. The fiscal year 1997 testimony provided data on road construction and reconstruction backlog for fiscal year 1994. No data was provided for fiscal year 1995 because the elimination of backlog data in favor of developing an "infrastructure data base." However, a February 7, 1997 briefing paper states that this data base will be able to provide an updated shortfall estimate for all but the roads component. In view of this statement, how will the agency track backlog for the road component and be able to provide the appropriate level of backlog information for the Subcommittee?

Answer. At present, the Infrastructure team is developing a Travel Routes module for the new IBM platform. The intent of Travel Routes is to provide an integrated information management environment for managing the inventory database of national forest system roads and trails. The Travel Routes module prototype is planned to be made available for testing in August 1997. It should be released for use in 1998. The Travel Routes module will include information fields to track back-

log data for roads. Travel Routes will be the information management system used to provide backlog information, however additional time will be necessary to allow Forests to input field data before the system is fully operational and can provide meaningful reports and summaries.

*Question.* The agency refers to an increasing number of roads being obliterated. What has been the predominant use of these roads (timber, fire, recreation, etc)? Will the recreation public be impacted by the obliteration of these roads?

Answer. Predominately, the roads being obliterated are un-engineered roads that are causing serious environmental damage due to poor location, steep grades, and lack of proper drainage. They are mostly old skid trails, off-road vehicle tracks, and timber or mining roads constructed by operators to access and remove the resource without the benefit of current design standards for public safety and environmental protection. Many have been closed to vehicle use already. They are not needed for the management of NFS lands and are being obliterated to reduce erosion and to enhance ecosystem management.

The impacts to the motoring public is generally expected to be minimal because most of the roads to be obliterated are already closed to motor vehicle use. Some obliterated roads will still serve non-vehicular uses such as hiking or horse riding.

*Question.* Recent storm damage in the western states caused significant damage to watersheds as a result of road failures. How does the agency budget proposal address road system modification to avoid future significant damage of this kind? Will current design standards and costs be affected by findings from an assessment of this storm damage?

Answer. The budget was developed to implement the best available low volume road design technology and to meet the standards and guidelines of the Northwest Forest Plan and similar regional planning efforts in the Columbia Basin. These strategies seek to minimize the influence of roads on hillslope hydrology, fisheries, and downstream values. Lessons learned from recent flooding will be incorporated in design standards.

We are studying the impacts of these recent floods to see how we can prevent damage in the future. Region 1 is conducting landslide assessments which will provide tools for better road planning and location and will also identify roads for obliteration. Region 6 is cooperating with the State of Oregon in flood damage assessment to identify road location, design, and construction factors related to storm damage. A Water/Roads Steering Committee was formed to guide selection of technology development projects related to water and roads interaction. Environmental standards for drainage, culverts, and bridge construction dictate increased design lives for reduced environmental impact. Risk assessments and Access and Travel Management planning are identifying and prioritizing roads not needed for long term forest access so they can be obliterated.

TRAIL CONSTRUCTION

The Administration proposes an increase in trail construction funds of $5.5 million.

*Question.* The agency says 90 percent of all trail funds will be used for trail reconstruction. Assuming the President's budget is allocated for construction, what is the comparison of planned fund use between wilderness and non-wilderness trails? What is the cost per mile for trail reconstruction in the wilderness versus non-wilderness?

Answer. Ninety percent of trail re/construction funds were indicated to be used for reconstruction and addressing the backlog of deferred maintenance. The ratio for reconstruction of trails inside and outside wilderness will be determined by the forests in each region. We estimate that wilderness trail miles to be reconstructed will be will be 15–25 percent of the total trail miles, and will receive approximately 25–40 percent of the trail re/construction funds. The average cost per mile for trail re/construction is $7,000 in the eastern U.S., $20,000 in the western U.S., and $142,500 in Alaska, with costs varying depending on the type of soil or rock, the number and type of bridges, culverts, water bars, or other structures, and the accessibility to trail sections. Costs for operation, maintenance and re/construction in wilderness can be approximately 60 percent higher due to the remoteness of work sites within wilderness and requirements by the Wilderness Act that non-motorized, primitive tools and techniques be used in wilderness administration. The nature of wilderness activities results in increased travel and person time to operate and maintain.

*Question.* The agency budget justification refers to a reconstruction backlog of $267 million. The fiscal year 1997 agency testimony to the Subcommittee also refers to a backlog of $267 million. With the President's budget not being met in fiscal

year 1997 can it be assumed there was no additional backlog during fiscal year 1997? Agency trail reconstruction backlog was listed as $267 million in Fiscal years 1996 and 1994. Please update the backlog figure or explain why it has remained level.

Answer. Backlog continues to accumulate. You are correct that the backlog figures have not been updated since 1994. The Forest Service is instead, concentrating our limited resources (both dollars and people) on implementing a new infrastructure data base which should give an accurate picture of Agency backlogs.

*Question.* The agency justification refers to hiking and backpacking as the two fastest growing outdoor activities. What percentage of use occurs between wilderness and non-wilderness hiking experiences?

Answer. In "Outdoor Recreation in the United States" (Cordell and Super, April 1997), hiking increased 93.5 percent and backpacking increased 72.7 percent. The Forest Service does not maintain separate figures for wilderness versus non-wilderness hiking experiences.

*Question.* How much of the proposed increase in trail construction funds are planned as a result of expected increases in recreation use attributable to the 2002 Olympics? What specific partnerships have been developed for this effort?

Answer. The Intermountain Region, which includes Utah, has a fiscal year 1998 initial allocation of $2.6 million in trail re/construction funds—about a half million more than fiscal year 1997. The Region estimates approximately $400,000 of the fiscal year 1998 trail re/construction budget will be used for trail associated with the 2002 Olympics. Partners contributing cash, materials, or labor in kind or all three include: Snowbasin Ski Resort; Utah State University; Uinta Visitor Association; Utah Dept. of Natural Resources; ISTEA funds; Idaho Department of Transportation, and Blaine County Recreation District for the Boulder Mountain Trail, and potentially the Great Western Trail Association for the Upper Goosberry Trail.

*Question.* What portion of trail construction and reconstruction funds are specifically targeted for persons with disabilities? What is the past 3-year history for this type of expenditure?

Answer. Typically an average of 10 percent of trail re/construction funds are targeted for universal access, including such improvements as hardened surfaces, access to fishing, parking lot and toilet improvements at trailheads, and access to interpretive trails.

PURCHASER ROAD CREDIT PROGRAM

The administration proposes to eliminate the use of purchasesr road credits.

*Question.* A letter from the National Association of Counties states that the Forest Service proposal to eliminate purchaser road credits will reduce county revenue by an estimated $12.5 million. Is it true that by eliminating use of purchaser road credits, less funds will be available for distribution to states and counties? If so, what steps can be taken to mitigate this problem?

Answer. In fiscal year 1996 the purchaser road credits was $41,290,899; therefore, eliminating the purchaser road credits program would reduce the payment to the states (counties) by estimated $10,322,724 per year. However, the Administration is very concerned about the effects on payments to states and support holding the states and counties harmless from any reductions.

MIDEWIN TALL GRASS PRAIRIE

*Question.* The formal transfer of land from the military to the Forest Service did not occur until recently. What is the current status of management plans to open the Midewin to public use. How will such use be phased in? Is attention being given to those functions which will provide the most service to the public and which will maximize receipts?

Answer. A comprehensive management plan for the Prairie is in progress that will address public access and use. In the meantime, a business plan to implement a Recreation Fee Demonstration Pilot at Midewin has been completed and submitted for approval by the Regional Forester. Prior to construction of visitor facilities, public use will be under permit for such activities as wildlife viewing tours and limited forms of hunting. As construction of appropriate facilities is completed, these areas will also be opened to public use under the fee program. Service to the public is being provided where possible by those functions that are not in conflict with the basic purposes for which the Midewin National Tall Grass Prairie was established.

*Question.* What is the status of the Midewin's organization in terms of staffing which will serve the public users? Is the Regional Office in Milwaukee providing the full range of support services?

Answer. The Midewin is currently staffed with 18 persons from the Forest Service, Illinois Department of Natural Resources, and Will County Forest Preserve District. The FS employment includes the Prairie Supervisor, the Prairie Parklands Macrosite Coordinator, Law Enforcement Officer, Public Affairs Officer, Recreation/Lands Officer, Horticulturist, Planner, Clerk, Computer Specialist, and 4 not-to-exceed positions (receptionist, Computer Tech, Biology Tech and Volunteer Coordinator). Detailers also supply Midewin with services in order to accomplish the program of work. Actions are currently underway to fill a few vacant positions.

The Shawnee National Forest, the Eastern Regional Office, and the Southern Region are providing administrative services to the Midewin. Kent Austin, Midewin Supervisor reports directly to the Regional Forester and the Regional Office works with Midewin like other Forest units to ensure program accomplishment. The majority of personnel, computer, purchasing and procurement services are provided by the Shawnee NF with technical assistance from the Regional Office, when necessary. The Eastern Regional Office also provides technical assistance in the lands, engineering, and law enforcement programs, and the Southern Region provides some contracting services. This shared services approach is in line with the Eastern Region's plan to streamline processes and cross boundaries where practical to provide Midewin with administrative services that are both more efficient and effective.

*Question.* What is the estimated percent of lands from the Midewin which will be allocated to non-public uses such as agriculture, recreation residences, and other exclusive uses? What are the estimated receipts for these purposes?

Answer. There will be no recreation residences or other similar exclusive uses located at the Midewin. The primary purpose of the Midewin National Tall Grass Prairie is to manage the land in a manner that will conserve and enhance the native populations and habitats of fish, wildlife, and plants. Until the planning process is completed, an estimate of the percent of lands that will have restricted public use will not be known.

*Question.* Assuming the Recreation Fee Demonstration project is retained; when Midewin unit is fully functional, can it be expected that operations will be able to occur solely based on fees paid by the using public? What are operations cost estimates for this unit? What are income projections? What are the predominant expected uses?

Answer. When fully operational, our objective is for Midewin to be able to function based entirely on user fees. The operations costs, income projections, and predominant expected uses will be highly variable until the planning process is completed, consequently estimates at this time would not be prudent.

KV FUNDS

*Question.* What is the status of the KV fund nationwide in terms of cash on hand and to be collected, versus the cost of work to be accomplished with brush disposal funds?

Answer. The cash on hand in Knutson-Vandenberg (K-V) Trust Fund accounts as of the end of fiscal year 1996 totalled approximately $106 million. In fiscal year 1997, $202 million was repaid to the K-V Trust Fund as partial repayment for K-V advances for emergency firefighting purposes. Additionally, we anticipate about $151 million from K-V collections from timber harvest during fiscal year 1997 bringing the total available balance to about $459 million. We assume that the second half of your question is aimed at knowing the cost of the K-V work to be accomplished in fiscal year 1997, rather than brush disposal work. We anticipate K-V expenditures for renewable resource work specified on sale area improvement plans will total approximately $218 million in fiscal year 1997.

*Question.* What is the status of money "borrowed" from the KV fund for use in fighting fires during the 1996 fire season?

Answer. Fiscal year 1996 began with a balance of $420 million owed to the KV trust fund for prior year fire fighting costs. During fiscal year 1996, an additional $225 million was borrowed for emergency fire suppression.

In fiscal year 1997, Congress appropriated $550 million in emergency funds which could be used to help replenish the KV fund. The President released $300 million thus far. Of this amount, $202 million was transferred to the KV fund. The other $98 million was retained in the emergency firefighting account to cover fiscal year 1996 obligations. Approximately $443 million is still owed the KV fund.

LAND ACQUISITION AND LAND EXCHANGE

*Question.* The Forest Service and Plum Creek Timber Company have apparently agreed on an exchange of land near the Alpine Lakes Wilderness Area. Based on

the need to coordinate extensively with local publics what indicators do you have regarding the potential success of implementing this exchange?

Answer. The Forest Service and Plum Creek Timber Company (PCTC) have signed an Agreement To Initiate a proposed land exchange in the I–90 corridor near the Alpine Lakes Wilderness.

There is significant support from the environmental community for this exchange proposal. Most parties agree that Federal acquisition of many of the PCTC inholdings are in the public interest to protect endangered species habitat,and water quality; improve ecosystem management and provide recreation opportunities. There is also major support from Mountains to Sound Greenway Trust organization. This is an organization of key leaders from County Government, industry, environmental organizations and various other organizations in the Seattle area.

Kittitas County has concern about losing additional tax base within the County. Almost all of the PCTC lands are within the County. However, recent conversations between the County Commissioners, Forest Service and Plum Creek indicate that the County may not oppose this exchange if revenue losses to the County are minimized.

The Exchange proposal includes lands involving fourteen federally recognized tribes. There may be an issue with the tribes in regards to Treaty rights on the federal lands proposed to be exchanged.

Forest Service and Plum Creek are starting the scoping and public involvement process. A letter with maps of the proposed exchange has been mailed to over 4,000 individuals and organizations asking for public input to this proposal. In addition, four public meetings will be held over the next three weeks to gather public comments on the exchange proposal. The agency will have a better feel of how supportive or non supportive the public is of this exchange proposal when we have completed the public scoping process.

GENERAL QUESTIONS

*Question.* The General Accounting Office states (GAO/OCG–97–2) that significant savings are not likely to occur when the Forest Service, Bureau of Land Management, National Park Service, and Fish and Wildlife Service share resources. The Congressional Budget Office states that significant savings can only occur when operational functions are consolidated. The Forest Service and BLM have collocated some offices and shared some space. What actual consolidation of functions are being considered by the two agencies? Is there any active consideration of functional consolidation occurring involving the 4 land management agencies?

Answer. The Forest Service is evaluating and searching for ways to consolidate functions with other land management agencies, where feasible. Most consolidations of functions have been on a local scale with the Bureau of Land Management. For example, the BLM and FS may jointly fund the salary and expenses of a wildlife biologist to conduct work on both FS and BLM lands.

The Fire and Aviation Staff in the Pacific Northwest Region has consolidated with the BLM Fire Staff to provide regional leadership for both agencies. Another example is on the Fremont National Forest, where the FS, BLM, USF&WL, and State of Oregon are operating a consolidated Interagency Fire Center. The fire organizations in the four land management agencies also work together by sharing information and resources.

There are numerous examples of current and proposed consolidations of functions between BLM and FS. Specific examples are:

Northern Region—the Idaho Panhandle National Forest receives range management expertise from BLM while the Forest provides engineering assistance to the BLM. These agencies also share Geographic Information Systems information. The Nez Perce National Forest provides cadastral, design, construction, and inspection engineering support for BLM.

Rocky Mountain Region—in the next 3 to 5 years, the White River National Forest is considering a proposal to consolidate the functions of three Districts with BLM lands and will manage both BLM and National Forest system lands from these offices. The Forest may also create an Associate Forest Supervisor position who will oversee BLM interests, collocate the headquarters offices in Glenwood Springs (FS) and Meeker (BLM), integrate leadership teams, co-manage range allotments, share road maintenance equipment, share project or watershed level planning, develop common communications between agencies, monitoring standards, interagency map and integrate GIS.

The San Juan/Rio Grande National Forest currently share four line officers who are delegated the authority to do business for both the FS and BLM. One is both the Associate Forest Supervisor (FS) and the Area Manager for the San Juan Re-

source Area of the Montrose District of BLM. The other three line officers, located in the San Luis Valley, have the full authority to manage respective geographic parcels of both FS and BLM Lands. The Forest also has a joint campground concessionaire contract with BLM that is administered by one agency.

The FS provides all fire suppression and prevention for the San Luis Resource Area of the BLM and on some isolated parcels near Pagosa Springs. The BLM provides the Minerals expertise for all the FS lands in the San Luis Valley.

BLM and FS are cooperating to build an Integrated Resource Inventory of the five million acres in southwest Colorado. An integrated Geographic Information System is also in the early phases and will allow a number of agencies to make decisions based on broad landscape level rather than individual parcels.

The Forest Health Management Staff provides services to all federal land management agencies (BLM, DOD, NPS, BIA, and state foresters) in regard to detection, evaluation, suppression of forest insect and diseases. The Gunnision Service Center is jointly housed with NPS and BLM.

The Pike/San Isabel National Forest's "Trading Post" with the BLM involves the sharing of office space, professional expertise, administrative support, telephones, data general computers, copy machines, typewriters. Many functions have been consolidated.

Southwest Region.—The region, BLM, and NPS are involved in sharing fire control resources, including integrated buying teams, incident command system teams, dispatch, etc. The Region also shares training expertise and facilities with other land management agencies. The Santa Fe Supervisor's Office and the BLM also share office space and some common services.

Intermountain Region.—The Region has numerous shared or consolidated functions with BLM. Agency engineers help design BLM offices and a growing number of joint Visitor Centers are shared with BLM.

FS and BLM employees work together on efforts such as shared monitoring and inventory crews with states and BLM. The region is also involved in sharing other resources with BLM, such as road maintenance (including equipment), law enforcement, fire suppression activities with the National Inter-agency Fire Center in Boise, shared Dispatch Centers in Utah, Nevada and Idaho, and fire suppression property. A large effort is also ongoing with the Geometronics Service Center to share mapping services.

Data bases, primarily resource, are shared with the states and Interior federal agencies. This includes shared research surveys with other agencies including BLM.

Pacific Southwest Region.—The region is currently involved in sharing radio facilities, equipment, and other expertise with BLM. The Modoc National Forest provides a forklift and a conference room to BLM.

Pacific Northwest.—The Rogue River National Forest shares computer equipment, realty appraiser, and road maintenance work and equipment with BLM and NPS. The Forest also provides excess property services, office space, and stream surveys for BLM.

The Umpqua National Forest shares geotechnical engineering, engineering/resource geology, engineering design reviews of bridges, roadway structures and road designs, some heavy equipment, road maintenance, with Roseburg BLM Office. The Forest shares a recreation position with Eugene BLM and office space with Roseburg BLM.

The Malheur NF shares office/reception with BLM/NPS/APHIS and shares GIS services with NPS, and provides fleet maintenance for BLM and NPS. The Forest shares a tribal liaison, trails manager, range conservationist, and archeologist with BLM, along with many other services.

The Central Oregon Interagency Dispatch Center includes the FS, BLM, and Oregon Department of Forestry employees.

The BLM, as well as the Deschutes and Ochoco National Forest archaeologists are working together to manage the heritage resources and customer service events, such as the Passport in Time, for the Deschutes Province as a seamless unit between FS and BLM.

The Prineville BLM District and the Ochoco and Deschutes National Forests have collectively hired a person who works as the Tribal Liaison Officer for both FS and BLM.

The Ochoco National Forest Fire Management Officer is a BLM employee who manages both the FS and BLM Fire program. The Administrative Officer for BLM is a FS employee who also continues to serve as the Ochoco National Forest Administrative Officer.

The Prineville BLM District has approximately 13 FS employees performing work for the District, and the Ochoco National Forest has 2 BLM employees working on FS work.

The FS and the BLM are working on developing a single firewood permit for all of Central Oregon's public lands; an interagency cooperative approach to range management; an interagency cooperative effort to manage the Federal Recreation services in Central Oregon; and we are studying shared administrative services, fleets, engineering services and leadership.

The Regional Ecosystem Office is a joint interagency (BLM, FS, NMFS, EPA, BIA, NPS) consolidated office for implementing the President's Northwest Forest Plan.

Eastern Region.—The region supports the "America's Outdoors: Center for Conservation, Recreation and Resources", an interagency natural resource center, located at the Eastern Regional Office in Milwaukee, Wisconsin. The center is jointly funded and managed by the Forest Service, Bureau of Land Management, and National Park Service. The center provides "one-stop shopping" for natural resource information, including trip planning, environmental education, and conservation projects. America's Outdoors was awarded the Vice President's Hammer Award in 1996 in recognition of its accomplishment in reinventing government.

The Minnesota Interagency Fire Center, located in Grand Rapids, Minnesota, is multi-funded and managed by the Forest Service, National Park Service, and U.S. Fish & Wildlife Service, as well as the Bureau of Indian Affairs and the State of Minnesota. The Center provides coordination of emergency support for fires, floods, and other disasters within Minnesota and nationwide, on request, including firefighting crews, aircraft, supplies, and other needs. The Center also operates the Smokey Bear National distribution center.

Research.—The Forestry Sciences Laboratory in Athens, GA, is sharing survey research technology, data sets, and report development with BLM and NPS.

*Question.* In February 1997 the Department issued a report on Civil Rights at the Department of Agriculture. This report called for development of actions to alleviate real and perceived discrimination. (1) What action is the Forest Service taking to implement findings of this report? (2)(a) What action is the Forest Service taking to eliminate the large backlog of civil rights complaints? (2)(b) Some statements at recent listening sessions alleged that the Agency and Department are paying large sums of money to "settle" cases before they are properly adjudicated. What is agency position on settlement of EEO cases prior to full adjudication? (3) What are statistics for the past 5 years on agency payments for EEO complaint resolution (including civil settlements) and the number of complaints resolved as part of those settlements? What is the past 5 year data on pending complaints at the end of each fiscal year?

Answer. The Forest Service is taking the following actions to implement recommendations in the Civil Rights report:

In the next few months there will be considerable work done to implement the Secretary's Civil Rights Action Plan (CRAT). The USDA has 31 active teams currently assigned to implement the recommendations in the Secretary's civil rights report. Forest Service employees are serving on 16 of those teams which will provide the framework for all USDA agencies' implementation responses. Tom Thompson, Deputy Regional Forester for Resources from the Rocky Mountain Region, has been appointed to lead an Incident Command Team. The concept for this team is to mobilize resources to implement the report recommendations. Several Forest Service focus work teams have been chartered, under the direction of Tom Thompson, to develop implementation plans for specific portions of the CRAT report. Most of the specific actions identified in the CRAT report need to be implemented by the Forest Service. Some actions will require significant work while others may need minor civil rights program shifts and adjustments. The Forest Service is moving ahead with the implementation plans by working closely with CRAT teams in the Department.

The Chief has met with all Regional Foresters and Station Directors and directed that they become personally involved in resolving all complaints within their authority. The Department has teams looking at employee and program delivery complaints. The goal is to resolve all complaints by the latter part of June 1997. The Forest Service is actively helping the Department achieve this goal and has assigned several employees to the Department's complaint team.

Each Region and Station has established a "rapid response" team to seek resolution of its EEO complaints. The work of these teams is coordinated by the Washington Office Civil Rights Director and they are working in cooperation with the Department's Office of Civil Rights.

The agency position on settlement of claims before adjudication is to work diligently with the Department to resolve all complaints to the satisfaction of the complainant and for the benefit of the government, when possible. Due to the length of time and costs involved in adjudicating complaints, our policy is to resolve complaints before adjudication, when possible. In cases where the complaint can be set-

tled with little or no money involved and where continuing the case would further deteriorate relationships and incur substantial costs, settlement may occur prior to adjudication.

Formal complaints are handled at the Department level. The Department coordinates with Forest Service units on settlement agreement terms, including payments. Compensatory damage claims over $2500 have been adjudicated by the Department of Agriculture. Settlement agreements have been signed with the understanding that documentation of claims would occur after the settlement. The documentation of claims, the investigation of claims, and the adjudication of claims have frequently taken months and even years to reach closure. The Forest Service, therefore, does not have all of the information needed to respond with any degree of accuracy regarding costs of settlement agreements.

The number of formal EEO complaints filed, by fiscal year, are as follows:

| Fiscal year: | |
|---|---|
| 1992 | 104 |
| 1993 | 194 |
| 1994 | 249 |
| 1995 | 250 |
| 1996 | 194 |

According to Department of Agriculture reports, the Forest Service has resolved 307 formal EEO complaints through settlement agreements during the period of fiscal years 1992—1996. However, data is not available by fiscal year.

*Question.* In your January 6, 1997, remarks to Forest Service employees you stated that "our financial and administrative houses must be in order." Many comments have been made about the negative state of the agency's financial records, including some members of the Senate who say the agency's records are "a mess." What actions are you taking to get your financial house in order? How has your reduction of employment in the Washington Office affected this problem and the ability to fix it?

Answer. Specific actions being taken include a joint effort between the Forest Service, the USDA Office of the Chief Financial Officer, and the USDA Office of the Inspector General, working as a team to address the issues necessary to correct deficiencies identified in the 1995 financial audit. A detailed action plan was developed by the team in December 1996, which the Forest Service began implementing in January 1997. These actions, combined with the implementation of revised general ledger software by the USDA and inputting data into the Forest Service automated real property information system, will address the issues identified by the OIG.

The reduction of staffing in the Washington Office has resulted in the remaining workforce simultaneously dealing with the ongoing, current workload while integrating necessary changes to bring the Forest Service financial house in order. At the Washington Office, field personnel from throughout the Agency have been called upon to assist in making necessary changes and improvements.

*Question.* What is the status of implementation of the IBM computer equipment to replace the Data General? How far behind schedule is this effort? In light of the very fast transformation of information technology, will the equipment still have a reasonably functional life once fully implemented?

Answer. The Forest Service requested a waiver from the USDA Information Technology Investment Moratorium on April 18, 1997, to proceed with implementation of Project 615. The waiver was received on May 1, 1997, and orders were submitted to IBM to begin implementation.

We are now back on schedule to be fully implemented by fiscal year 1999. The delay caused by the USDA Moratorium can be regained this fiscal year by expediting orders through the summer. The combined orders, when added to the installed base of 5000 workstations, will equip about 16,000 total employees by the end of fiscal year 1997. In fiscal years 1998 and 1999, we will provide access for approximately 7,000 users per year to complete the implementation.

We have continued contract updates with IBM ensuring that the technology is regularly refreshed and is providing a technology and price/performance level better than that originally provided in the contract. This approach ensures that the contract contains up-to-date technology appropriate to the requirements of the Forest Service. In addition, we are integrating personal computers into the IBM system architecture bringing it up to contemporary standards. By taking advantage of this well-integrated technology, the Forest Service will have the broadest range of modern technology to meet its business requirements.

*Question.* The Forest Service has invested a great deal of funding in re-engineering processes. What specific reductions in FTE's can be attributed to specific re-engineering of administrative processes.

Answer. The reengineering efforts for the Agency are aimed at reducing overhead costs by consolidating some Forest administrative offices, and at improving efficiencies by improving work processes and delegations to enable us to effectively accomplish our mission. However, FTE reductions have not been tied directly to reengineering efforts, but more so in response to the Administration's (NPR) overall direction to reduce the number of administrative positions. Since 1992, the Forest Service has reduced its administrative workforce by 15 percent.

*Question.* Despite numerous efforts to reduce field level personnel organizations, fully operational Personnel Management organizations exist on most National Forests and in every region. Extensive efforts to streamline the organization has failed to consolidate functions and reduce Personnel Office substantially. What is the current level of FTEs in the Personnel Management function by series for the past 5 years, and what is the number of full service personnel offices comparatively for the past 5 years? With general administration funds being reduced, why does the agency continue to maintain this number of offices?

Answer. Many forests no longer have personnel offices. The agency is continuing to explore opportunities to reduce personnel offices, personnel employment, and costs. Since 1993, employment in the personnel disciplines has declined from 1,150 full-time equivalents (FTEs) to 930 FTEs—an 18 percent reduction.

The 5-year FTE employment for personnel disciplines follows:

| Series | Title | 1993 | 1994 | 1995 | 1996 | 1997 |
|---|---|---|---|---|---|---|
| 201 | Personnel management specialist | 346 | 319 | 302 | 304 | 300 |
| 203 | Personnel clerk/assistant | 496 | 444 | 401 | 383 | 368 |
| 212 | Staffing specialist | 26 | 19 | 19 | 20 | 17 |
| 221 | Position classification specialist | 17 | 13 | 13 | 10 | 8 |
| 223 | Salary/wage administration | 3 | 3 | 4 | 5 | 4 |
| 230 | Employee relations specialist | 32 | 26 | 31 | 33 | 32 |
| 233 | Labor relations specialist | 6 | 6 | 5 | 8 | 6 |
| 235 | Employee development specialist | 33 | 35 | 28 | 24 | 23 |
| 260 | Equal employment opportunity | 70 | 65 | 64 | 58 | 57 |
| | Other personnel related support, such as reception, typing, computer, et cetera | 121 | 118 | 113 | 120 | 124 |
| | Total | 1150 | 1048 | 980 | 965 | 939 |

The number of personnel offices for the past 5 years follows:

*Number of personnel offices*

| | |
|---|---|
| 1993 | 115 |
| 1994 | 114 |
| 1995 | 117 |
| 1996 | 126 |
| 1997 | 104 |

The agency is actively reducing the number of personnel offices and saving money, and will take every practical opportunity to continue with these efforts. The cost associated with transfers, reduction-in-force, or retraining employees is often greater than the savings realized through consolidation, not to mention the adverse effects it would have on morale and productivity. In the past year, we closed 22 personnel offices. We expect this trend to continue at minimal expense to the taxpayer.

*Question.* What specific action will be taken to improve financial management weaknesses identified by the General Accounting Office and the Office of the Inspector General?

Answer. Specific actions which will, or have been taken to address shortcomings in financial management at the Forest Service occur in several broad areas. To date, we have made much progress, including:

Formation of the Financial Health Task Group comprised of staff from the Forest Service, the Office of the Chief Financial Officer, the Office of the Inspector General, and occasionally including a representative of the General Accounting Office. This group provides continuing oversight to assure that actions occur.

The Financial Health Task Group caused the creation of a financial health plan covering broad areas, and published that document during December 1996. That plan was supplemented by all of the Regions and Stations during February and

March, and is the basis for on-going monitoring visits by the OIG consultants tasked by the Financial Health Task Group.

The Financial Health Task Group also caused the creation and publication of a Desk Guide to be used by the Forest Service staff in addressing the areas of weakness. That guide was distributed during June, 1997, and provides in one concise document all of the information necessary for staff working on improving the quality of financial management information.

In the area of Accounts Payable, and Accounts Receivable, permanent solution is not possible until the Department's Foundation Financial Information System (FFIS) is operational. This system will begin pilot testing in one-third of the Forest Service units on October 1, 1997. If it is successful, it will be expanded to the remainder of the Service on October 1, 1998. In the interim, the Financial Health Desk Guide provides detailed instructions on how to properly handle both payables and receivables.

In the area of Revenue and Reimbursements there have been several changes. Part of Forest Service's data quality problems came from an automated process used in prior years at year end. That process has been discontinued as it created more difficulties than it solved. The publication of the desk guide referred to above provides detailed instructions as to how to code these types of transactions properly, and that has been distributed to all units. Finally, considerable attention has been given to making certain that the units get their records corrected and current.

In the area of Property, Plant, and Equipment, there have been several actions taken to improve data quality and systems. The USDA will shortly issue revised instructions as to the capitalization threshold for Real Property. Forest Service is in the final stages of creating an automated subsidiary ledger (INFRA) which will capture information on all constructed features on a national forest. This data will include both cost and depreciation information. We expect that this system will be operational beginning in fiscal year 1998, and will have accurate, inventoried data by the end of that fiscal year.

Personal Property is currently being inventoried, and we are expecting that by the close of fiscal year 1997, all of our inventories will be up-to-date. The Department has published a change to the capitalization threshold to $5,000, which has been implemented by the Forest Service.

As stated above, the Financial Health Task Group has engaged the OIG as consultants to monitor and report back on the progress being made by the field units. The Inspector General reported to the Chief of the Forest Service in July that the results of the monitoring visits on three regions had shown "significant improvement" in the quality of information. These visits will continue until mid-August, at which time they will have visited each Region and Station in the Service. We have continuing discussions on the progress of the work, and expect the OIG to issue a final consulting report shortly after completion of the visits.

*Question.* There are reports that payments for workplace disabilities (OWCP payments) cost the agency several million dollars per year. How much money is being paid for OWCP currently? What is the past 3-year history? What action is the agency taking to provide employment to former employees who are receiving OWCP payments in jobs they can perform? What specific savings have resulted from these actions? What action is the agency taking to eliminate current and former employee fraud relative to OWCP claims?

Answer. We estimate that fiscal year 1997 OWCP costs for the agency will be $27,130,846. The costs for the 3 previous years were $25,665,054 (FY 1996), $26,924,938 (FY 1995), and $27,997,611 (FY 1994).

The agency's OWCP program is designed to identify claimants who are likely to fully recover from their injury/illness, place them in positions they can perform while recuperating, and later return them to their original jobs. This program ensures that a position is reserved and offered when claimants recover. We have also established four full-time Workers' Compensation Program Manager positions in the field. These positions focus on reducing long-term claims and costs through rehabilitation and reemployment of claimants. We continue to try to place the employees in positions that they can perform.

Our Workers' Compensation Program Managers are actively working with claimants and personnelists to eliminate current and former employee fraud by reviewing all long-term claims, controverting claims that are not clearly job-related, and ensuring, when appropriate, that third party recovery is made. In the past 3 years, it is estimated that these cost reduction efforts have saved $2.5 million.

*Question.* How has the agency integrated the Government Performance and Results Act into it(s) performance measures for accomplishment in the fiscal year 1998 budget process? There does not appear to be a direct tie between accomplishments planned as part of the agency budget justification and the agency's draft fiscal year

1998 GPRA Performance Plan. For example, there is a difference in comparing fuel treatment acres in the budget justification, which plans accomplishment of 1,000 acres (total of brush disposal and hazardous fuels reduction), versus the GPRA action plan which proposes to treat 1,250 acres. In the recreation management program there appears to be no tie between accomplishment measures in the agency justification vs emphasis in the GPRA action plan.

Answer. In July 1996, the Forest Service submitted to the Department of Agriculture a list of performance goals and indicators with planned accomplishment levels consistent with its Agency Request (i.e., highest budget request level). These goals, indicators and planned accomplishment levels were incorporated into the agency's draft annual performance plan for fiscal year 1998. At the same time, planned accomplishments for these indicators were being adjusted to reflect the program funding levels in the fiscal year 1998 President's Budget. These adjusted planned accomplishment levels were displayed in the agency's Budget Explanatory Notes. This is the source of the discrepancy between some of the numbers in the Explanatory Notes and the Draft Performance Plan.

*Question.* With the intent to implement GPRA in fiscal year 1999, will the tie between GPRA and the annual budget justification be readily apparent?

Answer. Yes. It is the agency's intent to integrate GPRA performance goals and indicators into all steps of the budget process including budget justification.

*Question.* With full implementation of GPRA, will the agency realize any efficiencies by reducing work on other planning or accomplishment efforts?

Answer. We feel that the strategic planning and annual reporting processes required by GPRA are quite compatible with similar requirements the agency has under the Forest and Rangeland Renewable Resources Planning Act (RPA). The GPRA requirement to develop an annual performance plan has also been integrated into the agency's budget process. As a result, existing staffs should be able to handle the GPRA workload but we expect no budgetary or personnel savings from this effort.

*Question.* What are the anticipated effects of the Administration's initiative to place former welfare recipients in Forest Service positions? Will field level accomplishments be affected?

Answer. The Forest Service estimates that we can hire at least 37 welfare workers per year from the welfare rolls for the next four (4) fiscal years. This is not expected to affect field level accomplishments.

---

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

*Question.* It appears that the USFS is phasing out the Timber Salvage Sale program in favor of a new Forest Ecosystem Restoration and Maintenance Fund. What does this mean for the timber industry? Do you plan to utilize more controlled burning to restore forest health at the expense of using timber sales to remove salvageable timber?

Answer. There is no intent to phase out the salvage sale program. Rather, the objective is to create a tool to better manage the entire land base.

*Question.* How will your Wildland Fire Management program improve the control of wildfires that seem to be increasing in number and intensity in western forests.

Answer. We have focused a major portion of the wildland protection program at increasing the funding and treated acreage of hazardous fuel reduction. The large build-up of fuels throughout the western forests increases the probability for large, catastrophic fire. Reducing fuels, through mechanical treatments or the use of prescribed fire will result in smaller, less intense fires. This emphasis will require many years of fuel treatments to realize the benefits of such a program. It is also necessary to maintain a strong preparedness organization to quickly and effectively suppress fires, thereby preventing them from becoming large.

*Question.* It appears that the elimination of the "Purchaser Credit Program" will require that timber companies will be responsible as usual for the cost of construction of roads. However, the requirement that they pay these costs up-front may cause serious financial problems for smaller operators. Don't you think this will cause even more of these small family businesses to be unable to compete for timber? This will also result in lower bids on timber sales. Won't this also reduce the payments going back into the county governments in lieu of taxes?

Answer. The administration's proposal would both retain the Purchaser Election Program for small purchases and hold the states harmless from any losses in payments as a result of the elimination of the Purchaser Credit Program. We urge the Congress to adopt these proposals.

*Question.* I am concerned that the increased funding going to the President's Forest Plan for the Pacific Northwest is taking funds away from other Regions. Region 2 Regional Forester, Elizabeth Estill, has indicated the need for additional funding to rebuild the timber sale pipeline in her Region. I understand that you are further reducing the proposed timber harvest in Colorado which already is having a difficulty maintaining an industry. Are you diverting funds from Region 2 to go to the Pacific Northwest?

Answer. No. The fiscal year 1998 agency request did not reduce the allocations to regions and forests not covered by the PNW Plan in order to meet the PSQ in the PNW Plan. The Administration recognized this cost and chose to provide additional funding in the President's Budget versus not meeting the PNW Plan or reducing other regions and forests to pay for meeting the PNW Plan.

*Question.* Why is USFS research in Colorado being downsized?

Answer. During fiscal year 1996, Rocky Mountain Station reorganized the four ecological RWU's in Fort Collins, Colorado into two units. This was done for two reasons; (1) to reduce the number of supervisory positions (Project Leaders) needed from four to two, thus freeing up more funds for actual research; (2) to create multidisciplinary units, more suited to addressing the complex questions that need to be answered in taking an ecosystem approach to wildland management. Because the whole Station has only two forest entomologists and two forest pathologists, and because of significant insect and disease problems in both the Southwest and the Central Rockies, during the reorganization, we matched scientists to research needs by relocating one entomologist and one pathologist from Fort Collins to the Flagstaff Arizona, Forestry Sciences Lab. To support this move, $340,000 in funds were reassigned from Colorado to Arizona.

Prior to the reorganization, one scientist and one technician, who were located in Arizona, had actually been assigned to an ecological research unit in Fort Collins, and thus their funding was shown in Colorado even though they worked out of Arizona. As part of the reorganization, we reassigned them and $196,000 to a unit in Flagstaff Arizona.

Another $28,000 reduction covers Rocky Mountain Station's share of increased support to accelerate research in President's Northwest Forest Plan. The final reduction of $75,000 in RWU–4803 reflects reassignment of the last of the Southwestern Consortium funds from the Station's headquarters to laboratory in Albuquerque New Mexico. No personnel moves were associated with these funds.

Total Reduction: $639,000.

*Question.* What is the methodology utilized by the USFS to determine the number of recreational user days?

Answer. The Forest Service tracks recreation use by Recreation Visitor Days (RVD's) and by Visits. A RVD is a statistical reporting unit consisting of 12 visitor hours. A visitor hour is the presence of a person on an area of land or water for the purpose of engaging in one or more recreation activities during the period of time aggregating 60 minutes. A Visit is the entry of one person upon a national forest for the purpose of participating in one or more recreation activities for an unspecified period of time.

Both RVD's and visits estimated by Forest Service field units and reported through a computerized reporting system. Various ways exist to display the information gathered: by Region and by State, by activity, and by year. Field estimates are based on the application of sampling techniques, traffic counters and other observation methods.

The Forest Service is also experimenting with methods to improve recreation use estimates. A prototype process is currently being tested. It is intended to provide improved statistical estimate of recreation use on the national forests.

---

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

*Question.* Do agencies expect to meet this target in fiscal year 1997 as scheduled?

Answer. The USDA Office of Forestry and Economic Assistance recently provided information relevant to this question in the report "The Northwest Forest Plan: A Report to the President and Congress" (issued December, 1996). The 1.053 billion board foot level included the initial probable sale quantity (PSQ) of 958 million board feet plus an additional 10 percent of "other wood." As noted in the 1994 Final Supplemental Environmental Impact Statement, "sustainable sale estimates will be made using more refined data and procedures available when Draft Forest and District Plans are completed or current plans are revised." (FSEIS, page 3&4-267). Some individual national forest and BLM district plans have been completed since implementation of the Pacific Northwest Forest Plan and the PSQ has been revised

as a result. The December, 1996 Report to the President and Congress now sets the PSQ at 868 mmbf, and total projected levels at 954 mmbf if you include "other wood" (page 103). It notes that further adjustments could be made as more plans are revised in the future. The Forest Service intends to fully meet its part of the current PSQ projections in fiscal year 1997.

*Question.* What are your plans to meet the decade target?

Answer. The report "The Northwest Forest Plan-A Report to the President and Congress" also addresses your question relative to the "decadal target." At page 103, it states that "the agencies expect to meet the average annual probable sale-quantity goals over the 10-year life of the Plan because the volume that wasn't offered during the first 3 years of the Plan, as the agencies were reestablishing the program, can be offered over the remaining 7 years." Please keep in mind that the PSQ could be further modified as forest plans in Oregon and Washington are revised, which would affect the total volume offered over the decade.

FOREST HEALTH AND SALVAGE

*Question.* Are funds available in the Forest Service budget to aggressively prepare and offer salvage sales in fiscal year 1997? How much salvage volume has been offered under the salvage law to date and how much do you project will be offered by the end of this fiscal year?

Answer. Yes, there are currently sufficient funds in the Salvage Sale Fund to continue the program. The increase in salvage expenditures from the emergency salvage sale provisions did reduce the fund to a low level; however, the receipts from additional volume sold is replenishing the fund. The recent decline in timber prices has also reduced collections. Regions 1, 3, 4, and 5 started fiscal year 1997 with less than desirable cash balances. Projections indicate that 1997 collections will be sufficient to maintain the program in fiscal year 1997. Even though our policy is to limit each region's fiscal year expenditures to their previous fiscal year-ending, unobligated balance, Regions 4 and 5 have requested approval to use a portion of their fiscal year 1997 collections for salvage sale preparation in fiscal year 1997. We are looking at these requests to see whether remaining collections in fiscal year 1997 will be sufficient for these two regions such that their ending fiscal year 1997 balances are sufficient to support a reasonable salvage program in fiscal year 1998. If there are unexpected additional expenditures in fiscal year 1997, and continued low stumpage prices, then this could cause problems in the unobligated cash balances for fiscal year 1998.

A total of 4.606 billion board feet of salvage was offered under the salvage amendment, including 818 million board feet which was offered the first quarter of fiscal year 1997. The amendment expired on December 31, 1996.

Though the salvage amendment has expired, an additional 600 million board feet of salvage will be offered under current authorities during the rest of the fiscal year.

*Question.* Do you share Secretary Babbitt's view that all we need to do is more prescribed burning and can we solve the forest health crisis on our national forests?

Answer. Acting on the recommendations of the Federal Fire Policy Review in 1996 the Forest Service is expanding the fuels reduction programs. We agree that the use of prescribed fire is one of the most effective tools in restoring the health of our forests and rangeland. The Forest Service is working toward a target in the year 2005 of applying hazardous fuels reduction treatment on 3,500,000 acres. In fiscal year 1998, we plan to accomplish between 850,000 and 1,300,000 acres of fuel treatment. This represents a significant increase from 1996 and 1997. Although a vast majority of these acres are expected to be treated with fire, some areas will need some type of mechanical treatment before fire can be safely utilized.

*Question.* Has your agency evaluated the number of days in the year when forest fuel and air quality conditions are right to do prescribed burning and given those limitations can your agency accomplish Secretary Babbitt's optimistic targets?

Answer. We anticipate that we will be able to carry out our fiscal year 1998 program of work for hazardous fuels reduction while meeting air quality standards. Local Forest Service fire managers and local authorities work successfully together to accomplish fire and land management objectives, resolve conflicts with smoke emissions, and comply with air quality standards. In addition, planning is underway to design larger and more efficient prescribed fire projects that take advantage of optimum burning conditions while significantly increasing acres treated.

The Forest Service is also working with officials from the Environmental Protection Agency to assure compliance with air quality standards.

*Question.* Has your agency assessed the risk of increasing the prescribed fire program on escaped burns, public safety, and financial liability?

Answer. Every prescribed burn goes through a rigorous process which includes a risk assessment and prescribed burn plan which is approved by the local line officer. Public and firefighter safety are the agency's greatest concern. The risks and outcomes of wildfire far outweigh the risks associated with well planned prescribed fire. Prescribed fire will, in the long term, reduce the risk to public safety as well as the liabilities of additional prescribed fire applications.

*Question.* The Administration is recommending changing the FS definition of salvage—the same definition that the agency has used for years. This, in my opinion, would have the affect of giving less flexibility and decision making authority to professionals in the field. Why do you want to do that?

Answer. The salvage definition was changed by the Forest Service a couple of years ago to reflect the ecosystem management approach. It was tied to ecosystem improvement and rehabilitation by including dead, dying, damaged, and associated trees at high risk of spreading disease or insect epidemics. The new definition also clarified that salvage may include trees imminently susceptible to insect attack because of drought-related stress and trees lacking characteristics of a healthy and viable ecosystem. This definition is consistent with the National Forest Management Act. The salvage definition was also changed by the Recissions Act by including trees imminently susceptible to fire. This broadened the authority for using salvage during the period of the Rescissions Act.

The Interagency Salvage Program Review team found that the definition of salvage was confusing to the public, and that the interpretation and application was not uniform across national forests and BLM districts. The proposed change would be to more clearly articulate the intent of salvage projects to the public and to provide consistent application.

FOREST RESEARCH

*Question.* The 1992 Blue Ribbon Coalition Report called for a 5-year inventory and analysis cycle. Since the 1992 report was issued the inventory cycle has gone in the opposite direction and has increased to an average of 10 years. What are the primary factors that have contributed to the lengthening rather than shortening of the inventory cycle?

Answer. The current national FIA inventory cycle is now 12 plus years. The cycle is controlled by three main factors; (1) a mandated accuracy requirement which determines the amount of data to be collected, (2) funding for personnel and equipment which determines the speed at which the data are collected, (3) funding for technology research and application which can increase efficiency and reduce the collection burden on personnel and equipment without sacrificing accuracy.

The first controlling factor, accuracy, is required and necessary to provide quality information to make sound management decisions.

The second controlling factor, funding, is the central issue. Since 1995, overall Forest Service Research program funding has declined 10 percent. During this same time period, FIA field program funding has increased by 3 percent. Clearly FIA is still a priority research program within the Agency but the modest increase in FIA funds have not been sufficient to offset the increased cost of getting personnel and equipment into the field. Continued funding at current levels will further erode the cycle unless new technology can bridge the gap.

The third controlling factor, technology research, is difficult to maintain when cycles slip and demand for current information rises. However, scientifically sound research is critical to the application of any new technology or data collection method. With constrained budgets, FIA strives to maintain a balance between the potential gains in efficiency from development and application of new technology and the demand for shorter current cycles.

INTERIOR COLUMBIA BASIN ECOSYSTEM MANAGEMENT PLAN

*Questions.* (a) How do you intend to incorporate the findings of the scientific assessment into management direction for on-the-ground activities? (b) Will the scientific information go through the NEPA process before being applied to the ground?

Answers. (a) The Bureau of Land Management and the Forest Service have incorporated the findings of the scientific assessment into management direction in the Eastside Draft EIS and the Upper Columbia River Basin Draft EIS. Science underlies the construction of various alternatives. In addition, the agency field units are receiving training on the scientific assessment and its findings so that ongoing and planned activities will take the information into account during project-specific NEPA analysis. (b) Yes. The first place this occurs is in the draft EISs that were released in late May. Additionally, site specific NEPA review will occur when projects are developed for implementation by field units.

*Question.* In a February 3rd letter to Regional Forester Hal Salwasser, the Eastside Ecosystem Coalition of Counties (EECC) state that due to the regulatory agencies involvement late last year, change to the draft EIS approved by the project's executive committee are "unacceptable" and "the EECC cannot support the Project in the direction it is currently headed." The Coalition stated that they would withdraw their support if the Project does not "significantly redirect" itself and have at least one alternative that truly directs active management without lengthy and burdensome processes. What changes in the draft EIS are being explored to address the counties' concerns?

Answer. Several meetings which identified specific concerns, were held this year between Project representatives and Coalition members. In addition, Regional Executives met with the Idaho Association of Counties and listened to their concerns, along with numerous subsequent personal contacts with EECC members. In response to a February 3 letter from the EECC and these meetings, the Regional Executives: 1) decided to delay identifying a preferred alternative until concerns of County governments could be addressed; 2) responded to the counties by letter (dated February 24, 1997) with specific responses to the county concerns, including both clarification intent on some of the issues, and some changes to the draft EISs to address the counties' concerns.

The Regional Executives and the EECC agreed to the following changes at a March 6 meeting: (1) rewrite one of the grazing standards; (2) differentiate between the forest riparian "zones" with respect to management objectives of forested riparian conservation areas and permitted activities therein for each zone; (3) refine definitions of the words "protect" and "maintain" as they apply in the draft EIS's; and (4) add language to the standard in the draft EIS's that specifies that road condition/risk inventories can be conducted in a manner appropriate for the scale of analysis (watershed scale v. larger subbasin scale) being completed. In addition, numerous clarifying changes were made in response to EECC comments.

REAL ESTATE MANAGEMENT

*Question.* What is the current status of applications from inholders for access authorization to NFS lands for construction and/or use of roads? What has been the history of funding for processing of these applications in recent years?

Answer. The Forest Service annually receives several thousand applications for new uses and occupancies of National Forest System lands. They include applications for access to inholdings within the National Forests. The agency has a significant backlog of applications from inholders for authorizations for the construction of access facilities (i.e., primarily roads) across National Forest System lands. The agency has no current mechanism by which it catalogues or tracks the number of such applications currently on file and backlogged. Applicants for authorizations who have demonstrated a statutory right of access across National Forest System lands (to an inholding) have generally been provided a higher priority for processing and evaluation than those applications for uses not associated with such a right. Funding levels in recent years have been such that the agency has been able to properly administer only existing authorizations. We have been able to process only the highest priority applications for new authorizations. Generally, the agency is able to process applications when the applicant pays for some of the processing costs.

FOREST ROADS

*Question.* What impact will the elimination of Purchaser Road Credits have on the ability to meet the timber sale targets under the President's Northwest Forest Plan and meet your objectives for improving forest health?

Answer. There will be little to no effects on our ability to meet timber sale targets or to meet our objectives for improving forest health, since the amount of road access is not affected.

*Question.* Do you have enough funds to repair all the forest roads damaged by last year's record rainfall and flooding? If not, what impact will these unrepaired roads have on salmon habitat, fire prevention and suppression, recreation access, and timber sale access?

Answer. Funds for emergency repair of Forest Service roads are made available through two sources: the Federal Highway Administration Emergency Relief Federally Owned (ERFO) road program and appropriated road funds in the Forest Service budget. Preliminary estimates of road damage indicates ERFO needs of $90 million to repair forest roads to pre-flood condition, needs of $12 million for road repairs that are not covered by ERFO, and needs of $10 million to fund additional road maintenance work caused by last years storms. As snow melts in the high country,

we can access the damaged areas to do the field work necessary to complete the damage reports and provide better estimates for necessary road repairs. Additional damage reports are being prepared for roads damaged by more recent floods in South Dakota.

Preliminary estimates of ERFO needs have been provided to the Federal Highway Administration and we are waiting for their decision on the funding. There is some question as to annual ERFO funding authority being sufficient to cover the total qualified work. Without funding approval, we will not be able to perform the work.

Funding for non-ERFO repair needs were not included in the current year's budget. Congress recently approved a supplemental appropriation of $39,677,000 for the National Forest System (NFS) and $27,685,000 in reconstruction and construction funds for emergency expenses resulting from flooding. Without the supplemental appropriation, we would not have been able to complete the additional flood damage repairs without causing major disruptions to our regular program of work. Supplemental appropriations are adequate to cover 85 percent of the highest priority needs for NFS damage identified as of May 1, 1997, including road maintenance, and the 71 percent of the highest priority needs for reconstruction and construction identified as of May 1, 1997, including road repairs. The determination of road priorities in relation to other repair needs will be made at the regional level and may vary from region to region.

Funding for our regular road maintenance program is provided through normal FS appropriated funds. Under the current funding levels we are able to maintain only forty percent of the forest system roads to the standards established for the current use. Funding the additional road maintenance needs caused by the floods from our regular appropriation would severely impact our already limited routine maintenance program.

Without additional funds, repair of damaged roads will be delayed or left undone. Sediment derived from roads is the single largest source of non-point pollution in managed forests. Failure to properly maintain roads increases erosion and sediment inputs, particularly fine sands and silts which damage fish spawning and rearing areas for critical salmonids.

Reduced access for fire prevention and suppression could require the expenditure of additional fire fighting funds to open roads for fire access. This will cause delays in response time, resulting in more acres burned by wildfires, unnecessary resource losses, and additional threats to life and property on-site and downstream.

Roads posing significant safety or resource concerns will be closed until repairs can be made. This will cause lost recreational opportunities, continued erosion and resultant sediment impact on streams, lakes, riparian areas, and related fisheries and wildlife resources. Quantifying specific impacts is not possible within funding and time constraints provided.

*Question.* You are recommending a $12 million cut in appropriated funds for roads and an elimination of the purchaser road credit program. This will cut the timber sale program by approximately 25 percent. Is this your intention?

Answer. No, this is not our intention, and it will not cut the timber sale program by 25 percent. The proposed budget assumes fewer sales in roadless areas and the consequent need for less timber road support funding. Agency direction is to minimize entry into roadless areas, and proceed only where determined necessary through the NEPA process and public involvement.

Funds for timber roads are adequate to administer road work on existing sales and to prepare surveys and designs for the fiscal year 1998 green sale program of 2.505 MMBF. This is the planned green sale volume for fiscal year 1998.

---

QUESTIONS SUBMITTED BY SENATOR PETE DOMENICI

"Attitude shift away from timber production": Historically, the Forest Service has concentrated its resources on the production and sale of timber and pulp wood. Over the past decade, the number and size of timber sales has declined, and the Forest Service has shifted its focus to other activities such as recreation and wildlife management.

*Question.* What steps has the Forest Service taken to accommodate this shift in emphasis away from its historic reliance on timber production and sales from National Forests?

Answer. While timber management and timber sales are still important agency programs, the Forest Service has adopted an ecosystem management approach. Sustaining and restoring the health, productivity, and diversity of the ecosystem is essential to our ability to continue to provide multiple benefits from public lands.

*Question.* Does the Forest Service expect recreation and related activities to continue to play an increasingly important role in forest management?

Answer. Yes. Recreation use projections clearly show increasing demand for recreation opportunities on the national forests. Recreation use is expected to top 1.2 billion visits by the year 2040. Recreation is one of the key multiple uses provided by the national forests. Several million private sector jobs are associated with recreation on the national forests making it a key component of the National, and many local, economies. The growing importance of recreational opportunities in the national forest is being recognized in overall forest management.

*Question.* What program and activities does the Forest Service expect to be available for on-the-ground management of renewable resources within the National Forest System?

Answer. We anticipate continuing to provide a full complement of resource management activities on the ground in the future, as we do now, with no specific program deletions or additions being planned. We remain committed to the goals outlined in the Forest Service document "Course to the Future" which affirm the multiple-use principles of sustained-yield management which have guided National Forest System management for the last half of this century. Within that framework, National Forest System management today emphasizes maintenance of ecosystem health as well as restoration of deteriorated ecosystems in order to sustain the production of all the uses, values, products and services which derive from the national forests, including timber, forage, fish and wildlife, recreation, wilderness and water.

*Question.* What kind of revenue-producing activities does the Forest Service anticipate will replace lost timber sales receipts that have historically supported forest management activities within the National Forest System?

Answer. The agency does not have legislative authorities to use revenues generated from non-timber sale activities for forest management activities except deposits from timber sales to the salvage sale fund and the KV fund. These funds available in these accounts are sufficient to support the current program level.

*Question.* What is the Forest Service currently doing to assist small rural communities in and near National Forests whose local economies have been devastated by declining timber production on which they have historically depended?

Answer. The Forest Service is in its sixth year of implementing the "National Forest-Dependent Rural Communities Economic Diversification Act" through the Economic Recovery program. Since the beginning of the program in fiscal year 1992, the Agency has gone from assisting 185 natural resource-dependent rural communities annually to over 800 in fiscal year 1996 through Economic Recovery efforts alone. In recent years, the Economic Recovery program for dependent communities has received between 30 to 40 percent of the Economic Action Programs' appropriation. Other Economic Action Programs provided assistance to an additional 760 communities, businesses, or organizations in fiscal year 1996.

From the Forest Service, rural communities have received direct financial and technical assistance to build local capacity to manage the challenges they face and to find sustainable solutions for economic, social, and environmental problems and opportunities. In addition to specific funded programs, the Agency has been able to offer much more assistance due to the presence of its employees and facilities in the communities.

Many stories are being told of progress and change in rural communities around the country which have taken advantage of the Economic Recovery program: forming local, diverse community action teams, even in areas known for past conflict and divisiveness; creating strategic plans for increased self-sufficiency and other collective goals; improving relationships and increasing trust within communities as well as with the Forest Service and other communities, agencies, and interest groups; and taking responsibility for implementing plans and making their visions come true.

FIRE SUPPRESSION, PRESUPPRESSION, AND FUELS MANAGEMENT

The image of Smokey Bear has had a resounding impact on the attitude of the American public as it relates to National Forests and forest fires. The concentration of resources on fire containment and firefighting has resulted in something of a preoccupation with those activities, to the detriment of effective management of fuels that inevitably contribute to the catastrophic nature of many fires. In the President's budget request this year, the Forest Service proposes to consolidate the fuels management account and a considerable portion of the firefighting account.

*Question.* How does the Forest Service believe this consolidation will improve their ability to reduce the catastrophic nature of wildfires when they occur?

Answer. Changing the budget structure to allow greater flexibility in funding hazardous fuel reduction will allow the agency to take advantage of favorable weather conditions to significantly expand the number of acres treated. Hazardous fuel build-up is the single most important reason for catastrophic fires.

*Question.* What activities does the Forest Service anticipate will receive increased priority with this consolidation?

Answer. See Answer to No. 166. The primary focus will be to use prescribed fire wherever and whenever possible. However, to further reduce the risks and impacts of smoke associated with prescribed fire, mechanical pre-treatments will be necessary in many instances to allow follow-up treatments using prescribed fire.

*Question.* How does this consolidation affect the ability of the Forest Service to plan for fire emergencies through the normal budget and appropriations process?

Answer. The new budget structure provides increased flexibility in funding hazardous fuels reduction activities without detracting from the capability to prevent forest fires and to take prompt, effective initial attack suppression action on wildfire. The result is greater efficiencies, and over the long term, reductions in catastrophic fire and large fire suppression costs.

*Question.* What impact will the consolidation have on the future need for emergency funding to supplement annual appropriations process?

Answer. Funding needs for fire operations above the appropriated level would be accommodated from the government-wide emergency contingency account.

*Question.* Does the Forest Service anticipate future emergency funding requests to support fuels management activities as a result of this consolidation?

Answer. In the President's budget, hazardous fuels reduction is included in the Fire Operations budget line item. The proposed budget is estimated at $30–$50 million allowing greater flexibility to respond to timely and appropriate applications of fuel treatment prescriptions.

NATIONAL FOREST FOUNDATION

The authorization for National Forest Foundation will expire this year. I intend to introduce legislation in the near future to reauthorize the Foundation, enabling the continuation of the public/private partnerships for projects related to the management and conservation of National Forest resources.

*Question.* What kinds of activities are supported by the National Forest Foundation?

Answer. The National Forest Foundation (NFF) has supported many projects that benefit the Forest Service. Although the NFF was formed by Congress in 1990, its first full year of active work got underway in 1993 with primary emphasis on Youth Forest Camps. Since the initial year, the NFF's assistance to the Forest Service has increased significantly, ranging from the establishment of a firefighting fund and scholarships giving financial assistance to families who lost relatives fighting forest fires and the support of many reconstruction and restoration projects throughout the agency. A state summary of projects already completed, currently underway or planned by the NFF has been provided to the Subcommittee. This summary contains descriptions for each project funded, including the location, name and work accomplished or planned. Some of these projects were funded entirely by the NFF while many others were funded in partnership with other organizations that include individuals, corporations, not-for-profit organizations and state agencies.

In addition, the NFF has developed five major program emphasis areas of; (1) forest conservation; (2) forest protection; (3) recreation; (4) wildlife and fisheries; and (5) environmental education. Specific projects are listed on the attached sheet entitled "Preserving the Legacy" which has been provided to the Subcommittee. The NFF will launch new initiatives this calendar year within these five program areas which will support additional projects in all regions of the Forest Service.

*Question.* Over the past 5 years, what is the total amount of private support that has been leveraged by the activities of the National Forest Foundation?

Answer. During the period 1992–1996, the National Forest Foundation has received $3,695,752 in cash contributions from private donors and $483,608 in private in-kind contributions for a total of $4,179,360 to support its mission and projects. During 1992, the first year of the 5-year period, there were no active solicitations of private funds. The National Forest Foundation's incorporation was completed in 1993 which was its first full year of operations.

*Question.* Does the Forest Service have any recommendations for changes in the National Forest Foundation authorization that would enhance its ability to provide even greater benefit to the Service, its resources, and the American people?

Answer. Yes. There are four recommended changes we would suggest be made to the authorization to add to the Foundation's overall effectiveness. Federal regula-

tions governing disbursement of grants preclude advance funding for administrative or project expenses to the Foundation without regard to when the Foundation incurs these expenses. As a result, the Foundation must submit frequent request to the Forest Service for matching funds when such costs are incurred, causing inefficiencies and delays in funding. To streamline the process and provide funding on the ground in a more timely manner, we recommend that the Act be amended to authorize the transfer of Federal funds to the Foundation in a lump sum.

Section 410(b) of the Act, which authorizes appropriations up to $1,000,000 annually in Federal funds to be made available to the Foundation to match on a one-to-one basis private contributions made to the Foundation for administrative or project expenses, is scheduled to expire in October 1997. We recommend that appropriations be reauthorized for a 5-year period beginning on October 1, 1997, in the amount of $5,000,000 annually.

We also recommend adding language to allow the National Forest Foundation to retain any interest or other investment income earned to date and in the future by the Foundation and its subgrantees on Federal funds drawn but not immediately disbursed. This language change would enable the Foundation to use this accrued interest and investment income to support additional Forest Service projects.

Finally, we would recommend adding language that would enable officers and employees of the National Forest Foundation, while travelling on official business of the Foundation, to travel on the same basis as Federal employees, including travel on common carriers at the same rates as Federal employees.

We will be happy to work with you and provide any additional assistance on these suggested changes to the Act.

---

QUESTIONS SUBMITTED BY SENATOR ROBERT F. BENNETT

*Question.* As you know, with the arrival of the 2002 Winter Olympics, the Forest Service is under a great deal of pressure to be prepared for the onslaught of visitors to the Cache-Wasatch National Forest. Last year, the Committee provided funding for some of the initial preparations. (1) Please provide me with an update on how those funds appropriated for fiscal year 1997 have been utilized thus far. (2) Is the Forest Service on schedule with the preparations for 2002 Olympics? (3) What impact will Olympic funding have on other programs within the region? (4) Do you anticipate the need for additional funding beyond the analysis provided to the committee last year?

Answer. (1) What has been done to date with $300,000 in fiscal year 1996 and $2,533,000 in fiscal year 1997:

The creation of the four-person Olympic Planning Team and the 3-person Venue Preparation Team. These teams have begun the process of establishing communications with the Salt Lake Olympic Organizing Committee, all levels of the Forest Service, the Department of Agriculture, and have embarked on day-to-day monitoring and oversight of the Snowbasin Ski Resort land exchange and attendant implementation of the Master Development Plan.

The establishment of a long-term partnership with the Salt Lake Convention and Visitor Bureau. The partnership to date is resulting in a cooperative effort to staff, operate and provide exhibits at the Salt Lake Regional Visitor Center, with plans currently being laid to cooperate similarly at visitor contact points throughout the greater Salt Lake area.

The recreation construction funding was used to reconstruct 7 major campgrounds in the Wasatch Front area. Most of the 2002 projects are reconstruction of existing recreation facilities and restoration of adjacent damaged riparian habitat/resources. Therefore they will be used and enjoyed by the general public after the Olympics.

Trail construction funding was used to construct/reconstruct over 33 miles of vital trail systems for pre/post Olympic use. These trails will also serve as vital infrastructure to our recreating public.

Seed money to initiate a statewide collaborative effort to streamline and improve delivery of environmental education and visitor services and products.

(2) Yes, the Forest Service is well within budget and timeframe with the Olympics. Our early involvement with the entire process and public involvement has assured us as a major player at the table of public service participants.

(3) There are impacts and consequences for all priority shifts of emphasis within the Region, and the Agency, to accommodate new challenges and opportunities. The Region has set priorities that best balance the needs for the 2002 Olympics with other current Forest Service program needs. The 2002 Olympics are just one of the many funding challenges facing the Agency. However, the Region receives its fair share of the national funding total. The Region has dedicated one-half of its facility

funding on the highly visible facilities most likely to be impacted by the 2002 games. That leaves less funding than in prior years to address the facilities in the rest of the regions.estimated $818 million in recreation facility backlog.

(4) The Olympic 2002 Planning effort continues to operate within the scope and philosophy of "Option III" of the 2/26/96 "Salt Lake Olympic Budget Strategy" as submitted by request to Senator Bennett (R-Ut) and Representative Hansen (R-Ut) last year.

Subsequent to the 2/26/96 submittal of the budget strategy document, the planning team contracted for intensive research of costs/effects of past winter games, held de-briefings with Forest Service officials involved with the Atlanta Games, and conducted a project-by-project value analysis of the Strategy to validate and refine the costs for Option III. As a result of this effort, Option III costs are now different than the original 2/26/96 costs.

The following chart compares the original Option III numbers with the Value Analysis-driven refinements of Option III, and the available fiscal year 1998 funding in the President's Budget:

OPTION III

[In thousands of dollars]

| Fiscal year | Feb. 26, 1996, option III | | | Revised option III | | | Fiscal year 1998 funding | | |
|---|---|---|---|---|---|---|---|---|---|
| | NFRM | CNRF | CNTR | NFRM | CNRF | CNTR | NFRM | CNRF | CNTR |
| 1998 | $981 | $1,183 | $248 | $1,276 | $1,124 | $400 | $726 | $1,124 | $400 |
| 1999 | 999 | 1,237 | 248 | 1,406 | 1,124 | 400 | 726 | 1,124 | 400 |
| 2000 | 1,754 | 1,458 | 248 | 1,416 | 1,124 | 400 | 726 | 1,124 | 400 |
| 2001 | 1,779 | 1,314 | 248 | 1,312 | 1,124 | 400 | 726 | 1,124 | 400 |
| 2002 | 1,968 | 1,235 | 248 | 1,293 | 280 | ..... | 726 | 280 | ..... |
| Total | 7,481 | 6,427 | 1,240 | 6,703 | 4,776 | 1,600 | 3,630 | 4,776 | 1,600 |
| Grand total | | 15,148 | | | 13,079 | | | 10,006 | |

Projected estimates for State and Private Forestry Programs to support the 2002 Olympics are $13,522 million over 4 years, of which, $10,405 million would be provided by non-government sources. This means that $3,117 million will have to come from S&PF funding.

It is important to note that under current funding levels, efforts are underway to use those State and Private Forestry (S&PF) programs that have potential to provide support through community based and regional strategic planning efforts. These efforts provide increased capacity for local governments and organizations to fund high priority projects and initiatives through collaborative planning and partnership building.

*Question.* Recently, the Committee gave the go-ahead for the consolidation of the Intermountain and Rocky Mountain Research stations in Ogden and Ft. Collins, CO. This action has caused considerable concern among many of my constituents regarding the impact on research within my state, the number of dollars allocated to the Intermountain region and the impact on employees in Ogden. While I was reluctant to allow this consolidation to go forward, I have received a commitment from the good Chairman of this Committee that we will revisit this issue in 1 year to determine if the anticipated savings have been realized. Has the consolidation occurred yet? Please provide to me an analysis of the estimated increased travel costs that will be associated with the consolidation. What assurances can you offer that the new station will continue to provide solid, on the ground research assistance to the constituents within the Intermountain region. Have any employees in the Intermountain station been reassigned or have had a change in responsibilities?

Answer. There are four subquestions imbedded in question no. 175 by Senator Bennett.

A. The merger of the Intermountain and Rocky Mountain Stations occurred on May 5, 1997. The new station is known as the Rocky Mountain Research Station.

B. Travel costs and savings were not used in projections of savings from the consolidation due to: (1) intent to utilize new technologies including replacing some travel with audio and video conferencing; (2) the difficulties of making estimates; and (3) odd and changing transportation costs. For example, the one way govern-

ment rate to fly between Salt Lake City and Missoula is $282, while the government cost to fly from Denver through Salt Lake City to Missoula is $283.

Following is an effort to categorize the costs and savings.

Travel Savings: One Director and one Assistant Director for Administration instead of two of each attending required regional and national meetings results in an estimated annual savings of $12,000.

Travel Cost Increases: Trips between Ogden and Fort Collins by administrative personnel for supervision and coordination. Number of trips needed will be minimized by use of electronic and phone communications but some trips will be needed. The government air fare between Denver and Salt Lake City is currently $40.00. Travel costs during the transition from two stations to one will temporarily rise as employees are fully involved in implementing the consolidation. We expect the transition to be implemented within 1 year. Perhaps an extra 10 to 15 trips during the transition year will result in an estimated cost increase of $2,000 during fiscal year 1997.

Travel Cost Offsets: Travel by one Director and one Assistant Director for Administration to field locations offsets the travel made by the second Director and Assistant Director for Administration.

Travel by three Assistant Directors for Research as compared to five Assistant Directors for Research. There should be a long-term cost reduction but not during the transition year.

C. Current support for on-the-ground research assistance to Intermountain constituents will continue because the research program underway will continue. Also, research capability outside of Utah can now be applied to Utah needs. To initiate the additional support we envision after the merger, the Station Director, some of his staff, and several research project leaders met on April 24, 1997, with the Commissioner of Agriculture, the Director of the Utah Agricultural Experiment Station and the Head of the Utah State Forestry Department. The meeting objectives were to describe some key research activities and to initiate stronger communications and coordination among those the attendees. A second a meeting was held at Utah State University to discuss the consolidation and opportunities for increased collaboration between Station and University scientists. This meeting was open to all members of the University community. The Station Director provided information on how research priorities are identified within the Forest Service Research process and invited the various groups present to become involved. Seeking involvement of the Utah officials in research activities occurring outside of Utah but applicable in Utah has already begun also. These and future meetings serve to determine mutual interests and examine ways in which the various organizations can cooperate.

D. No employees in the Intermountain Station have been reassigned or have had a change in responsibilities. Employees will be involved as the two stations develop common procedures for the new station. Through this full employee involvement, changes in responsibilities may occur.

*Question.* Please provide me with the FS position on the proposed transfer of the Dutch John property in Daggett County, Utah. Is the FS supportive of a transfer of this property? What reservations does the FS have with this proposed land exchange?

Answer. Our understanding is that the proposal now being considered would involve the transfer of jurisdiction of approximately 2,450 acres of National Forest System lands associated with the Dutch John community to the Secretary of Interior, acting through the Bureau of Reclamation. In return, the Secretary of Interior would transfer jurisdiction to lands of equal value containing approximately 2,167 acres to the Secretary of Agriculture, which would become part of the Ashley and Uinta National Forests.

Certain lands, structures, and facilities needed for National Forest administration will be retained.

Also under this proposal, the Bureau of Reclamation would ultimately convey the lands associated with Dutch John community to residents and to Daggett County. The Forest Service would not be involved in the details of how this transaction would occur and we would defer to the Department of Interior on these matters.

As outlined above, the Forest Service does not have any reservations about the proposed transfer of National Forest System lands.

*Question.* As you know, Congress recently passed the Great Western Trails bill, which I introduced in the Senate. It has been brought to my attention that approximately $300,000 is needed to conduct the necessary studies to make a recommendations if this Trail should be included as part of the National Trails System. Does the Forest Service intend to utilize funding from within the Region? If so, how will it impact other programs within the region? When will this study be complete?

Answer. The Forest Service has not identified specific funding to do the study at this time. Without additional funds to the Agency, doing this study will be offset with other project work. The study is expected to take a minimum of 2 years to complete.

---

## QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

### TERMITE RESEARCH

*Question.* How much of the work conducted at the Starkville, Mississippi, termite control research unit is conducted on new products seeking EPA registration as a termiticide?

Answer. In the fiscal year 1998 President's Budget, about forty-percent of the effort of the termite control research unit is on new products seeking EPA registration as termiticides and/or alternatives to termite control. Sixty-percent of the effort is on basic biology, ecology, and behavior to fill the important knowledge gaps needed for more effective use of current and emerging technologies.

*Question.* Are any of these activities funded through user fees paid by the registrant?

Answer. Yes. Funds received through agreements from industry cooperators are used for supplies, materials, equipment, and associated travel. Salary and overhead expenses are covered by Forest Research appropriations.

*Question.* Does EPA reimburse the Forest Service for any of the activities conducted at this unit which are not funded through user fees?

Answer. No. EPA does not reimburse the Forest Service for any of the activities conducted at this unit that are not funded through user fees.

*Question.* What level of funding is necessary to support this unit's on-going research, fund its activities associated with new termiticide approval, and fund new research on Formosan termite?

Answer. The level of funding in the President's Budget ($792,000) is adequate to support this unit's on-going research. In the spirit of public-private partnership, we plan to increase the user fee charges for new products seeking EPA registration in order to offset all our costs for testing. This will allow us to better meet industry's needs for unbiased testing of their products for EPA while at the same time allowing the Forest Service to focus appropriated research funds on the biology and ecology of termites and related insects. Ongoing research on Formosan termites costs about $15,000/year. Many of the research results on native subterranean termites can be applied directly to control of non-native Formosan termites. Additional avenues of funding are being explored for cooperative research with USDA-ARS on behavior of termites.

### BEAVER CONTROL

*Question.* What is the Forest Service's policy on beaver control on national forest system lands?

Answer. On much of the National Forest System beavers are considered an asset. They create wetlands, provide habitat for waterfowl and many other wetland dependent species, and moderate flood events. Their populations are kept in check by demands for pelts or biological controls. It is in the south where most problems occur with beaver. Southern beaver pelts are not as valuable as their northern relatives. Also, the hydrology of many southern wetland systems has been altered to provide better farming conditions and flood protection, thus compounding the effects of beavers.

The agency controls beaver to meet multiple use objectives for the National Forest. The general priorities for beaver control are protecting timber, roads, and infrastructure from damage. We cooperate with States and USDA Animal and Plant Health Inspection Service (APHIS) in their efforts to prevent flooding on adjacent private lands. On most Forests, where control efforts have remained consistent, beaver problems have been held to a minimum.

Memorandums of Understanding between the States and the Forest Service generally recognize the States as the responsible agency for populations of resident wildlife, including beaver, with the Forest Service being responsible for habitat. The USDA APHIS—Animal Damage Control (ADC) has developed a successful partnership with the Forest Service and the States to control beaver populations.

A Memorandum of Understanding (MOU) between the USDA Forest Service and the USDA APHIS—Animal Damage Control, identifies the responsibilities of the respective agencies and fosters a partnership in discharging the Federal obligation under the Animal Damage Control Act of March 2, 1931. This MOU clarifies

APHIS's role in providing technical information on animal damage, management tools and techniques, conducting management programs, and complying with environmental regulations and laws when conducting predator control activities on National Forest System lands.

Forest Service policy defines the roles of these two respective agencies as described in the above-mentioned MOU. Generally speaking, APHIS carries out animal damage management activities on National Forest System lands to minimize livestock losses from predation by coyotes, black bears and other predators. The Forest Service may conduct activities to control animal damage caused by small mammals and other animals to National Forest System resources, such as timber stands and roads. However, it is possible that APHIS may assume these activities. This activity can be determined through coordination between the Forest Supervisor, APHIS personnel, and responsible State agencies.

*Question.* What is the Forest Service's policy on controlling pests, such as beavers, which affect landowners adjacent to a national forest?

Answer. The States have the responsibility to manage beaver. They frequently work through APHIS to conduct animal control programs. It is the Forest Service policy to cooperate with those having legal responsibility to manage resident wildlife, as in this case the States, to do what we can to be good neighbors.

*Question.* How much, and under what account, are funds included in the President's budget for beaver control on national forests, and specifically, how much is included for Mississippi?

Answer. In fiscal year 1996 and fiscal year 1997, a successful partnership between the Delta National Forest (MS) and APHIS resulted in the trapping of beaver on the Forest and immediately adjacent to the Forest on private lands. Beaver impoundments were also breached to facilitate removal of standing water from private lands. The allocation within the USDA APHIS budget for fiscal year 1996 and fiscal year 1997 was $75,000 annually.

No funding is included with the Forest Service budget specifically for beaver control. Any expenditures would be in coordination with resource work directly on National Forest System lands.

*Question.* What funding level is necessary to control beavers on national forests in Mississippi?

Answer. The estimated annual funding level for USDA APHIS to continue its partnership with the Delta National Forest, and to expand the program to other National Forests in Mississippi, is $100,000. This amount will allow the beaver population on the Delta National Forest to be held in check, and to expand the control program to other National Forests where the beavers may soon become problematic.

*Question.* Does the Forest Service recognize a legal liability when its failure to control pests, such as beavers, causes damage to privately-owned land adjacent to a national forest? How are such damages paid?

Answer. The Forest Service has no responsibility for controlling pest such as beaver.

TIMBER SALES

The President's budget proposes that the timber sale level for the Southern region (region 8) be reduced from 835 million board feet in fiscal year 1997 to 675 million board feet in fiscal year 1998.

*Question.* How much of this decrease is attributable to the following factors: (1) elimination of the purchaser credit program for road construction and reconstruction (2) decreases in Southern pine beetle infestation levels (3) programmatic changes?

Answer. (1) Eliminating the purchaser road credit program did not affect the timber volume. (2) At the time the President's Budget was developed, the Region estimated there would be about a 7 million board feet reduction in salvage sales due to a reduction in souther pine beetle populations. (3) The majority of the reduction, 153 million board feet, is attributable to the region's need to rebuild the timber pipeline. The region has managed to keep their unit cost the lowest in the nation for the past several years. However, this came at a price in that they used their sales prepared for future years to keep the program level volume high and their cost low whenever there was a disruption to the program, such as salvage sale emergencies and western fire crew committments. This caused the region to deplete their timber sale pipeline. In fiscal year 1998 the region is only capable of producing 602 MMBF without further sacrificing their pipeline at the proposed funding level.

*Question.* If timber sale levels were not dictated in appropriations legislation, what level of sales would be necessary to adequately manage the national forest system nationally, and specifically, in Mississippi?

Answer. Timber sale levels are determined by available appropriations, management priorities of the individual Forests, and the results of environmental analyses. Because forests change over time, and management needs change in response, there is no one answer to this question.

---

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

WEST VIRGINIA FOREST RESOURCES

Chief, early in may Senate career, I worked with the Forest Service to make sure information would be available to West Virginians to help with management decisions related to our forest resources—conservation, reforestation, stand improvement, and other investments to allow for wise development and use—both for consumptive and non-consumptive purposes.

I recognized that increased employment opportunities would occur over time, as improved forest management contributed to more growth. Today, the forest products industry is the third leading manufacturing industry in my state, up from fifth 10 years ago. West Virginia's forest stands have also improved—growth now averages 6,500 board feet per acre, as compared to about 1,800 board feet per acre less than 40 years ago.

The challenge is to help landowners manage the forest responsibly as well as to discover business opportunities that might contribute to job growth. The Forest Service can help in this regard, with technical assistance programs such as Rural Development Through Forestry and Wood in Transportation, coupled with hardwoods market analysis and economic research. Thus, I am interested in making sure the Forest Service budget maintains its emphasis in these areas. Compared to the funds necessary to manage the national forest system lands, these are relatively small investments that can leverage considerable contributions from other sources.

*Question.* Chief, what do you see as the most critical role the Forest Service can play in helping West Virginians maximize the diverse benefits of our forest resources?

Answer. The Forest Service provides leadership and expertise that supports sound management to sustain the State's forest resources through research, technology training and transfer, and financial assistance. Through State and Private Forestry, the knowledge of Forest Service experts works to ensure the efficient utilization and scientific management of West Virginia's forest resources.

*Question.* How are the state and private forestry programs helping to improve our forest management as well as helping to develop alternative markets for lower value wood products?

Answer. State and Private Forestry programs provide technical and financial assistance to communities, non-profit organizations, and businesses through collaborative efforts that address environmental, economic, and social concerns and opportunities. Efforts focus upon advancing manufacturing technologies, especially those associated with hardwoods; the use of wood in transportation; developing new markets domestically and internationally; analyzing resource availability for business expansion and recruitment; and implementing best management practices.

Despite the types of positive improvements which have resulted from the rural development and wood in transportation programs, funding for both of these initiatives is proposed to be reduced in the fiscal year 1998 budget.

*Question.* Do you believe these programs have fulfilled their objectives, or is there more that can be accomplished if the fiscal year 1997 funding levels are continued in both of these areas?

Answer. While much more can be accomplished in both areas, when placed in perspective with other pressing needs for budget resources, these program areas are a lower priority than others.

HARDWOODS TECHNOLOGY CENTER, PRINCETON, WV

Through my efforts, and with the support of the Forest Service, a hardwoods technology center has been established at Princeton, WV. The purpose of this center is to assist small, independent operators in their efforts to establish a market niche in the secondary hardwoods processing industry. The Center provides training and access to equipment on a time-shared basis—critical elements when there are many opportunities but where capital requirements can be a hindrance to market entry for small businesses and entrepreneurs.

During the last year, as a result of funds I had added to the fiscal year 1997 Interior bill, the Forest Service has been working cooperatively with the Hardwoods

Center to help it achieve and sustain the goal of being self-sufficient in its operations.

*Question.* Can you provide me with an update of the efforts taken by state and private forestry and research to strengthen the program at Princeton?

Answer. State and Private Forestry assigned a liaison to work between the Center to better coordinate outreach activities; business planning; market development and expansion; and hardwood utilization. In addition, State and Private Forestry provided financial assistance to permit representatives of 20 State Forestry agencies and economic development specialists in each West Virginia county to review the Hardwoods Technology Center. This has encouraged understanding of how the Center can aid the economic development of their States and counties and develop new clients for the Center.

Research has completed an evaluation of the Princeton research program. Two significant changes are currently being implemented that will strengthen the research program and more adequately address the industry's needs. First, part of the Forest Inventory and Analysis (FIA) program will be conducted at Princeton. This will help shorten the FIA cycle throughout the region and expand the number of analyses. Second emphasis will be placed on research that will help the land manager produce higher quality trees and logs in forests impacted by fire, insects, poor harvesting practices or other factors that have reduced the quality of forest trees.

Both State and Private Forestry and Research joined the Center in signing a Memorandum of Understanding (MOU). This MOU provides a general framework to cooperatively implement an "institute concept" to better provide the understanding needed for sound management and practical utilization of the Appalachian hardwood forest resource.

*Question.* The Forest Service proposed the concept of a "hardwoods institute", wherein the research capabilities at Princeton, the technical assistance and expertise of the State and Private Forestry program, and the Hardwoods Technology Center would be better coordinated and used. What progress has been made in developing this framework? What planning has been completed? Have specific project been determined?

Answer. The fiscal year 1997 appropriation included funds to implement an "institute" concept between the Center, the Northeastern Area, and the Northeastern Forest Experiment Station to coordinate cooperative projects among the units and promote new business for the Center.

Timesharing agreements with sawmills, furniture companies and allied business are in operation; these companies are using the Center facility to decide if investments in new technology are feasible for them.

*Question.* What actions has the Forest Service taken to adjust the research mission at Princeton to ensure that information on the Appalachian hardwood resource with respect to growth/production and primary and secondary utilization is gathered? For example, can the lab assist in efforts to gather information about hardwood growth, pricing, grades of logs and lumber, and degradation due to fire and insects and disease? Wouldn't such information be useful to small hardwood businesses and to rural development and economic improvement in Appalachia?

Answer. The research work units at the Princeton lab have historically worked to advance more efficient uses of forest resources, evaluate hardwood use patterns and processing trends, and have studied strategies that will improve the long-term performance and competitiveness of the hardwood products industry. This information has been useful to small hardwoods businesses and to rural development and economic improvement in Appalachia. We have recently completed an evaluation of our research program at Princeton in an effort to meet the needs of residents in Appalachia and throughout the region. Decisions have been made that the staff in Princeton will become more involved in the Northeastern Station's inventory and evaluation of the health of forest resources and in providing information to land managers that will help improve tree and log quality. Research efforts will include studies on how to manage forests degraded by fires, insects, or poor harvesting practices in order to obtain the highest quality trees and logs possible. The research will also address how best to convert these trees and logs into products with the highest possible yields. This information will be very useful to small hardwood businesses and land owners in Appalachia.

*Question.* Are there any conditions which preclude the Princeton research lab from entering into cooperative agreements with the Hardwoods Center for projects that would be mutually beneficial?

Answer. Forest Service Research has several different authorities it can use to enter into cooperative relationships with interested parties. The relationships include cooperative research agreements, cooperative research and development agreements, patents and licensing agreements, and special use permits. Each type of rela-

tionship is for a specific purpose and relies upon a different legislative authority. After Forest Service Research and the interested party have preliminary discussions to outline the nature of the intended relationship, the agency selects the most appropriate legislative authority to create the desired relationship. For example, entering into a cooperative research agreement requires substantial involvement by the Forest Service in planning and conducting the research.

Occasionally, the nature of the relationship desired is sufficiently different from the usual and customary cooperative relationship that we seek advice from legal counsel to assure that we are within the scope of the relevant legal authority.

The Hardwoods Center has been working cooperatively with the Forest Service to obtain use of a facility that is no longer required by the Princeton lab. However, the Forest Service has to date been unable to provide a mechanism by which the Hardwoods Center could use this building.

*Question.* Why has there been such a delay in resolving this issue? What hindrance precludes the Forest Service from using a cooperative agreement to allow the Hardwood Center to use this facility? If legislative language is necessary to allow such use to occur, please provide language as a drafting service.

Answer. Recently, the Hardwood Training Center sought an agreement whereby it could use Northeastern Station's Materials Testing Building at Princeton for both training and commercial production. The Center's desire to use the facility for commercial purposes is an unusual request, which appears to be prohibited by legislative authorities covering cooperative research agreements. So we explored a licensing agreement and sought review by the USDA Office of the General Counsel. The OGC responded on April 14, 1997, that the proposed licensing agreement would be an unauthorized disposal of government property. Using our conventional cooperative research agreement authority was also addressed by OGC. They concluded that such an agreement might allow Forest Service Research and the Hardwood Center to work cooperatively through the State Forester in developing new technology. However, current law pertaining to cooperative research agreements would not allow the Hardwood Center to charge others to use the Forest Service facility. We have now shifted our attention to special use permit authorities and are discussing with OGC if a special use permit could be issued. Because alternative ways to resolve the issue are still being explored, draft legislative language has not been developed.

The fiscal year 1998 budget continues funding for the Princeton lab at the same level provided in fiscal year 1997. The technical assistance funding, however, is proposed in the budget to be reduced from $200,000 to $150,000.

*Question.* What is the basis for the proposed reduction? Does the Forest Service believe that the objectives at Princeton have been substantially accomplished?

Answer. The Mission of the Center is to improve the quality and efficiency of secondary wood processing industries in West Virginia and throughout the hardwood processing community. The Center has trained industry personnel on state of the art wood processing equipment and provided small businesses with time sharing opportunities. Companies through this time sharing agreement continue to use the facility to determine if new technology is feasible and worth the investment. The Center continues to demonstrate its value to the hardwood industry and the residents of West Virginia.

The reduced level of State and Private Forestry funding for the Center reflects the overall reduction in funding for all components of the Economic Action Programs.

Chief, I am troubled that the Forest Service might be abandoning its commitment to this project prematurely. This is not a huge amount that we are talking about, and I hope the Forest Service will reconsider its position and sustain the current level of effort. I will be working with Senator Gorton to ensure that the efforts to ensure the success and self-sufficiency of the Center are not undermined.

MONONGAHELA NATIONAL FOREST

Chief, you may not be aware of this, but prior to its destruction by fire in 1992, the Seneca Rocks Visitor Center was the busiest Forest Service visitor center in the Northeast/Mid-Atlantic region. Because of the high visitation—about a quarter of a million visitors annually—I have aggressively supported the need for a replacement facility at Seneca Rocks. To that end, this Committee has appropriated $7.1 million over a 5-year period to allow reconstruction to proceed.

*Question.* I understand that ground has finally been broken and reconstruction has begun. Can you provide me with an update—is everything on track with respect to the budget and when is the facility expected to be completed and ready for occupancy?

Answer. Construction began April 7, 1997. The building is expected to be completed on July 1, 1998. No additional appropriated funds are required to complete the project. The Monongahela National Forest is working with the USDA Design Center on final exhibit plans, and is looking for opportunities for partnerships to complete the exhibits.

Chief, the recreation that occurs on our national forests is one of the benefits that is most widely recognized by the American public. The Forest Service has recognized the importance of this program by proposing an increase of $5.1 million for recreation operations in the fiscal year 1998 budget. At the same time, however, the agency has proposed a considerble reduction—minus $26.5 million, or 55 percent, for the recreation facilities reconstruction and construction program.

*Question.* Given that the Forest Service already has an enormous backlog of maintenance requirements for recreation facilities—some $818 million—won't the proposed budget just put the agency further behind in its efforts to provide quality recreation opportunities for the American Public?

Answer. The delivery of recreation opportunities and experiences through the developed sites program within the national forests is a major source of education, information, comfort, and enjoyment for millions of Americans. These developed sites include toilets and bathhouses, camping sites, parking areas, visitor centers, picnic shelters, and water systems, to name just a few. The condition of these facilities and systems plays a significant role in determining the quality of the recreation opportunity that the visitor has on the national forest.

WOOD IN TRANSPORTATION

I understand that the National Park Service is proposing safety improvements along the George Washington Parkway. There have been some concerns expressed, however, about the aesthetics and how the views along the Parkway may change when concrete "jersey barriers" are installed. When the suggestion of using traffic barriers that had more wood components was proposed, however, I understand that such barriers have not been approved for the speeds that exist along some parts of the George Washington Parkway.

*Question.* Aren't these types of alternative applications the very type of uses that the wood in transportation program seeks to promote?

Answer. Yes. In addition to typical highway and pedestrian bridges, the Wood In Transportation Program promotes additional transportation structures using wood. The program emphasizes products such as guard rails for bridge structures, portable bridges, railroad structures, and retaining walls. Much of this effort is driven by need and demand. Once a focused need has been identified, research efforts begin. Research is followed by demonstration and commercialization of promising results.

*Question.* What research or demonstration is the Forest Service involved with that seeks to promote the use of timber in roadway devices, such as barriers and median dividers?

Answer. Forest Service research to date has focused on the development of crashworthy bridge railings. Several designs have been developed and are available for use. Research on crashworthy wood barriers and median dividers has not yet been initiated, although there is a growing need for work in this area.

*Question.* Are there particular hindrances to more widespread use of wood in transportation applications?

Answer. Yes. Some of the hindrances are as follows:

Lack of knowledge on the part of many engineers and transportation officials concerning the suitability, capability, and longevity of wood structures.

A need to develop new designs and technologies, as well as in-service performance verification, to further improve the efficiency of wood transportation structures.

Lack of knowledge concerning applications that include local resources and new materials that incorporate underutilized species.

Demonstration, technology transfer, and commercialization efforts on recently developed technology are hampered by the constrained budget level.

The Forest Service is currently addressing the hindrances of Wood in Transportation (WIT) through: the combined efforts of the Forest Products Laboratory and the National Wood in Transportation Information Center, located in Morgantown, West Virginia; technology transfer efforts that include WIT information available over the Internet; and by distributing over 41,000 pieces of WIT information per year to communities, business leaders, and the highway and engineering community.

*Question.* How would such work be affected by the proposed funding level for the wood in transportation program, which overall is decreased $200,000 below the fiscal year 1997 level?

Answer. A great deal of knowledge has been gained through the program. To fully capture the benefits of this knowledge, the Forest Service is focusing on commercializing specific technologies that have the greatest potential to benefit the public.

*Question.* What effect would the proposed fiscal year 1998 funding level have on the activities of the Timber Bridge Information Resource Center in Morgantown?

Answer. In fiscal year 1996, the National Wood in Transportation Information Center (Timber Bridge Information Resource Center) distributed approximately 41,000 pieces of information. This was an increase of more than 15 percent from fiscal year 1995. The demand for information provided by the Center continues to increase. The proposed reduction would require the Center to reduce its current level of activity, lessening information available to highway engineers, transportation officials, and community officials.

GENERAL BUDGET

The fiscal year 1998 request for the Forest Service is $2.4 billion, which is relatively flat with the fiscal year 1997 enacted level, when the emergency appropriations for fire and disasters are excluded. Within the budget, however, a considerable redirection is proposed—national forest system funding is proposed to increase by $50.1 million, while firefighting is reduced some $15.7 million and construction and reconstruction is decreased approximately $34 million.

*Question.* What consequences would you foresee for the Forest Service if the Congress stayed relatively on par with the distributions between activities that was provided in fiscal year 1997 rather than concurring with your proposed reallocations for fiscal year 1998?

Answer. The President's fiscal year 1998 budget request for the Forest Service has been carefully prioritized and balanced to focus on critical needs within a virtually flat budget level compared to fiscal year 1997. The proposed reallocation is in concert with key budget priorities aimed toward our strategic goals of ensuring healthy ecosystems and sustainable levels of products and services. Our judgement is that redistribution achieves higher priorities in meeting current demand than additional construction or land acquisition which would otherwise be desirable.

*Question.* If the requested increases in the National Forest System account are not funded in fiscal year 1998, how will this affect management of the Forest Service's 191 million acres?

Answer. Without the requested increases, we would have reduced capability to address our highest health and safety and resource concerns across the 191 million acre National Forest System. The proposed increases would allow us to accomplish more of this high priority work than we could working within our current constraints.

For fiscal year 1998, the Forest Service has established Performance Indicators to measure accomplishments within each Expanded Budget Line Item (EBLI) within the National Forest System For detailed information about what the requested increases would allow us to accomplish over the fiscal year 1997 level, refer to the Performance Indicator Tables within each (EBLI) discussion in the Forest Service fiscal year 1998 Explanatory Notes.

For example, taking samples from those Tables, the increase would allow us to make non-structural improvements in 10,000 additional acres of rangeland; to make timber stand improvements (TSI) on an additional 55,400 acres; and restore or enhance an additional 109 miles of stream.

Without the increases, we will continue to focus on our highest priorities with the funding we do receive.

*Question.* Are there certain aspects of the requested increases that are necessary to comply with court orders or settlements? Please provide details.

Answer. At this time the increases requested are not intended to be used to make payments necessary to comply with court orders or settlements. Funding for potential payments resulting from claims and settlements for environmental reasons is currently under review withinthe Administration. Claims and settlements involving existing timber sales in habitat for marbled murrelet, Mexican spotted owl and salmon, for example, are not included in this request.

FIREFIGHTING

The droughts and pest infestations of recent years have contributed to extensive fire conditions. Despite annual appropriations of approximately $500 million annually in recent years, Congress has had to provide emergency appropriations for firefighting because of extraordinary expense. In fiscal year 1995, an emergency appropriation of $450 million was provided, and in the Fy 1997 Omnibus bill, and additional emergency appropriation of $550 million was provided.

Despite these extraordinary measures, the Forest Service has had to exercise emergency transfer authority to address the immediate needs for fire suppression during the summer season. As a result, $443 million remains to be repaid to the Knutsen-Vandenburg (K-V) Reforestation account from which it was transferred.

*Question.* Of the $550 million appropriated last fall, how much has been released by the President and made available to the Forest Service? What are the Forest Service's expectations with respect to release of the remaining funds?

Answer. In the fiscal year 1997 appropriations Congress established an emergency contingency fund in the amount of $550 million for the purpose of covering additional fire-fighting needs with the proviso that these funds are also available for repayment for prior advances made from the KV fund for the same purpose. $202 million of this $550 million has been released to repay K-V. In addition, $98 million has been used to cover fiscal year 1996 suppression costs. This leaves $250 million remaining in the contingency.

If suppression costs exceed available funding in fiscal year 1997, a request could be made to release some or all of the remaining emergency contingency fund.

*Question.* Even if the full amount yet to be released were provided to repay K-V, would monies still be owed to the reforestation trust fund?

Answer. Even if the full $250 million was released and provided to repay K-V, an additional $193 million would still be owed the K-V fund for prior year advances for emergency firefighting.

*Question.* Does the Administration have a plan for repaying K-V, or do you anticipate carrying this burden over from 1 year to the next for the foreseeable future?

Answer. The Administration is committed to providing the resources necessary for firefighting and for carrying out the KV program of work scheduled for 1998. The adequacy of unobligated balances in the KV fund to achieve these goals is continually monitored.

As part of its fiscal year 1998 Budget, the Administration has proposed a $5.8 billion contingency account for unanticipated needs/disasters. Among the proposed uses of this account would be Forest Service firefighting.

*Question.* If this account is not agreed to in the normal appropriations cycle, what impact would this have on the Forest Service firefighting program?

Answer. This contingency fund was intended to be available to cover any additional fire suppression costs above the appropriated amount in fiscal year 1998. However, a budget amendment has recently been submitted to the Congress withdrawing the request for this fund. As a part of the President's Budget, there is however, a provision which allows the Forest Service to utilize other available funds in the event fire fighting costs exceed the appropriated level.

*Question.* Since your fiscal year 1998 budget is far below the 10 year average for firefighting, if the contingency is not approved, would you anticipate further borrowing from KV?

Answer. If firefighting needs exceed appropriated levels and the contingency is not approved the Forest Service will, first ask to allocate the $250 million contingency fund. If those funds are not sufficient, we will have to borrow money from the KV fund or other Forest Service programs to cover expected fire-fighting costs.

SENIOR CITIZEN EMPLOYMENT—MONOGAHELA NATIONAL FOREST

The Monongahela National Forest is able to partake in the Department of Labor's Senior Community Service Employment Program (SCSEP). The Monogahela, like many other forests, receives funding which is used in turn to provide a supplement to retired persons who assist in many visitor functions for the agency—staffing of visitor centers, campground hosts, providing information at ranger stations, and other such activities.

Last year, there was some discussion that the Forest Service should be dropped from the SCSEP program as its dollar decreased.

*Question.* What would be the effect on the Forest Service's ability to provide visitor services to the recreating public if the Department of Labor drops the Forest Service from the program?

Answer. If the FS could no longer continue as a National Sponsor of the Senior Community Service Employment Program (SCSEP), it would have a severe impact on services provided to the recreating public. The SCSEP enrollees play a key role in hosting over 800 million visitors to the National Forests annually. It would mean a loss of over $20 million in work accomplished that benefits the recreation program. Some campground, building and trails maintenance work would not be accomplished. Visitor information services could be terminated or hours of service reduced. It could result in early closing of some recreation facilities and a reduced level of services during the popular recreating season.

*Question.* What would be the additional costs to the Forest Service if the activities conducted by these senior enrollees would have to be funded out of Forest Service dollars? Would you reallocate funds in order to maintain the program, or would facilities such as campgrounds and visitor centers be closed due to staffing shortfalls?

Answer. The additional costs to the FS would be equivalent to about $41 million of appropriated funds, if we lost Department of Labor funding for SCSEP. Since the value of work accomplished by SCSEP enrollees accounts for approximately $20 million in benefits to the recreation program, this loss of funding might result in possible closures of some facilities such as day use areas and visitor centers. The loss of funds could also affect the level and quality of services provided to the public.

The agency will probably not be able to reallocate funding to continue activities currently provided by the SCSEP.

FOREST SERVICE RESEARCH PROGRAM

Chief, you are aware of my specific interest in the research activities conducted at the three locations in West Virginia. But I would also like to review with you in a more general way that challenges which face the research program at a time when dollars continue to be constrained.

*Question.* What is the impact on the research program when increased funding is not provided to cover fixed cost increases, such as mandated pay and benefits, space, unemployment benefits and other uncontrollable costs?

Answer. The increased costs of doing our research business, coupled with fixed or reduced funding, has reduced our research capability. The research dollars available for operating budgets decline when fixed costs increase and appropriations are constant.

We have, and are continuing where possible, to reduce our administrative overhead. Also, there are many cases we are not filling vacant positions in order to use the funding to maintain the scientists we retain. Reduced operating budgets and fewer scientists equate to a smaller Forest Service Research program, as well as a reduced program for extramural cooperative research with universities and other partners.

Additionally, fixed/reduced budgets have delayed facility maintenance and limited equipment purchases which are essential to stay at the cutting edge of science. In the long-term, fixed/reduced budgets impairs our ability to perform high quality research and respond to the natural resource research needs required by the Nation.

*Question.* As the Forest Service budget has been reduced in recent years, what has been the impact on the number of scientists that are supported by the research budget?

Answer. We have been forced to reduce the number of scientists. In fiscal year 1996 we had 548, down 23 percent from the 715 scientists we had in fiscal year 1990. The remaining scientists are dealing with the same problems as other employees who have been through downsizing due to budget reductions.

*Question.* Has the Forest Service conducted any consolidations within the research program that have resulted in closures of locations?

Answer. Due to budget reductions in fiscal year 1996 we had seven location closures: Fairbanks, AK; Bend, OR; Carbondale, IL; Orono, ME; Macon, Ga; Gulfport, MS; and Gainsville, FL

*Question.* Has the research program gotten to a point that further budget reductions would result in more facility closures in order to maintain a core capacity in the remaining areas where research is conducted?

Answer. Yes. We anticipate that every $1 million dollar reduction or redirection impacts 19 people. If the magnitude of the reduction or redirection was very severe we would certainly need to RIF employees and close locations.

---

QUESTIONS SUBMITTED BY SENATOR BYRON DORGAN

*Question.* The FS has over 230 million acres of land to supervise and manage. One of the mandates of current law, as interpreted by the courts and the agency itself, is the practice of developing National Environmental Policy Act documentation for every permit issuance, renewal and transfer. While in many instances this is a proper and efficient use of FS resources due to the substantial change in the use of some environmental degradation of the land, this is simply a waste of time and resources in a substantial number of permit renewals and transfers. What proposal is the FS developing, either administratively or in the form of recommended legislative changes, to help alleviate this burden?

Answer. The Forest Service is working on several fronts to address the issues raised in this question.

First, the agency is working on a proposal to expand our application of the categorical exclusion provisions of the regulations that have been promulgated pursuant to the National Environmental Policy Act (NEPA). Specifically, types of uses which qualify as being categorically excluded (from documentation in an environmental analysis or environmental impact statement) will be better defined, and will include the approval, modification, or continuation of a variety of minor uses, of small additions to larger existing uses, and for granting authorizations to applicants who have an existing right to use and occupy National Forest System lands. We intend to prepare a revised set of categorical exclusions for public notice, comment, and response later this calender year.

Second, we are working at streamlining our application procedures through revisions to the regulations at 36 CFR 251, Subpart B. Specifically, we intend to establish a procedure whereby proposals for new uses must meet a series of pre-application criteria before they will be accepted by the agency and processed as an application. This procedure will allow the Forest Service to more readily reject unacceptable proposals, and to more efficiently process accepted applications.

Last, the agency has been steadily increasing its issuance of authorizations having a longer tenure then in the past. Doing so will reduce the number of applications which are now regularly expiring (generally, at 5 or 10 year intervals), and which require reconsideration and possible NEPA evaluation when they do. For example, we recently started issuing communications use leases at most of our communications site with tenures of 20 or 30 years, rather than a traditional 10-year permit. We are also issuing long-term easements, some for as long as the easement is needed for the purpose which it was issued, others for periods of 30–50 years. Over time, this will significantly reduce the number of authorizations that will be expiring annually, and which need to be evaluated in the reissuance process. None of the above require legislation.

*Question.* Currently, the Forest Service is engaged in creating a revised Forest Plan which includes the grasslands in North Dakota. I have received continued reassurances from the Forest Service that the ranchers and environmentalists from my state would be consulted as the plan is developed. However, up to this point the grazing associations, whose involvement with the land is so critical to the long term health and sustainability of the land, have not been involved.

What is the Forest Service's plan to integrate interested parties into the planning process in an ongoing, meaningful and productive way?

Answer. The Plan revision process for the Northern Great Plains encompasses three national forests and multiple national grasslands within Wyoming, Nebraska, and both North and South Dakota. The stewardship goal of the effort involves extensive collaboration with people and communities across the four States. To date, the planning team has reported multiple involvements with grazing associations through presentations, visits, and other communications by District Rangers, Forest staff, and the planning team. The engagement of people in this process is ongoing and open. As a special event, the week of June 9–13, the North Dakota National Grasslands will be hosting a series of public open houses across the State. Grazing associations not involved to date may contact the Planning Team to discuss further opportunities for meaningful and productive participation.

*Question.* For many years, there has been substantial concern among permit holders on the National Grasslands in my state, and in many National Forests across the country, about the growing problem of noxious, and non-native weeds. In North Dakota, we have had a considerable problem with Leafy Spurge, costing ranchers a great deal in lost revenue. What is the Forest Service currently doing to help deal with this problem and other noxious weed problems, and what are your plans for the future to coordinate the protection of federal lands from this continuing problem?

Answer. Aside from efforts to eradicate leafy spurge, the Northern Region of the Forest Service (FS) is working with the State of North Dakota Weed Coordinator to implement a weed-seed-free forage program in North Dakota. This program would prohibit the sale and distribution of forage products within North Dakota unless they were certified as weed-seed-free. The restriction would apply equally to imported forage and forage produced within North Dakota. In support of this effort the Custer National Forest will prohibit the use of forage not certified as weed-seed-free on National Grasslands in North Dakota once the program is fully implemented. North Dakota has established inspection and certification procedures for producers; however, few local forage producers have come forward to sign up for the program. The FS is cooperating with the State to educate publics and outreach to forest users and forage producers about the need for the program.

Last year, the FS implemented a national noxious weed strategy which outlines the Agency's goals and actions for prevention and management of noxious weeds

across the National Forests and Grasslands. Priority has been given to prevention and rapid response to new infestations. The primary prevention action is to expand the weed-seed-free forage program to include all National Forest System (NFS) lands. The requirement that all visitors and permittees on NFS lands use weed-seed-free forage is only instituted after working with the State to develop a weed-seed-free forage certification program. This program is run by the State with voluntary participation by forage producers. Forest closures are in effect in Montana, Idaho, Utah, Nebraska, Wyoming and Colorado.

The FS is involved in other cooperative efforts with State and private partners at the national level. The Agency is a member of the Federal Interagency Committee for Management of Noxious and Exotic Weeds (FICMNEW), which has worked with State and private partners to develop Pulling Together: A National Strategy for Invasive Plant Management. The National Strategy was announced at a Congressional briefing April 29, 1997, with over 100 organizational supporters. The National Strategy is a unifying conceptual document in which the supporters have agreed to prevent,control and restore affected areas,using education,research and partnerships to achieve the goals.

The new Pulling Together Partnerships initiative is the first step in implementing the National Strategy and the first round of 24 winning proposals have been selected. The program was jointly set up by USDA, USDI and the National Fish and Wildlife Foundation (NFWF), as a cost-share challenge grant program to use pooled Federal funds with matching local funds for multijurisdictional noxious weed management. The net result of this new program will be the leveraged use of funds; local decision-making based on community priorities; and the shared knowledge and experience among partners.

---

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

*Question.* With timber harvest on public lands declining, the pressure on private forest lands to provide more of the nation's wood supply is increasing not only in the Northern Forest but across the country. Would you agree that more attention within the Forest Service should be focused on State and Private Forestry Programs? What can we expect not only in new funding, but also in expanded programs? Over the past 10 years, how has funding for State and Private Forestry changed as a percentage of the overall Forest Service budget? How has it changed if you do not include the federal lands forest health management programs?

Answer. The stewardship of the nation's nonindustrial private forest lands and the well-being of urban and natural resource dependent rural communities is a high priority for the Administration. Considering the many program priorities facing the Forest Service in fiscal year 1998, the President's budget proposal is formulated to balance different areas of necessary work, and is based on the priority of the State and Private Forestry programs among all discretionary programs. The President's budget for State and Private Forestry provides increased funding, compared to fiscal year 1997, for the following programs within the Forest Health Management Budget Line Item (BLI): Federal Lands Forest Health Management and Cooperative Lands Forest Health Management. Increases in these programs will allow resources to be focused on the protection of the health of the nation's forests through increased forest health monitoring and pest prevention and suppression. There will be increased technical assistance to federal land managers, Tribal governments, and State and private land managers in planning and implementing on-the-ground forest health management projects designed to improve the health of the Nation's forests. Forest Health monitoring will provide full coverage of 60 percent of forestlands in the contiguous United States, compared to a projection of 53 percent in fiscal year 1997.

The President's budget also includes increases in the Cooperative Forestry BLI for the Stewardship Incentives Program and the Forest Legacy programs. These programs emphasize forest stewardship through landowner assistance programs to enable the 9.9 million nonindustrial private forest landowners to better manage, protect and use their natural resources through forest stewardship programs. The increase in funding for the Stewardship Incentives Program will allow the Forest Service to fulfill part of the large demand for cost-sharing assistance to implement multi-resource practices on nonindustrial private forest lands. The increase in Forest Legacy nearly doubles the level of funding available to conserve environmentally important forests threatened by fragmentation and development.

In the fiscal year 1998 President's budget, the S&PF budget share represents 6.6 percent of the total Forest Service discretionary funds. From 1987–1990 the S&PF budget averaged 4.25 percent of the Forest Service budget and from 1991–1997 the S&PF budget averaged 7 percent of the total Forest Service budget. The S&PF

budget from 1960–1997 represents an average of 6 percent of the total Forest Service budget. In fiscal year 1997 the S&PF share of the Forest Service budget, without the Federal Health Management dollars was 5 percent.

*Question.* At the proposed level, what level of funding will the Rural Development Through Forestry Initiative receive?

Answer. Currently, the President's budget includes $9.0 million for the Economic Action Programs. Of this amount $6.0 million will be provided to the Northeastern Area to continue their Rural Development through Forestry Initiative.

*Question.* What was the allocation of the fiscal year 1997 funding per State?

Answer. In fiscal year 1997 the Northeastern Area was allocated $3.01 million to continue the Rural Development through Forestry (RDTF) Initiative. Of this amount about $2.47 million is allocated for use by the 20 states in the Northeast and Midwest. Of the $2.47 million, $2.058 million is already allocated to states for specific projects. Table 1 displays this allocation. The remaining $408,000 is to be allocated to multi-state projects in June of 1997.

TABLE 1.—RDTF ALLOCATION TO STATES, FISCAL YEAR 1997

| State | Technical assistance | State level special projects | State total |
|---|---|---|---|
| Connecticut | $20,000 | $15,000 | $35,000 |
| Delaware | 20,000 | 15,000 | 35,000 |
| Illinois | 20,000 | 50,000 | 70,000 |
| Indiana | 20,000 | 50,000 | 70,000 |
| Iowa | 20,000 | 280,000 | 300,000 |
| Maine | 20,000 | 96,000 | 116,000 |
| Maryland | 20,000 | 30,000 | 50,000 |
| Massachusetts | 20,000 | 30,000 | 50,000 |
| Michigan | 20,000 | 88,000 | 108,000 |
| Missouri | 20,000 | 70,000 | 90,000 |
| Minnesota | 20,000 | 72,000 | 92,000 |
| New Hampshire | 20,000 | 50,000 | 70,000 |
| New Jersey | 20,000 | 20,000 | 40,000 |
| New York | 20,000 | 80,000 | 100,000 |
| Ohio | 20,000 | 40,000 | 60,000 |
| Pennsylvania | 20,000 | 250,000 | 270,000 |
| Rhode Island | 20,000 | 15,000 | 35,000 |
| Vermont | 20,000 | 100,000 | 120,000 |
| Wisconsin | 20,000 | 77,000 | 97,000 |
| West Virginia | 20,000 | 230,000 | 250,000 |
| Total | 400,000 | 1,658,000 | 2,058,000 |

*Question.* How many Forest Legacy parcels are currently being negotiated; how much federal funding would be necessary to complete these projects; how many acres are involved; and where are they located?

Answer. There are 41 parcels in various stages of negotiation which are not funded with fiscal year 1997 or prior federal funds. A summary by State shows the acres and the estimated federal funds needed:

FOREST LEGACY PROJECTS (NOT CURRENTLY FUNDED)

| State | Number of parcels | Acres | Estimate Federal funds needed |
|---|---|---|---|
| Connecticut | 3 | 367 | $380,000 |
| Massachusetts | 10 | 1,148 | 1,734,000 |
| Maryland | 7 | 1,358 | 3,430,000 |
| Maine | 3 | 20,381 | 3,000,000 |
| New Hampshire | 4 | 14,369 | 5,450,000 |
| New Jersey | 1 | 145 | 412,000 |
| New York | 5 | 2,048 | 768,000 |

FOREST LEGACY PROJECTS (NOT CURRENTLY FUNDED)—Continued

| State | Number of parcels | Acres | Estimate Federal funds needed |
|---|---|---|---|
| Rhode Island | 4 | 555 | 1,098,000 |
| Vermont | 1 | 6,000 | 1,500,000 |
| Washington | 3 | 460 | 2,050,000 |
| Total | 41 | 46,832 | 19,822,000 |

In addition, other projects are currently under way using fiscal year 1997 and prior year funds. It is also anticipated that Utah, which recently joined the program, will be identifying parcels for acquisition in the near future.

*Question.* In 1996 and 1997, how many fires started or crossed into the urban-wildland interface? How was funding from the Cooperative Lands Fire Management program used to fight these fires?

Answer. Our current fire statistical data base does not specifically identify wildland-urban fires unless there was structural loss. In 1996, interface fires burned a total of 774 structures. The 1997 statistics are not yet available.

Cooperative Lands Fire Management funds leverage state and local fire agency funds to increase and insure compatability in training, organization, and equipment. Increased state and local capability, in cooperation with all other wildland firefighting agencies, increase the nation's ability to take fast effective initial attack on all fires, including those in the wildland urban area.

*Question.* What is the status of the Timber Bridge Initiative? How many demonstration timber bridges have been constructed? What are the estimates for rural development impacts of this program?

Answer. To date, 279 demonstration projects have been completed. Rural development improvements are seen by improved access to rural areas and increased employment. For example, in Kenai Borough, Alaska, a demonstration project assisted in the development of an innovative preservative treatment facility for local timber species. The facility, which created six jobs in a Native American village of 143 people, treats timber products that will be used for transportation structures. The Federal share of this project was $50,000, while cooperators provided $465,000.

*Question.* Last year, the Forest Service pooled approximately $8.9 million from various accounts to support AmeriCorps program if Congressional approval was granted. How much of that funding remains? What has that funding been used for and does the Forest Service have plans to use some of the funds to support youth conservation corps programs?

Answer. In accordance with congressional direction the Forest Service did not operate an AmeriCorps program in fiscal year 1997. The AmeriCorps funds have been redirected primarily back to the respective program areas and allocated as follows:

| | *Amount* |
|---|---|
| Recreation funds for recreation fee demo pilot project | $4,684,000 |
| Fish and Wildlife funds for collaboration with the National Fish & Wildlife Foundation and the National Forest Foundation | 2,078,000 |
| Timber/Road Reconstruction funds for timber replacement volume in the Pacific Northwest as agreed to in Court settlement | 1,424,000 |
| Soil/Water funds for soil/water restoration, stabilization, and monitoring in Southern California due to impacts of illegal immigrants | 135,000 |
| Soil/Water funds for determination of source pollution of water in the Upper Animas Watershed in southern Colorado | 100,000 |
| Reprogramming of additional Grazing, Soil/Water, Land Line, and Road Maintenance funds to fund replacement timber volume in the Pacific Northwest | 330,000 |
| Permanent and trust funds remain in field units | 149,000 |

*Question.* Has the Forest Service estimated the savings to be gained from the timber purchaser credits road program initiative?

Answer. There will not be any direct savings to the agency.

*Question.* In 1995 and 1996, how much funding has been used for trail construction within the national forests from ISTEA enhancement program funds?

Answer. The Forest Service does not maintain a national list of trails work completed through the ISTEA Enhancement or National Recreation Trails Fund (NRTF) programs. National figures can be obtained from the Federal Highway Administra-

tion which is the agency which maintains the programs. Responses from Regional Offices show an estimate of $200,000 per Region from NRTF on NFS lands.

*Question.* Has State and Private Forestry considered establishing a training center for federal, state, and private foresters on conservation stewardship practices? Is there currently a similar training program within the Forest Service or operated by a non-profit foundation of a private enterprise?

Answer. State and Private Forestry, working closely with the Cooperative States Research, Education and Extension Service, State Foresters, and other public and private partners, engages regularly in training state service foresters and consulting foresters in forestry and related conservation stewardship practices. In addition, we and NRCS operate a National Agroforestry Center in Lincoln, NE that provides training to field foresters on agroforestry conservation practices such as establishing and protecting riparian areas, windbreaks, and field shelterbelts. The Society of American Foresters and the Association of Consulting Foresters also engage regularly in continuing education in forestry and conservation stewardship practices for their members.

*Question.* Within the NFS, which national forests have the greatest backlog of willing sellers of forest inholdings? Which forests have the largest number of acres left to acquire within their authorized boundaries? Which forests have the largest number of acres remaining within their acquisition targets? What is the existing backlog at the Green Mountain NF and how much funding is necessary to eliminate the backlog?

Answer. Most NFs do not keep a record of the willing sellers of private land inholdings. These records would be difficult to keep current and would serve little purpose considering the limited level of land acquisition funding.

There are over 40 million acres of non-NFS land (inholdings) within our boundaries. Several forests contain over one million acres of inholdings. The Chugach and Mark Twain NFs, each with over 1.5 million acres of inholdings, have the largest number of acres of inholdings. The Green Mountain NF has approximately 450,000 acres of inholdings. It is not our goal to acquire all inholdings. Land acquisition targets are not based on the acreage of inholdings. Targets are set each year after funds are appropriated.

Another consideration is the percentage of inholdings within the forest boundary. As a general rule, the forests in our eastern regions have the highest percentage of inholdings. The Wayne NF has the highest percentage of inholdings with the percentage exceeding 70 percent. On the Green Mountain NF, over 50 percent of the land within the boundary consists of inholdings.

The existing backlog of land available for acquisition on the Green Mountain NF is valued at near $25,000,000,comprised of approximately 100 cases and 48,000 acres. Included in this total is the entire 18,000 acre New England Power Company tract with an estimated value of $10,000,000. To complete these acquisitions, we would need an additional 10 percent of the land value to pay for associated costs.

*Question.* If a large parcel of land within a NF goes on the market unexpectantly, what authority or funding sources, other than Land and Water Conservation Fund, are available to acquire significant land under emergency circumstances?

Answer. There is no other authority or funding sources to acquire lands.

*Question.* How many national forests, and in which regions, will initiate their forest plan revision in the next 2 years?

Answer. A total of 81 national forests will initiate land and resource management plan revisions in the next 2 years. This includes: 13 in R–1; 7 in R–2; 10 in R–3; 13 in R–4; 7 in R–5; 1 in R–6; 13 in R–8; 16 in R–9; and 1 in R–10.

*Question.* Do all the forests face similar challenges and outreach strategies for revising their plans?

Answer. Land and resource management plan revisions have the same requirements as the development and approval of the initial plans, including appropriate public participation activities and coordination with other public planning efforts. Individual national forests may address any number of public issues and management concerns in the revision effort, depending on the unique situation for that national forest. While some plan revision efforts may address similar issues or concerns, the level of intensity or controversy involved with these may be different.

*Question.* What are some of the major differences?

Answer. One example of a similar issue that all revision efforts will be addressing, but for which different levels of intensity or controversy may exist is in the evaluation of roadless areas. National forests with a great number of inventoried roadless areas may face a more complex analysis than those with very few roadless areas. Grazing may be a very important issue to address for national forests in the west, but not an issue at all for some eastern national forests. The same may be said for other potential issues such as the allowable sale quantity, critical habitat for threat-

ened and endangered species, insect and disease outbreaks that pose a forest health issue, weather related resource condition problems associated with hurricanes or major landslides caused by excessive snowmelt or other precipitation events, the demand and supply potential for providing an integrated mix of goods and services, etc. Each land and resource management plan revision effort will be unique.

*Question.* What are the estimated budget needs to revise these plans?

Answer. Based upon the experiences of recently completed land and resource management plan revision efforts, estimated costs for these revisions are $500,000 per year for four years, or an average total cost of $2,000,000 per plan revision.

*Question.* The forest inventory program is targeted to survey different regions of the country on a 10-year cycle. This cycle was designed to provide the various regions of the country with essential information on growth, harvest and condition of our forest resources. What factors have delayed the Forest Service in meeting this target in different Regions? What is the status of the forest inventory in the Northeast? Is the Forest Service required to use federal employees to do the data collection for these surveys? Has the Forest Service used contractors to do data collection in any region? If so, what kind of arrangement was made and was there associated cost savings? Would the Forest Service need additional authority to contract with state or private foresters to conduct the forest inventory?

Answer. Factors causing delay:

The current national Forest Inventory Analysis (FIA) inventory cycle is now 12+ years. The cycle is controlled by three main factors; (1) a mandated accuracy requirement which determines the amount of data to be collected, (2) funding for personnel and equipment which determines the speed at which the data are collected, (3) funding for technology research and application which can increase efficiency and reduce the collection burden on personnel and equipment without sacrificing accuracy.

The first controlling factor, accuracy, is required and necessary to provide quality information to make sound management decisions. The second controlling factor, funding, is the central issue. Since 1995, overall Forest Service Research program funding has declined 10 percent. During this same time period, FIA field program funding has increased by 3 percent. Clearly FIA is still a priority research program within the Agency but the modest increase in FIA funds have not been sufficient to offset the increased cost of getting personnel and equipment into the field. Continued funding at current levels will further erode the cycle unless new technology can bridge the gap.

The third controlling factor, technology research, is difficult to maintain when cycles slip and demand for current information rises. However, scientifically sound research is critical to the application of any new technology or data collection method. With constrained budgets, FIA strives to maintain a balance between the potential gains in efficiency from development and application of new technology and the demand for shorter current cycles.

Why did we fail to shorten the cycle? In the face of deep cuts in the Forest Service research budget the Agency did maintain FIA as a high priority (no overall reduction) but was unable to downgrade other critical research priorities to provide significant additional funding.

NORTHEAST STATUS

The FIA cycle in the Northeast is currently about 13 years.

*Contractors/Non-Federal employees*

The FIA program has traditionally relied upon considerable direct and in-kind support from cooperators as we conduct Statewide inventories. In 1996, 13 percent of the FIA program came from State, private, and other federal cooperators. While we do not believe additional authorities would be needed to contract outside personnel, we do have concerns about quality assurance. Under any contractual arrangement, the FIA program must have complete control of the quality assurance process to insure that sampling design specifications and quality standards are met and are consistent across all ownerships and State lines. Additionally, FIA costs include training, data compilation, editing, processing, analysis, and reporting. These costs would be retained by FIA whether contractors were used or not. Our limited experience where contractors have been used indicate little difference between our cost for data collection only and contractor cost for data collection (including contract administration costs). We continue to be open to discussion on this issue and new annualized inventory designs like Annual Forest Inventory System (AFIS) and Southern Annual Forest Inventory System (SAFIS) will rely heavily on cooperator field support.

*Question.* The Green Mountain National Forest is currently leasing its headquarters facility in Rutland, VT. If the Forest Service was to move to smaller space that it would purchase, what cost saving could be expected?

Answer. The Green Mountain National Forest headquarters is currently located in Rutland, Vermont, in a leased facility. This leased facility is comprised of 17,056 square feet of office space and a 2,700 square foot garage. The present annual least cost, which includes building and grounds maintenance, is $205,000.

As the result of streamlining of the Forest organization, which has included a substantial reduction in the headquarters staffing level, the Forest headquarters has reduced its office space needs to approximately 13,000 square feet.

The Forest is beginning the process of exploring alternatives to their current lease. These alternatives include: a possible renegotiation of the current lease, taking into consideration the reduced space needs; the purchase of an existing or new facility; and the construction of a new facility. Each alternative for office space would be based on the projected need of approximately 13,000 square feet.

Part of the process of exploring alternatives to the current lease will be the completion of a comprehensive cost analysis. This analysis will be completed utilizing the OMB Circular A–94 life cycle cost methodology. Because this cost analysis has not yet been completed, we do not yet know what cost saving could be expected if the Forest would move to smaller space that it would purchase or construct. In order to accurately determine the benefit/cost of relocating the Green Mountain SO, a pre-construction analysis of alternatives needs to be completed. The estimated cost of this analysis is $35,000.

*Question.* Which national forests are estimated to have the highest visitor use? Which forests have the highest recreation use per acre?

Answer. We do not currently have information on recreation use per acre by national forest. Due to the multiple use nature of the activities, goods and services provided by national forest system lands, we are unsure the conclusions would be accurate based on the data. For example, a forest that has large acreage, but relatively few developed recreation use areas may still receive very high recreation use. However, the high impact on the recreational areas would be masked by the total forest acreage.

We do, however, have information on which forests have the highest recreation use. In fiscal year 1992 and fiscal year 1995 the Regions were asked to submit their top 5 forests. The top 12 in fiscal year 1995 and the top 10 in fiscal year 1992 follow:

NATIONAL FORESTS RANKED BY AMOUNT OF RECREATION USE IN FISCAL YEAR 1995

[Thousands]

| Forest name and State | Rank | Regions | Recreation visitor days [1] | Visits [2] |
|---|---|---|---|---|
| Wasatch-Cache/Uinta—UT-WY | [3] 1 | 4 | 10,518.2 | 32,520.1 |
| Tonto—AZ | 2 | 3 | 10,507.3 | 38,184.5 |
| Coronado—AZ | 3 | 3 | 9,903.9 | 11,305.0 |
| Inyo—CA | 4 | 5 | 9,839.2 | 29,985.2 |
| Angeles—CA | 5 | 5 | 9,815.9 | 29,579.2 |
| White River—CO | 6 | 2 | 8,045.0 | 10,136.7 |
| Gifford Pinchot—WA | 7 | 6 | 7,690.1 | 34,780.1 |
| Pike/San Isabel—CO | [3] 8 | 2 | 7,325.0 | 15,311.0 |
| National forests in North Carolina—NC | [3] 9 | 8 | 6,756.3 | 19,905.8 |
| Coconino—AZ | 10 | 3 | 6,628.7 | 8,500.0 |
| Mount Baker-Snoqualmie—WA | [3] 11 | 6 | 6,551.8 | 23,070.8 |
| San Bernardino—CA | 12 | 5 | 6,353.4 | 1,852.0 |

[1] A recreation visitor day (RVD) is a statistical reporting unit consisting of 12 visitor hours. A visitor hour is the presence of a person on an area of land or water for the purpose of engaging in one or more recreation activities during a period of time aggregating 60 minutes.

[2] Visits an entry of one person upon a National Forest for the purpose of participating in one or more recreation activities for an unspecified period of time. Only the ''primary'' activity of the recreation visitor is recorded.

[3] Multiple forests.

NATIONAL FORESTS RANKED BY AMOUNT OF RECREATION USE IN FISCAL YEAR 1992

[Thousands]

| Forest name and State | Rank | Region | Recreation visitor days |
|---|---|---|---|
| Tonto—AZ | 1 | 3 | 9,247.4 |
| Angeles—CA | 2 | 5 | 9,158.0 |
| Inyo—CA | 3 | 5 | 8,376.3 |
| White River—CO | 4 | 2 | 8,232.3 |
| Dixie—UT | 5 | 4 | 6,175.6 |
| Coconino—AZ | 6 | 3 | 5,788.4 |
| National forests in North Carolina—NC | [1] 7 | 8 | 5,767.3 |
| Pike San Isabel—CO | 8 | 2 | 5,590.3 |
| San Bernardino—CA | 9 | 5 | 5,501.1 |
| Mount Baker-Snoqualmie—OR | [1] 10 | 6 | 5,498.3 |

[1] Multiple forests.

*Question.* What were the criteria used and how were they weighted under the new budget allocation process for fiscal year 1997 operating funds? Was there regional flexibility in applying or weighting these criteria? How much flexibility does an individual forest have in reprogramming funds between budget lines once the allocation has been made? Within Region 9 and for the Green Mountain National Forest, which budget line items saw the largest increase and decrease in funding levels from the previous year? Has the Forest Service compared these funding levels to the activity priorities in individual Forest Plans? Is the Forest Service going to revisit these criteria during the fiscal year 1998 allocation?

Answer. The Forest Service has been using a criteria-based approach for allocating funds in the agency's budget process for several years. The development and refinement of criteria has been an on-going effort involving Washington Office and Regional resource and budget staffs. NFS and Construction staffs have particularly focused on refining and using allocation criteria.

For fiscal year 1997, the criteria were used as a starting point for the initial and final allocations to field units in the Program Budget Advice. The criteria used for the NFS and Construction appropriations differed from program to program, but they basically measured the resource base, workload or accomplishments and complexity. For most programs, Regional and Washington Office staffs developed options and reached consensus on allocation criteria and their weights.

For any given region, three factors would have led to increases or decreases in funding for a line item in fiscal year 1997: total funding appropriated, the amount of funds needed to operate the National headquarters, and the criteria used. Since moving to a criteria-based approach could result in significant shifs in program funding among units, an adjustment or "bridge" was applied to all regions to limit an increase or decrease of no more than 10 percent in a region's percent share of the available funding from 1 year to the next. For fiscal year 1997 Region 9 implemented a similar allocation process for distributing funds to its National Forests. Region 9 provided each forest with a base level of funding to support basic management needs and then allocated the remaining funding using criteria.

Allocation criteria will continue to be used in fiscal year 1998. For some programs, the criteria used for fiscal year 1997 were or will be revised for fiscal year 1998. Given the complexity of managing natural resources, no set of criteria will yield a perfect allocation. Review and possible adjustments to the results of criteria application will continue to be necessary to address emerging issues and changed conditions.

*Question.* In 1990, the National Research Council made a number of recommendations for the Forest Service program. Has the Forest Service implemented any of the recommendations?

Answer. Yes. USDA Forest Service Research (FSR) has included the NRC's "Forestry Research: A Mandate for Change" to strategically plan its program of research since it was issued in 1990. We believe we have implemented in various degrees a number of the recommendations.

In their executive summary, the National Research Council (NRC) identified recommendations under (1) the Status of Forestry Research, (2) Support for Forestry Research, (3) Maximizing the Benefits from Forestry Research. Some of recommendations pertained to Forest Service Research, others to forestry research con-

ducted by universities, industry, or others. Specific recommendations implemented by Forest Service Research (FSR) are:

1. The Status of Forestry Research:

*Provide vastly expanded competitive funding.*—FSR use of competitive funding mechanisms increased after 1990. However, the "vastly expanded" competition envisioned in the report has not materialized. For example, the global change research program provided several competitive opportunities in fiscal year 1992–1995. Since then, global change funds have been allocated to extend and complete projects initiated competitively. An 8 percent FSR budget reduction in fiscal year 1996 coupled with lack of funding increases to cover inflation, have made it difficult to expand competitive funding.

*Create centers of scientific emphasis supported by public and private research organizations.*—FSR is involved in several centers of excellence, working closely with universities, state governments, industries, and private forestry groups. These centers broadened FSR's research capabilities through establishing strong partnerships. Research addressed under the auspices of these centers are tied to regional and national research issues. For example, the Alabama Consortium (SRS–4107, Alabama A&M University, and Auburn University) entered into a collaborative endeavor incorporating the expertise of scientists, forest managers, and forest owners. The Consortium seeks to create new information through research, to utilize existing knowledge, and to expand education and technology transfer for the benefit of land managers. Another example, the FSR is exploring, with the Bureau of Land Management, National Park Service, and others, creation of "Cooperative Ecosystem Study Units" in several regions. The intent of these units is to create interagency and multi-university centers of emphasis in natural resources research and education. As budgets decline and downsizing progresses FSR continues to merge units into larger integrated units of research. FSR has research facilities located on or adjacent to 42 university campuses which enhance our ability to collaborate with university centers of excellence.

*Increase the quality of forestry research by opening it up to the broader scientific community.*—We have taken advantage of opportunities to engage in scientific exchange and collaboration with other research organizations. For example, we have strengthened ties with the Ecological Society of America and the Society for Conservation Biology to expand the range of expertises available to work in complex issues. In addition, many of our researchers are members or officers of related scientific and professional societies, such as the American Economics Association and the Soil Science Society. Society activities have brought new thinking and skills to forestry research.

*Establish research-management collaborations at large spatial scales.*—FSR has worked with the National Forest System to create "Adaptive Management Areas." Successful studies are underway in North Carolina, Georgia, and Arkansas in addition to Oregon and Washington. In fiscal year 1994 FSR initiated 20 large-scale ecosystem management projects across the entire United States and Puerto Rico. Many of these long term studies are in progress and involve collaborative efforts with universities, industry and the NFS.

*Develop a cadre of forest and related scientists that reflect the national, and global population composition and that are equipped to solve domestic, international, and global problems.*—FSR has the same distribution of ethnicities (within 0.5 percent in each category) among its total employee pool in 1997 as it did in 1990.

*Establish a National Forestry Research Council.*—In response to this recommendation, USDA proposed the establishment of a subcommittee to coordinate forestry research, through the Office of Science and Technology Policy (OSTP) and the Federal Coordinating Council for Science, Engineering and Technology (FCCSET). A forestry subcommittee was near charter and constitution stages at about the time the Executive Branch changed administrations. The subcommittee was not formed and the new administration has been directing science planning through a new structure, the National Science and Technology Council (NSTC) and the Office of Science and Technology Policy. FSR has been involved in this planning effort. In April, 1993, USDA chartered the Forestry Research Advisory Council (FRAC). FRAC replaces the Cooperative Forestry Research Advisory Council, which existed to serve the Cooperative Forestry Research Program (McIntire-Stennis) only. FRAC's charge is broadened to include all forestry research supported through USDA and addresses a broader range of national forestry research issues.

*Other recommendations.*—To support basic forestry teaching and research through NFRC, to strengthen teaching, to establish long-term forestry research grants, and to establish competitive graduate fellowships—have not been implemented. Most of these require action by groups other than FSR or additional funding beyond that made available since 1994.

2. Support for Forestry Research:

*Increase FSR budget by 10 percent per year, for the next 5 years.*—Between fiscal year 1990, when the NRC report was issued, and fiscal year 1995, appropriations rose from $150.9 million to a peak of $193.5 million (nominal dollars). Since 1995, FSR appropriations have declined to $179.8 million today. Complete fulfillment of the NRC recommendation would have resulted in an FSR budget of $243 million in 1995. The nominal funding increase from fiscal year 1990 to 1995 amounted to slightly more than a 5 percent annual increase. When the effects of inflation are factored in using 1995 dollars, the fiscal year 1990 budget was $172.5 million (1995 constant dollars) leading to a 2.3 percent annual increase from fiscal year 1990 to fiscal year 1995. Compared to the fiscal year 1990 constant dollar level, the fiscal year 1997 level of $172.6 million (1995 constant dollars) shows no change.

*Conduct a national assessment of current status of forestry facilities and equipment.*—As part of the 1995 Farm bill, a national assessment of agricultural research facilities is in progress (USDA Facilities Review Team). Federal and university forestry laboratories are part of this assessment. No national assessment of forestry research equipment has been conducted.

*Other recommendations.*—Increase competitive grant funding for forestry research in the USDA in the National Research Initiative to $100 million annually and increase McIntire-Stennis funds to 50 percent of the FSR budget—have not been implemented. The current funding level in the NRI for forestry research is less than $20 million and the McIntire-Stennis funding level is less than 15 percent of FSR funding. On average, 12.3 percent of the FSR is committed to extramural research, most of this to grants and agreements with our university partners. Decreasing budgets and downsizing have limited and resulted in a decrease over the past 2 years.

3. Maximizing the Benefits from Forestry Research:

*Encourage scientists to assume a leadership role in communicating their knowledge to policy makers.*—"Forest Service Ethics and Course to the Future" emphasizes that one of the keys to our effectiveness as a conservation leader is expanding collaboration between scientists and practitioners and better integrating science into policy issues. Researchers have played important roles in major regional assessments, such as FEMAT, the Southern Appalachian Assessment, the Sierra-Nevada Ecosystem Project, and the Columbia River Basin study, communicating their knowledge to policymakers. FSR also co-hosted two high-level workshops to explore why we have been successful in certain efforts and less successful in others in bringing science to policy making ("Navigating Into the Future, Rensselaerville Roundtable: Investigating Science and Policymaking"). Guidelines from these workshops (currently in draft form) will be disseminated agencywide.

*Establish a professional reward system for scientist that acknowledges the validity of efforts involved in outreach.*—In 1996, FSR completed the first major revision since the mid-1980s in its policies and guidelines for evaluating research scientists. Much greater emphasis was placed on outreach activities in the revised guidelines so scientists who engage in outreach and coaching users on implementing research findings will get promoted faster.

*Communicate research results to a broader range of clients.*—In the revised scientist evaluation guidelines, discussed above, increased emphasis has been placed on communicating research results to a broader range of clients and coaching users on efficient implementation of research findings. FSR has also been taking advantage of computer technology, such as the Internet and CD-Roms, for disseminating research results. These media often reach people faster and easier than journal articles or publications.

*Question.* Describe the Forest Service research budget in constant dollars since 1990. How does this compare to overall trends in the Forest Service budget?

Answer. In 1990 constant dollars:

FOREST SERVICE RESEARCH BUDGET

[Dollars in millions]

| Fiscal year | Forest Service [1] | Research | Percent |
|---|---|---|---|
| 1990 | $2,544 | $151 | 6 |
| 1991 | 2,225 | 160 | 7 |
| 1992 | 2,293 | 168 | 7 |
| 1993 | 2,254 | 166 | 7 |
| 1994 | 2,391 | 172 | 7 |

FOREST SERVICE RESEARCH BUDGET—Continued

[Dollars in millions]

| Fiscal year | Forest Service [1] | Research | Percent |
|---|---|---|---|
| 1995 | 2,063 | 169 | 8 |
| 1996 | 2,127 | 153 | 7 |

[1] Total discretionary appropriations.

*Question.* What are the trends for number of scientists employed directly and in cooperative research units?

Answer. The trend for number of scientists employed directly by the Forest Service is down from 715 in fiscal year 1990 to 548 in fiscal year 1996. We are not familiar with the term "cooperative research units."

*Question.* What percentage of the Forest Service budget is used for cooperative research?

Answer. When we speak about cooperative research we generally mean extramural research. The percentage of extramural research is determined by two factors, the work needed to accomplish our mission and the level of funds available for that year. Extramural research averaged 24 million dollars the past 5 years, approximately 13 percent of annual appropriations.

*Question.* What percentage of forest Service research is focused on timber production vs. other management activities of the Forest Service?

Answer. We estimate that 28 percent of the Forest Service research budget is focused on timber production. In addition, the research accomplished by our Forest Products Lab and other forest products, utilization and wood processing research, an additional 9 percent of the budget, contributes to improved and expanded ways to use wood fiber including material that needs to be removed to improve forest health through utilization of small diameter trees.

*Question.* Has the Forest Service ever conducted a study looking at the impact on estate taxes on private forestland, specifically looking at the number of large parcels sold due to estate taxes?

Answer. No. The Forest Service shares this concern and the Cooperative Forestry Staff has a study of this issue proposed for fiscal year 1998. However, we believe the issue is broader than just forestland and there should be a USDA effort to look at the effects of estate, gift, and capital gains on farmers, ranchers, and forest landowners and the conversion/fragmentation of their land holdings attributable to estate taxes.

SUBCOMMITTEE RECESS

Senator GORTON. The subcommittee will stand in recess until 9:30 a.m., Thursday, April 24, when we will receive testimony from the National Endowments for the Arts and the Humanities.

[Whereupon, at 11:42 a.m., Thursday, April 17, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, April 24.]

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

---

**THURSDAY, APRIL 24, 1997**

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

The subcommittee met at 9:30 a.m., in room SD–192, Dirksen Senate Office Building, Hon. Slade Gorton (chairman) presiding.

Present: Senators Gorton, Stevens, Cochran, Burns, Bennett, Gregg, Campbell, Bumpers, Dorgan, and Boxer.

## NATIONAL ENDOWMENT FOR THE ARTS

### STATEMENT OF JANE ALEXANDER, CHAIRMAN

#### BUDGET REQUEST

Senator GORTON. This subcommittee hearing will come to order. We are going to hear this morning from the Chairmen of both the National Endowment for the Arts and the National Endowment for the Humanities and review with them their proposed budgets for the coming fiscal year.

Ms. Alexander and Dr. Hackney began their tenures at the two Endowments almost 4 years ago. Since that time, each has been in the unenviable position of having to execute substantial budget cuts for their agencies enacted by Congress in an effort to address the budget deficit.

As chairman of this subcommittee, I have a keen appreciation of their situation. The amount of budget authority available to fund the many agencies within the jurisdiction of the Interior bill has declined by about $1 billion since 1995, when I assumed the chairmanship.

For the current year, the National Endowment for the Arts is funded at $99.5 million, the National Endowment for the Humanities at $110 million. Both agency budgets include proposed increases in their fiscal year 1998 programs that would provide a funding level of $136 million for each, thereby partially restoring the cuts that were made in 1996 and sustained in the current fiscal year.

I believe I can say with great certainty, though I do have the chairman of the overall committee here, that I do not anticipate that there will be an increase of similar magnitude in this subcommittee's budget allocation. Instead, my expectation is that we may face a further decline in available dollars. As a result, that

will mean that for each increase provided for one agency budget a corresponding decrease will have to be taken in another.

At the same time, I think it is appropriate to say that the debate over the continuation of the two Endowments which has been so prominent in the House of Representatives is much less prominent here in the Senate. There has been in each of the past 2 years, and I am sure will continue to be, substantial support for the Endowments and for their continuation.

That does not make finding money for them any easier, and whether or not there will be even the slightest increase in allocation for this subcommittee will depend largely on budget negotiations which now seem to me to be reaching a climax.

Ms. Alexander, and for all of the audience here, I will explain the chart or the display that we have there [indicating].

[The information follows:]

*Interior programs fiscal year 1997 enacted*

| | |
|---|---|
| Land management programs: | |
| Forest Service | $2,361,000,000 |
| National Park Service | 1,414,000,000 |
| Bureau of Land Management | 1,090,000,000 |
| Fish and Wildlife Service | 653,000,000 |
| Total | 5,517,000,000 |
| Indian programs: | |
| Indian Health Service | 2,054,000,000 |
| Bureau of Indian Affairs | 1,606,000,000 |
| Navajo-Hopi/IAIA/special trustee/Indian gaming/Indian education | 119,000,000 |
| Total | 3,779,000,000 |
| Science and minerals management programs: | |
| Geological Survey | 739,000,000 |
| Office of Surface Mining [OSM] | 272,000,000 |
| Minerals Management Service [MMS] | 163,000,000 |
| Total | 1,174,000,000 |
| Energy programs: | |
| Energy conservation R&D | 570,000,000 |
| Fossil energy R&D | 365,000,000 |
| Naval petroleum NPR/reserves | 144,000,000 |
| Energy information administration/economic regulation | 69,000,000 |
| Alternative fuels production | −4,000,000 |
| Clean coal technology | −123,000,000 |
| Total | 1,020,000,000 |
| Cultural programs: | |
| Smithsonian Institution | 370,000,000 |
| National Endowment for the Humanities | 110,000,000 |
| National Endowment for the Arts | 99,000,000 |
| National Gallery of Art | 60,000,000 |
| Holocaust Memorial | 31,000,000 |
| Institute of Museum Services | 22,000,000 |
| Memorials | 41,000,000 |
| Total | 733,000,000 |
| Interior departmental offices: | |
| Interior affairs | 88,000,000 |

| | |
|---|---|
| Departmental management | 58,000,000 |
| Solicitor | 35,000,000 |
| Inspector general | 25,000,000 |
| Total | 207,000,000 |
| Total bill | 12,430,000,000 |

DISTRIBUTION OF FUNDS APPROPRIATED THROUGH SUBCOMMITTEE

Senator GORTON. That display indicates the distribution of the funds in the current year that are appropriated through this subcommittee. The green on the left are land management agencies; the blue are the Indian programs; and the much smaller additional ones have to do with minerals management, energy programs, and the like.

Cultural programs and the Endowments are the next to the last, next to the right, and as you can see even within the context of this bill, they represent a relatively modest amount of our appropriation. Within those cultural institutions, however, are the Smithsonian Institution, the National Gallery of Art, and a number of other institutions for which we are almost solely responsible as opposed to the arts of the country taken as a whole.

SUPPORT FOR CONTINUATION OF ENDOWMENT

I do want to emphasize that wherever we come out on funding in fiscal year 1998, the subcommittee clearly supports the continuation of the two Endowments. This hearing today is intended primarily to provide subcommittee members with the opportunity once again to demonstrate that support and to ask questions rather than to debate the future existence of either the Endowment that you head or the National Endowment for the Humanities.

It has been 1 year since you appeared before this subcommittee. In the intervening months the most significant issues that you faced have not changed a great deal, but you have represented a very strong and eloquent voice for the National Endowment for the Arts.

Ms. Alexander, we will start with you today.

Senator CAMPBELL. Mr. Chairman, are we going to be allowed to make opening statements?

Senator GORTON. You certainly are. We are going to give each member of the subcommittee an opportunity to speak. Senator Stevens is the chairman of the overall committee as well. He said he did not have an opening statement earlier, but I am going to ask him again whether he does want to say anything.

Senator STEVENS. No; thank you.

Senator GORTON. OK. We will pass. Senator Boxer.

OPENING REMARKS OF SENATOR BARBARA BOXER

Senator BOXER. Thank you very much, Mr. Chairman.

I want to start off with an apology, because I am on the Budget Committee and there is a briefing at the White House, and without a budget it is very hard for your subcommittee and all the sub-

committees and for Chairman Stevens to do his work, so I am going to have to run out, but my heart is here with the people who believe that it is crucial for our Nation to dedicate some of its treasure to the arts.

I think it is absolutely extraordinary that there would even be an argument, and I think our chairman has pointed out that the argument over the existence of the NEA is more of an argument in the House, in which I served for many years, although it came rather late in the game when the leadership changed hands.

But I have to say that we spend 38 cents per person on the arts in this country. If anyone thinks that is too much, I would say to them they ought to think about what it all means. I think the modest increase put forth by the President is just that. I would like to even do more than that, because I have seen the effect of the arts on children. I know that when you make these small investments they are leveraged mightily. I know that they are leveraged in such a way that they help bring economic development to communities and it is a tremendous community experience to see a small amount of money at work.

Now, the funding that the President requested—$272 million for the arts and humanities—is a mere one one-hundredth of 1 percent of the entire Federal budget. It does get leveraged in the community. That is important. But it is one one-hundredth of 1 percent of the total budget, and millions of Americans across the country have an opportunity to view history in arts that otherwise would be inaccessible.

PRESIDENT'S REQUEST FOR NEH

The President's request of $136 million for fiscal year 1998 for the NEH will enable the Endowment to continue to support many activities, including the cataloging of Presidential papers and the preservation of newspapers of the Nation's early history. No country can survive if they cannot learn from history. This is very important.

In the last 5 years, institutions and individuals in my home State of California have received $63 million from the NEH and the California Council of Humanities for projects that help preserve the Nation's cultural heritage, foster lifelong learning, and encourage civic involvement.

Of note, the Fowler Museum of Cultural History at UCLA received $450,000 for the Royal Tomes of Saipan, an exhibit of artifacts from ancient Peru that drew 100,000 visitors from California and more than 1.2 million visitors nationwide. All of those visitors come and they stay there and they walk down the street, they go to the restaurants, and they bring business. They go to the stores.

IMPORTANCE OF NEA TO CALIFORNIA

Now, on the NEA, for 32 years the NEA has led the way in making art accessible to Americans throughout the country. Arts education, theater projects, dance troupes, opera companies that nurture young artists and strengthen communities. Those are funded by the NEA, by NEA grants.

Now, I just want to say straight out not every single grant is perfect. I do not agree with every single grant. It is very subjective, and a couple of them get people upset. Now, I think we have to realize that we are all human beings. Mistakes will be made and judgments may be flawed when looking at it from one's perspective and one's own values and culture, but what has always interested me is that those who yell the loudest are the ones who look the longest at the very projects that they say are so terrible.

I say we are born with a neck. You can turn your head away, and you can criticize, and I encourage that criticism. I think it is healthy to criticize. If you think that a grant is wrong, say it. I think some are as well, and I say it, too, but it does not mean that you just say, well, therefore, we cannot have this program. It means that we work with you, and Jane Alexander you have been extraordinary, I think, to work with, and you make sure that mistakes are the fewest that they can be.

Recently in my State the Endowment granted $150,000 to the Los Angeles County Music and Performing Arts Commission for a cultural tourism development program. This is one of several regional cultural tourism forums funded throughout the country. The NEA has awarded $30,000 to the Balboa Art Conservation Center in San Diego for improving the collections storage needs of midsize and small museums throughout California.

Mr. Chairman, I am at the end of my statement. I feel very, very strongly that the President's proposal for NEA funding will broaden public access to the arts for all Americans to participate in and enjoy, in order to improve the quality of life for our children and our families. And again, I am so sorry that I cannot stay for this entire hearing, but, Mr. Chairman, I hope that we can work together so that we have a good bipartisan agreement at the end of the debate.

Senator GORTON. If you have any questions, we will be happy to submit them.

Senator BOXER. Thank you, Mr. Chairman.

Senator GORTON. Senator Burns.

PREPARED STATEMENT OF SENATOR BURNS

Senator BURNS. I just have a statement that I would like to submit for the record, sir.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Thank you, Chairman Gorton, for holding this hearing today.

I'd like to welcome Ms. Alexander and Mr. Hackney here today. We appreciate your coming in to talk about your agencies. I had the pleasure of discussing old movies from my wrangler days with Ms. Alexander yesterday afternoon. I worked on The Rare Breed, but unfortunately not Calamity Jane.

Both of you have done well running your agencies under tough circumstances. The battles certainly aren't over, but at the same time we may be approaching the signing of a truce. From what I see and hear, support for the arts and humanities remains strong in Montana and around the country.

I look forward to hearing how efficiently your agencies are running and what each of you is doing to raise funds from private sources, and if those efforts are having success.

Thank you again for being here this morning.

OPENING REMARKS OF SENATOR CAMPBELL

Senator GORTON. OK. Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman.

I am prompted to make an opening statement really based on a letter that I saw from a colleague who happens to be a terrific friend of mine from the House side, which I will explain a bit later.

PRESERVATION OF CULTURAL TREASURES

I would like to direct the attention of the committee and people who are here to those wonderful baskets over there in those glass cases, or this one that was provided by one of my staffers on the Indian Affairs Committee, that were made so tight they will actually hold water with no glue or anything. It is just wonderful creative work of Indian culture.

I would like to certainly identify myself with the comments that Senator Boxer made. I think the arts serve an extremely important role. You can look at it from a lot of different viewpoints, certainly in Santa Fe, Jackson, places like that, it becomes part of the basis for their economy, but the point I would like to make, I guess, is that I think there is a place where we need to define the real importance of preserving cultural treasures that are in the art world, not only visual ones like this but song, dance, storytelling, and a lot of other things, too.

I lived in Japan for a number of years, as you know, and I went to a Japanese university. In Japan, the Federal Government actually gives a title to people who have spent their whole life in a certain art form, perhaps bonsai—you know, the little miniature trees—things of that nature.

As they reach a certain degree of skill the Federal Government gives them a title of living cultural treasure, and in fact gives them a stipend, gives these wonderful people a stipend to keep that skill alive. That is why in Japan you have things that were practiced as far back as the 15th century that may not have any, you know, visual economic use, but they are still practiced today because the Government has recognized the importance of preserving cultural treasures.

I would certainly like to see that in this country, too, and that probably will never happen, but at least I think we have an obligation to define the things that are fast disappearing.

These baskets are just an example. They came out of the Southwest, but if any of you are ever in the State of California, Senator Boxer's State, and have the opportunity to go to the State Indian Museum, which is located right behind Sutter's Fort in Sacramento, CA, there are examples of baskets, believe it or not, that were woven so small they are on pinheads. They are in a glass case like that one over there.

They have a big magnifying glass. You have to look through the glass to be able to see the finest of those baskets. Some of them were woven out of the feathers from humming bird's chests. Some of them they cannot even weave any more because it is a dying art. There are very few people who know how to do it, the Pomos, the Washos, some of the California tribes.

Some weavers have given up because under the Endangered Species Act there are certain things they cannot collect, certain grasses, certain leaves, certain feathers, certain pieces of fur and so on, so they cannot do it, but they actually have baskets in that museum that were woven from the hair of a fern, a fern's hair, if you can imagine how fine that is.

NEA AND THE PRESERVATION OF NATIVE AMERICAN CULTURE

I wanted to point that out today because I know in some places there is a problem with some of the funding that goes through the NEA. We have all heard about Mapplethorpe over and over, ad nauseam, I guess.

I have a lady who came to one of my town meetings a couple of years ago in Colorado suggest that we disband the NEA and NEH both because of some of the money that has filtered down through the National Endowments.

I pointed out to her—that was during the debate of the $1,000 coffee pots and $800 hammers that the Air Force was buying, and I suggested to her that maybe we ought to just delete all the money for military defense because somebody made a dumb mistake, and in that context I think she understood why we should not use a sort of all-or-nothing phrase when talking about the National Endowment for the Arts because there were a few grants that went out that most Americans would disagree with.

But my friend and colleague on the House side, who I have known for many years and who I think is a very fine man, Congressman Wally Herger from Senator Boxer's State—I have great respect for him and I do not mean to single him out, but he did recently send out a Dear Colleague letter saying—the title was, "NEA Funds Basket Weavers," as if to imply that basket-weaving is, you know, just kind of a pastime and not important, and one of those things most Americans would think was frivolous and we ought to get rid of the funding for that.

It was a $60,000 grant, in fact, that the NEA gave to California basket weavers for a statewide gathering of basket-weavers, and western regional Indian basket weavers, to try to preserve that art form.

I want to also bring a couple of pictures of some of them that are blown up, if you can see them—I hope you can. These are traditions—you know, if you paid a person to weave this they would probably get 20 cents an hour or something. There is no money in this, very little.

Only a few of the very famous potters and weavers of rugs and so on can actually make money, but these things are not from the standpoint of making a living for people. You just do not.

And how many children, how many babies in Indian country are still carried in these baby bassinets? Very few. Some of the traditional people do, but a lot of women keep that skill alive simply to preserve it as a cultural heritage, important to them. This is something that is handed down from mother to daughter, grandmother to granddaughter, and it just seems to me that it comes under the same category as perhaps wood carvings in Appalachia, or some of the other things that we often think of that have come down, that has made our country have a fabric that binds us all together.

These happen to be made by American Indians, but certainly the richness of the skills belong to all of us as Americans, and I think we have an obligation to try to keep them alive, and I just wanted to bring them in and let my colleagues see how easily we can get sidetracked when we are talking in these deficit times, when we have to watch every buck, that we might end up doing something that we would really regret centuries from now, if we inadvertently, through our inability or inaction in trying to help the arts, kill the tradition that belongs to all of us.

PREPARED STATEMENT

I thank you, Mr. Chairman. I might also recommend to anybody who would like to look into some of those very, very fine baskets that I mentioned that are done on pinheads and with very fine materials, this wonderful book on California Indian basketmaking that I am sure Senator Boxer already has.

Thank you for your time, Mr. Chairman. Please include my prepared statement in the record.

Senator GORTON. Thank you, Senator Campbell.

[The statement follows:]

PREPARED STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Mr. Chairman, members of the committee, I would like to take this opportunity to offer a few brief comments on the National Endowment for the Arts and the National Endowment for the Humanities.

Let me begin by saying that I'm glad the anti-arts folks haven't dampened the committee's spirit regarding the arts.

Among the many important functions of both Endowments, I want to highlight the critical role they play in sustaining our national treasures. The argument that the arts should be privately funded, not federally funded, essentially translates into the argument that the Federal Government has no business in sustaining our national treasures. I wholeheartedly disagree.

As we do with everything in Congress, I feel obliged to define "national treasure." Quite simply, a national treasure is something that, if allowed to die out, be forgotten, or even ignored, will make us guilty of robbing our children of a piece of their heritage. National treasures include languages and paintings, sun dances and sculpture, cultural gatherings and functional art.

As you may know, I lived for several years in Japan and was able to experience their high regard for the arts. The Japanese government actually has a national living treasure designation for masters of various cultural arts. They have seen fit to maintain, as an honor, artistic traditions and treasures dating back to the 15th Century.

It is true that there is not widespread agreement on the definition of "national treasure," or art or the humanities. It is also true that there may have been projects funded with federal dollars which, in retrospect, may not have been appropriate to fund.

During a recent town meeting I posed this question to a Coloradan who shouted that I should disband the NEA and NEH, "Are you suggesting, then, that we eliminate the Department of Defense because they spent $800 on a hammer and $1,000 on a coffee pot?"

Although federal funding of the arts comprises only a small fraction of its overall funding, many states, including my own, would suffer a serious blow from the elimination of federal funding. It is a little publicized fact that four states and the District of Columbia receive over half of the privately funded foundation grants for the arts. That doesn't leave much for the other forty-six states.

In closing, I would like to call the Subcommittee's attention to a Dear Colleague letter that was recently circulated on the House side by Congressman Wally Herger. I have known and respected Wally Herger for many years, so I am not singling him out with any malice. Rather, I would like to use his letter as an example of the misinformation and misunderstanding surrounding the arts.

The Dear Colleague is titled, "NEA Funds Basketweavers," lists the amount and recipient of the grant, and closes with, "It's Time to Eliminate the NEA." The Cali-

fornia Indian Basketweavers Association's receipt of a $60,000 grant to support the seventh and eighth statewide gathering of Indian Basketweavers, and the first Western Regional Basketweavers Gathering, is presented in the letter as an obvious reason for the elimination of the NEA.

Indian Basketweavers in California, as well as all other basketweavers across the country, are artists in the purest sense of the word. The value of the intricately woven, detailed, and often functional baskets Indians weave is tremendous, in both the cultural and monetary sense. Indian basketweaving is not a hobby or frivolity to be demeaned or insulted. It is an important part of Indian history and culture, and as such should be treated with the respect it deserves. Without the grants provided by the NEA, the protection and promotion of an art form such as this is at risk. As a country, we run the risk of losing a national treasure if we target these programs as frivolous.

I recommend that my Senate colleagues visit the California State Indian Museum in Sacramento. They have baskets there that fit on the head of a pin, woven with feathers from the chests of hummingbirds.

On a personal note, I should tell you that my Staff Director of the Indian Affairs Committee has a Pima basket hanging on an eighth floor wall of the Hart Senate Office Building. It was woven by his grandmother with willow reeds and devil's claw, and won a First Premium Prize at the Arizona State Fair in 1968. In her eyes and in mine, it is the embodiment of heritage, family and artistic achievement, and a tangible treasure to be handed down from mother to daughter.

In the way of proof, I have several baskets here for you to view. I thank Sally McClendon for bringing them in.

Thank you, Mr. Chairman.

## OPENING REMARKS OF SENATOR DALE BUMPERS

Senator BUMPERS. Mr. Chairman, unlike you I intend—and you are chairman, so you will probably have your way, but I certainly intend to do everything—I would like to double or triple what the President asked for for NEA and NEH both.

I have done a lot of work on the F–22 fighter—that is, trying to kill it—over the last 4 months, and I just made a quick calculation. If we gave NEA the entire $136 million the President requested, that would be roughly two-thirds of the cost of one F–22 fighter, and I invite everybody to use your imaginations as to where I would go if I had the time on that one.

I can tell you that this society of ours—Justice Holmes said it one time. You pay taxes. Taxes are what you pay in order to live in a civilized society. That is a very profound statement, and the other day on tax day when everybody was saying we ought to abolish the IRS and all taxes, I pointed out that I do not enjoy paying taxes. I coughed up a big chunk last week, for me—not for some people, but it was a lot for me, and I did not enjoy it, but I do not begrudge it.

## SOCIETY'S NEED FOR THE ARTS

While I do not enjoy paying taxes I do enjoy living in a reasonably civilized society, in what we all profess to believe is the greatest Nation on Earth, but I can tell you, one of the things that will cause this Nation to deteriorate and degenerate faster than anything I can think of is to literally turn your back on the arts and the humanities. They go right to the heart of the kind of country we are.

You can tie the crime rate to this. The U.S. Government pays approximately $24,000 per inmate a year to house 106,000 people in Federal prisons, and many times that amount in State prisons.

Now, Jane, you have heard me make this speech before, but when I was Governor and would go to the penitentiary and have lunch with the inmates—it took me a long time just to get up my nerve to even go down there, because killings were fairly prevalent, and I thought I might be the next one.

But I visited with the inmates in the dining room, had lunch with them, and in all the 4 years I was Governor and all the inmates I interviewed, I never ran across one that played in the high school band. I never ran across one that had a role in the senior class play. I never ran across one that had a college degree, though there were a few of them—not many—and so I could go on and on with those kinds of illustrations.

What does that tell you? That is as graphic and as compelling an argument as I can think of for this program. It is about one-half what it was 4 or 5 years ago.

We do not benefit greatly. I have some trouble with the funding formula, because a poor State like Arkansas—but we have a great repertory theater. We have got an amazing orchestra for a city the size of Little Rock, the concerts are all full. People enjoy it immensely. So you know, it is not all lost.

My administrative assistant and I were driving to work this morning and she had been intending to go to New York last week to the opera. The only ticket left was $200, and that cooled her zeal for going to the opera, but she said that her brother had tried to get tickets and the entire Metropolitan season is sold out. There is not a seat left.

Now, that speaks well for New York, and it speaks well for the country in a way, but I firmly believe that the National Endowment for the Arts is as essential to this Nation almost as our defense system, and I can tell you, if we were spending 10 times more than we are spending you would see a much more civilized society.

Those are my sentiments, Mr. Chairman.

Senator GORTON. Thank you, Senator Bumpers.

Senator Cochran.

OPENING REMARKS OF SENATOR COCHRAN

Senator COCHRAN. Mr. Chairman, let me join you in welcoming Ms. Alexander to our hearing and to thank her for her continued cooperation and good efforts in the job she has, which is one of the most difficult, I think, given the high visibility and a lot of the controversies that have swirled around the decisions made by the Endowment in the past.

I think she has brought a keen understanding and a dedication to this job and its importance in our society; she has instituted a lot of changes, some welcome, some criticized. But the fact is there are new policies in place that have helped avoid some of the embarrassments of past grantmaking by the agency, but at the same time nurtured and encouraged creative talents throughout our country, particularly in small towns and rural areas of my State and others, which I think is something that is often overlooked by those who want to criticize or actually destroy the Endowment.

I suppose I have been on this subcommittee longer than anybody has been on this subcommittee now, except maybe Senator Stevens or somebody on the other side of the aisle. One of the controversies

I recall in my first Congress serving on this subcommittee is whether we would continue to make grants to individual artists, and we had a rollcall vote in this committee to overturn a recommendation by the new chairman of the subcommittee on that subject.

So controversy is not new to this subcommittee. We have made a lot of decisions and tried to improve the operation of the Endowment and make it sensitive to the values that many people have about the appropriateness of certain kinds of projects that are federally funded or federally supported. But my conclusion is that Ms. Alexander has done a tremendous job, and we ought to commend her and thank her for her perseverance and her continued grace and dedication to doing the great job that is required of the chairman of the National Endowment for the Arts.

Thank you.

Senator GORTON. Ms. Alexander, perhaps the best compliment you have been given here is that there has already been a quorum of this subcommittee present. None of my previous hearings of this subcommittee have had more than three members, and in most of those cases, except for perhaps 5 minutes, I was there alone.

I should also tell you there is another subcommittee of the Appropriations Committee meeting now. I know that both Senator Stevens and Senator Burns have felt that they have to be there, and each of the two of us also is missing a hearing of the Commerce Committee. So we are happy to have you here, and this attendance is an indication of the interest in your subject.

At this point we have talked a lot. We will be happy to listen to your opening statement.

SUMMARY STATEMENT OF JANE ALEXANDER

Ms. ALEXANDER. Thank you, Mr. Chairman and members of the subcommittee. I am pleased to come before you today to speak in behalf of an agency that I think has had a remarkably successful 32-year history, and an agency to which I owe my own career as an actress, and to which I am eternally grateful for its existence.

I would like to respond if I may to some of the Senators' fine remarks with regard to the agency and submit my testimony for the record.

Senator GORTON. It will be included in the record.

Ms. ALEXANDER. Thank you.

FEDERAL ROLE IN THE ARTS

The investment that the Endowment has made over 32 years in the creative and imaginative life of our communities and our citizens everywhere and the quality of life in the communities and the economic development and vitality of some of those communities has been significant, specifically in its ability to leverage other public and private moneys and to provide opportunity and access for all. That has been the agenda for the Endowment for the Arts for all of its citizens.

That commitment, that investment, is in jeopardy right now. We have had, as you know, almost a 40-percent budget cut in the past 2 years, and this has resulted in fully 1,000 organizations nation-

wide that in the past received NEA grants not being given one this year.

The fallout from that is significant. They are not able to leverage the money in the private sector. The States are not able to make up the difference, nor are the local arts organizations, and on and on. There is a real domino effect that happens here.

A lot of people say, well, the Endowment's investment monetarily is a very small portion of what happens with regard to the nonprofit arts and how they are funded in the United States. That is true. Most of the nonprofit arts in the United States are funded by individual citizens, but there comes a point when we must say, how much more can we ask of these citizens?

NEA MAKES THE ARTS ACCESSIBLE

You brought up the Metropolitan Opera and the ticket prices of the opera are indeed very high. What the Endowment helps do is make that Metropolitan Opera accessible through broadcast—and some of you may have seen on public television last night Andre Chernier was broadcast. The Endowment helped make that program possible so that people all across America could see that opera.

Indeed, we continue to help support NPR in its broadcast of the Met on Saturday afternoons, which has been going on for ever and ever, and my own immigrant mother-in-law from Russia would never miss a Saturday broadcast of the opera, and there are many people who are unable to afford that $200 ticket who are able to have access to the Metropolitan Opera through the National Endowment for the Arts and other funders. The Endowment, again, plays that critical role of leveraging private funds.

PRIVATE SECTOR FUNDING OF THE ARTS

Let me talk for a minute about other than individual giving, which as I say makes up the bulk of giving to the nonprofit arts in the United States. Corporations have actually been declining in their giving to the arts. We think that we can encourage them to give more to the arts. Although they have increased nonprofit giving in general to the arts, it has remained fairly static. The same is true of the foundations, which say they cannot make up the difference.

NEA continues to be the single largest donor to the nonprofit arts in the United States. We have been concerned with the fallout in funding from the Federal Government, so we began an initiative last year called American Canvas, which seeks to encourage communities to build an arts infrastructure. We will feed them information with regard to models elsewhere that may be replicated in their community, and try to identify dedicated sources of revenue for the arts that may not have been tapped to date.

Some people have said: "Why doesn't the commercial entertainment industry come in and pay the cost of the nonprofit arts in America?" First of all, I feel that that is a particular elitist view in that this is really an agency that belongs to all the people in America, and if you ask only the few very wealthy individuals some of our critics have been saying should fund it, you are actually becoming more elitist, I feel.

Perhaps the corporate commercial popular entertainment sector could chip in more on that. We are working on that. It has not happened today, but I would like to point out that many individual celebrities do already give a great deal of money to the Federal Government in taxes. They also are supporting independently, through volunteering and philanthropy, arts organizations.

VALUE OF THE ARTS TO SOCIETY

But the NEA remains the agency that works well for all citizens. It is very difficult to quantify the value of arts to our society, but some of you may know, and have been hearing about, what the arts mean to early childhood development.

There are evaluative studies that are going on now, and we will be seeing that the arts play more and more of a role in increasing brain power for not only our earliest, youngest citizens in society, but also for those who are elderly.

New studies on Alzheimer's show we need to keep them thinking, keep them creative. The arts play a role there, and the NEA plays a role as well.

Business knows the value of the arts. Business knows that they want the most creative thinkers right now going into business because things are changing so fast in the new technologies and in the world of communications in particular.

As the wealthiest Nation on Earth, I have to say I continue to be mystified that the Federal Government of the United States does not invest more in the arts, in the future of its citizens. It is to my mind a win-win situation for everybody for the quality of life, for education of our young people and continuing education for our elderly, for economic development of communities, for creative thinking, for creative and critical thinking for all of our citizens, and for that amorphous thing we call the soul, which really cannot be quantified—inspiration.

NEED FOR GOVERNMENT INVESTMENT IN THE ARTS

The United States is wealthy in many, many ways, and certainly financially. It is wealthy in the variety and the beauty of its land. It is probably most wealthy in its human resources, in the variety and diverse peoples that make up the United States of America.

Although we are very proud to be Americans, it is the mix of our backgrounds, our coming together, our very differences that keep us vital, that keep us alive, that make America great. It is the celebration of the different heritages of our cultural identities that keeps us thinking, that keeps life interesting and meaningful, and it is the arts that celebrate that part of ourselves.

It is in fact embarrassing to me that our Government does not invest more in the arts, that it in fact seems to be retreating from the recognition of the value of the arts to our Nation and the enhancement of the arts which so define and express who we are.

At this time in particular, which is the close of one century, the beginning of another—in fact, the beginning of a millennium, certainly a marker for us in the Western World—I feel we should be expanding our commitment to the arts and humanities as our fellow nations worldwide, the major nations, are.

PREPARED STATEMENT

Not long ago one of your colleagues was visited by two pig farmers who were sitting in the reception area waiting to see the Senator and picked up some information about the National Endowment for the Arts, and when they went to see the Senator, the first thing they said was, "We only give 38 cents per person to the arts in America at the Federal level?" The Senator said: "Yes, we do," and the pig farmers said: "When we invest so little, how can we be the best?"

Now, I think it takes a farmer to understand what an investment means, but if we do not invest today in this Federal commitment to the arts we are really robbing our children's future.

Thank you very much. I will entertain any questions.

[The statement follows:]

PREPARED STATEMENT OF JANE ALEXANDER

Thank you Mr. Chairman and Members of the Interior Subcommittee. I appreciate the opportunity to testify today about the importance of the National Endowment for the Arts.

Today, Mr. Chairman, our longstanding Federal commitment to supporting arts and culture for the American people stands at a crossroads. For thirty-two years, the National Endowment for the Arts has led the way in making art accessible to average Americans in every city, small town and rural area of the United States. Now the issue before you is clear—will the Federal government continue to be a partner in preserving the cultural heritage of this nation—will it continue to invest in the creative potential of its citizens, and future generations?

Or will we be the only major nation on earth to deny a Federal role in our country's artistic endeavors?

The $99.5 million contributed to the arts and culture each year by the Federal government through the National Endowment for the Arts is a relative pittance—less than one-one hundredth of one percent of the Federal budget—less than 38 cents from each American. Yet its impact is felt throughout the land, and an overwhelming majority of Americans have repeatedly said they want it continued.

Mr. Chairman, I understand that this committee and a healthy majority of the United States Senate supports Federal funding for the arts. As you know, however, there are a few who are extraordinarily adamant in their desire to eliminate the National Endowment. They have undertaken a relentless campaign against the agency. They are rehashing old arguments and they are dredging up even older controversies. Two weeks ago they used a $750 grant that had been awarded in 1968, almost thirty years ago, as the centerpiece of their attack on the NEA.

They criticized us for a grant the agency awarded a few months ago to the California Indian Basket Weavers Association, as if this world-renowned form of traditional art mastered by Native Americans was somehow not worthy of support.

You will hear many arguments in the coming months about whether funding for the arts should continue. As Chairman, I have made the agency more accountable in accomplishing its fundamental mission of connecting Americans everywhere to the best art. Last year, in response to a 39 percent cut in our budget, I reorganized the agency in order to operate more efficiently with a drastically reduced staff. I restructured the entire grant review process from top to bottom, limiting most organizations to only one grant and consolidating our support for state arts agencies and regional organizations into streamlined Partnership grants.

Despite this hardship, we have awarded 1,029 grants in 1997. Two weeks ago, we announced new grants totaling almost $67 million, drawing to a completion the agency's first funding cycle under the new structure. We made 494 grants to organizations totaling almost $23.5 million in the area of Creation & Presentation for a wide range of projects that include music and theater festivals, design workshops, composition and choreography commissions, nationwide dance tours, major museum exhibitions, and hundreds of other projects. They ranged from a $50,000 grant for the Anchorage Concert Association to support a series of dance residencies with the world-famous Paul Taylor Dance Company in Alaska to a grant for Monadnock Music in Peterborough, New Hampshire, to support eighteen free concerts in New Hampshire's rural towns and villages.

In the area of Planning & Stabilization, 125 grants totaling almost $10.5 million will help many of America's arts organizations achieve greater financial stability. These projects address many needs, from raising earned income and endowments to conducting feasibility studies, or adapting technology to develop new audiences. For example, the Cumberland County Playhouse in Crossville, Tennessee, which already serves more than 100,000 rural citizens and visitors, will reach out even further with a new cultural tourism campaign. The Artist Trust of Seattle will receive $100,000 to support the establishment of a self-sustaining endowment. Thirty thousand dollars awarded to the Balboa Art Conservation Center in San Diego will go to improving the collections storage needs of small to mid-sized museums throughout California, Arizona, Washington and Oregon. Seventy-five thousand dollars will help the Santa Fe Chamber Music Festival establish a cash reserve.

By statute, 35 percent of the Endowment's program dollars are awarded each year through Partnership grants to the state and regional arts organizations creating a strong interrelated Federal, state and local system of support for the arts in communities throughout the United States. Sixty-two Partnership grants totaling $30 million were awarded two weeks ago, as were forty Creative Writing Fellowships, one of the few types of support to individuals still offered by the Endowment.

We supported fifteen Leadership collaborations with other public and private organizations. These are projects of national importance that would not happen without the Federal government's commitment of resources and leadership, and they include such initiatives as Creative Partnerships for Prevention, a youth program run with the Department of Education offering the arts and humanities as an alternative to drugs and violence. Another award will support the Fund for U.S. Artists at International Festivals and Exhibitions.

One of our most successful Leadership Initiatives is the ongoing Mayors' Institute on City Design which is dedicated to improving the design and livability of America's cities. Each year, the Institute holds a series of two-and-one-half day symposiums organized around presentations and round-table discussions. At each meeting, mayors and designers discuss specific problems facing cities and examine a broad range of ideas, precedents, and improvement strategies. Each mayor presents a case study of a critical issue from his or her city, and members of the resource team—nationally known architects, planners, and urban development experts—identify issues, offer suggestions, and discuss solutions. The interchange between mayors and designers sparks lively debate, opens new perspectives, and generates creative ideas. Since its inception in 1986, more than 300 mayors have participated in the meetings.

A few months ago, in December, we announced the first grants made under our other two funding categories, Heritage & Preservation and Education & Access. In the area of Heritage & Preservation we approved 121 grants totalling $6.1 million for projects to preserve America's significant and unique artistic accomplishments for the benefit of our future generations—projects like the one sponsored by Cornerstones Community Foundation in Santa Fe, New Mexico, to help preserve the historic buildings native to the area, particularly the region's historic adobe churches.

We supported important folk arts projects like the one sponsored by the Alabama Folklife Association to publish and document primitive Baptist hymns, and the one by the Cedarburg Corporation to help celebrate Wisconsin's sesquicentennial through a traveling exhibition of Wisconsin folk art. We supported statewide apprenticeship and support programs in West Virginia, Alaska, North Dakota, Hawaii and other states. We gave a grant to an organization in Falls Church, Virginia, that is using innovative technologies to safeguard and preserve our dance heritage. Finally, Mr. Chairman, we will continue to sponsor, as we have for many years, the annual Fourth of July concert and radio broadcast held on the grounds of the Washington Monument.

Indeed, in December, we also awarded our first grants in the area of Education & Access, where priority is assigned specifically to arts education, and other projects that broaden the arts experience of millions of Americans. Many of the people who benefit from these grants have not always had the opportunity to participate in the enterprise of creating art or simply experiencing art as it is created by others, be it a night at the symphony, a children's festival, a concert in the park or a creative writing program.

We awarded almost half of our Education & Access grants to performing arts organizations that are reaching out into their communities. The Chicago Theatre Group received $125,000 to support the Goodman Theater's student subscription series, giving many thousands of high school students the opportunity to attend free matinee performances. Similarly, the Houston Grand Opera will undertake a major audience development project with the help of a $200,000 NEA Education & Access grant, which they will match with one million additional dollars of their own. They

are planning free performances of Carmen and Madame Butterfly, and will place young opera singers in the public school classrooms as artists-in-residence. They will reduce ticket prices and perform in over one hundred public schools in the region. Mr. Chairman and members of the Subcommittee, young Texans will have the opportunity to appreciate opera as they never have before.

Through our Education & Access grants we are also continuing to support projects in many small towns like the Bloomsburg Theatre Ensemble's traveling educational project in Pennsylvania's elementary and middle schools, and West Liberty, Ohio's, Mad River Theater Works' development of a new play based on the local history of Champaign County. We are continuing to support Pittsburgh's Manchester Craftsmen's Guild, an exemplary inner-city community development center that uses the arts to provide young people with a safe haven and important job training skills. The corporate offices and laboratories of western Pennsylvania are filled with young, productive Americans who found their way in life with the help of strong mentors at the Manchester Craftsmen's Guild. If you are ever in Pittsburgh, you must visit the Guild. As a matter of fact, they are now the proud recipient of a Grammy Award for their first CD for Jazz at the Manchester Craftsmen's Guild.

While I am confident that the Endowment has funded the best projects, I am disappointed that many excellent and extremely worthy projects were necessarily rejected due to the lack of adequate funding. Many applications submitted by some of America's finest arts institutions—large and small, in little towns and big cities—were necessarily rejected. That is the sad situation we face in our reduced funding state.

And so, I am deeply concerned, Mr. Chairman, about the financial state of the nonprofit arts industry in the United States today. Grants from the Federal government are only part of a complex system of funding that includes ticket sales, program advertisements, corporate and foundation giving, gift shops, membership fees and other creative fundraising techniques. While earned income is a substantial part of any organization's budget, the cost of producing art for public consumption exceeds income for all but the most popular ventures. According to a study published last year by the President's Committee on the Arts and Humanities in conjunction with the Rockefeller Foundation, private and corporate foundations already give over $1 billion to the arts each year. They say they will not and they can not give more. In any case, corporate and foundation dollars are given locally, concentrating on the largest, most prestigious institutions, often in response to capital campaigns that include government support. Those dollars most often do not reach into small cities and rural areas. It is the Federal dollars that reach into those areas, and the Federal imprimatur which the NEA represents in the arts which attracts other monies.

By government standards, the National Endowment for the Arts is a tiny agency. But it is also the largest single source of funding for the non-commercial arts in the country. It is the engine that drives other public and private investment in the arts, and it is not a drain on the economy by any standard of measurement.

I agree with many Members of Congress and others who say that the commercial entertainment industry could do more to support the nonprofit arts. We are, after all, the incubator of artistic skills. Each year hundreds of directors, actors, set and costume designers, writers, producers, musicians and others who get their training and experience in the nonprofit sector make the jump to the big commercial entertainment companies. I have had some conversations with entertainment executives on this subject, but have not been particularly successful in persuading them to support the arts on a corporate level.

In this respect, it is important to make a distinction between what the large entertainment companies do, and what individuals like Robert Redford, Steven Spielberg, and many, many others have contributed over the years. These individuals certainly have done their part in terms of contributing time and resources toward the furtherance of young artists and important art forms. And in this respect, I do not believe it is fair to criticize them or other influential individuals who come to Washington to advocate in behalf of Federal funding for the arts. They pay a considerable share of taxes like other citizens, and surely they have the right to advocate for the programs they care about.

Mr. Chairman, as part of my effort to create a more holistic synergy between the arts and the communities in which they flourish, the Endowment in 1996 launched American Canvas, a year-long effort to bring together people from all walks of society to gain a better understanding of how the arts transform communities, and how they may be supported better. Funded almost entirely from private contributions, the Endowment convened forums in seven cities across the United States. Through these meetings, artists together with educators, businesspeople, clergy, elected offi-

cials, and many others worked together to develop new strategies for supporting the cultural infrastructure that every healthy community needs to have.

The major objective of American Canvas, and the report we are working on now, is to give communities tools for understanding the value of their cultural attractions, and tools for preserving and enhancing those attractions. Mayors and other local leaders know culture has more to it than aesthetics. Culture makes cities livable and attractive. Cultural institutions can be the difference between winning or losing the competition for economic development.

Mr. Chairman, I could go on about the many things we are working to accomplish, but I want to take a moment to consider some of the things that we are not able to do. Prior to 1996, the National Endowment for the Arts was averaging approximately 4,000 grants each year. In fiscal 1996, a transition year in which we were cut by 39 percent, we made approximately 2,000 grants under both the old and the new systems. In 1997, the first year in which new system was in place for the entire grant-making cycle, we expect to make about 1,100 grants. Many arts institutions that received grants in the past no longer do. And as you know, we are not permitted to make grants to individual artists at all, except in a few limited circumstances.

Prior to 1996, the application-to-grant success ratio for organizations averaged about 60 percent. Today that ratio stands at about 35 percent, and there are many disappointed people as a result of it. In fact, they are quite skilled in making their displeasure known. They write to their elected representatives who write to me wanting to know why their constituents were rejected for funding. In many cases, I can only respond that we lack sufficient funds, and it is difficult to draw the line between projects that are all exemplary. We try to be as fair as we can.

Finally, Mr. Chairman, I wish to assure you that President Clinton strongly supports the National Endowment for the Arts. The President's powerful and eloquent remarks about the arts and culture were unmistakable when he appeared before Congress in his State of the Union Address a few months ago. I would like to repeat his words today:

The enduring worth of our nation lies in our shared values and our soaring spirit. So instead of cutting back on our modest efforts to support the arts and humanities, I believe we should stand by them and challenge our artists, musicians and writers—challenge our museums, libraries and theaters. We should challenge all Americans in the arts and humanities to join with their fellow citizens to make the year 2000 a national celebration of the American spirit in every community, a celebration of our common culture in the century that is past and in the new one to come in a new millennium so that we can remain the world's beacon not only of liberty but of creativity long after the fireworks have faded.

Today, I am here to support the President's request of $136 million for the programs of the National Endowment for the Arts in fiscal year 1998. We believe the increase in funding will permit us a modest increase in the work we are doing to support arts education projects, access and outreach to underserved communities, new technologies, the coming millennium celebration, and finally, the help we give to arts organizations in every part of the United States to preserve our heritage and invest in our future. The National Endowment for the Arts remains committed to bringing the most excellent art to the most Americans. Mr. Chairman and members of the subcommittee, I hope I can count on your support.

Again, I am pleased to have this opportunity to speak with you.

---

## BIOGRAPHICAL SKETCH OF JANE ALEXANDER

Jane Alexander was nominated by President Clinton to become the sixth Chairman of the National Endowment for the Arts in the summer of 1993. After unanimous confirmation by the U.S. Senate, she was sworn into office by Supreme Court Justice Sandra Day O'Connor on October 8, 1993.

Since becoming Chairman, Ms. Alexander has visited more than 200 communities in all 50 states and Puerto Rico. In over 300 public speeches, she has outlined her vision for the agency with thousands of people. She has met personally with Members of Congress, governors, mayors, state legislators, artists, administrators, and corporate, education and community leaders throughout the nation. Taking up the challenge of President Clinton to "renew America," Chairman Alexander has spoken out about how the arts can contribute to better schools, more vibrant local economy, and stronger communities.

As part of the Clinton Administration's efforts, she has strengthened some 30 partnerships with other Federal agencies. Under Chairman Alexander's leadership, the Arts Endowment began a partnership with the Department of Justice serving

at-risk youth through the arts. The Endowment has also formed partnerships with the Department of Education for improved arts education research and development.

Six months after taking office, Chairman Alexander convened the first national arts conference organized by the Federal government, "Art 21: Art Reaches into the 21st Century." From this foundation, she has developed her priorities for investing in communities, education, new technology, preservation of our heritage, and partnerships for the arts. In 1996, the Endowment launched "The American Canvas," a series of community forums to find systemic ways of supporting the arts. As part of the agency's efforts, Chairman Alexander established the Office of Enterprise Development to seek new ways to support the arts.

In the face of Congressional budget cutbacks, she has successfully completed a total reorganization of the Arts Endowment, emphasizing partnerships and cross-disciplinary initiatives, including a category for Millennium Projects to celebrate American art at the turn of the century. Chairman Alexander has created new tools for public access to the agency, including the Arts Endowment's World Wide Web site, and she has initiated a $1 million leadership initiative with the Benton Foundation to increase opportunities for artists and small arts organizations to improve communications through the Internet.

For her leadership, Ms. Alexander has received a number of honors, including the 1995 Montblanc de Culture North American Award, the Common Wealth Award, the Crystal Award and the Sara Lee Frontrunner Award for her bringing the arts to the American people. She is a much sought-after public speaker and has given commencement addresses at The Juilliard School, the UCLA School of the Arts, North Carolina School for the Arts, the University of Pennsylvania, Princeton University, Washington University of St. Louis, the New York High School for the Performing Arts, the College of Santa Fe, and Duke University.

Ms. Alexander, a native of Brookline, Massachusetts, has been active in the arts for all of her adult life as an award-winning actress, producer, and author. In addition to appearances in 40 films and television programs, she has performed in over 100 plays on stages across the country. Ms. Alexander received six Tony Award nominations, four Academy Award nominations, and five Emmy Award nominations, and she received a Tony Award for The Great White Hope and an Emmy Award for Playing for Time. She also received the Television Critics' Circle Award for her portrayal of Eleanor Roosevelt in Eleanor and Franklin: The White House Years.

Ms. Alexander has produced three films, including the acclaimed A Marriage: Georgia O'Keeffe and Alfred Stieglitz for PBS's "American Playhouse." She has narrated documentaries, short stories and books, and is co-author of an adaptation of Henrik Ibsen's The Master Builder and co-author of The Bluefish Cookbook.

Prior to becoming Chairman, Ms. Alexander served as an effective and articulate advocate for a number of worthwhile causes, including Women's Action for New Directions, the Wildlife Conservation Society, and the National Stroke Association. In recognition of her leadership, she received the Living Legacy: Jehan Sadat Peace Award in 1988.

Ms. Alexander attended Sarah Lawrence College and the University of Edinburgh. She was born on October 28, 1939 in Boston, the daughter of surgeon Thomas B. Quigley, one of the pioneers in the field of sports medicine and Ruth Pearson, a nurse in neurosurgery. Her grandfather Daniel Quigley was Buffalo Bill's personal physician in North Platte, Nebraska. Ms. Alexander is married to director Ed Sherin. Her son, Jace Alexander, is a stage and film director.

ROMANOV EXHIBIT

Senator GORTON. Ms. Alexander, I would like to ask you a question about an incident related to the arts and/or the humanities that has been on the front pages of our newspapers here for the last 2 or 3 days. Through the Arts and Artifacts Indemnity Act, do you have anything to do with the large van that has been sitting out on the street here and is now at the Russian Embassy?

Ms. ALEXANDER. No; that is one controversy we will not take credit for. [Laughter.]

We did not indemnify the Romanov exhibit.

Senator GORTON. Well, I am sorry to hear that. I was looking forward to your comments on that one. [Laughter.]

In spite of my opening remarks, there still is a debate continuing on the existence of the National Endowment for the Arts itself, as I said, primarily in the House of Representatives. Could you, for our information, and in reaching our decisions here in this Appropriations Committee, give us a status report on your discussions with Members of the House on this subject? Do you have any reason to believe that our counterpart in the House will include an appropriation for the National Endowment?

STATUS OF NEA APPROPRIATION IN THE HOUSE

Ms. ALEXANDER. We do not know the answer to that, although we are speaking with Chairman Regula fairly often. We do not know what he intends to do, or what the subcommittee intends to do with regard to appropriations. What we fear is a zero appropriation, and then that does not leave a lot of negotiating room for the Senate and for the administration.

At $99.5 million, Mr. Chairman, we really cannot go lower, and in fact we are losing ground even if we were level-funded, because of cost-of-living increases and administrative costs. We have to make up the difference.

Senator GORTON. When you are faced with arguments about elimination, do they stem in your view primarily because of criticism of particular grants, or primarily from the argument that this is not an appropriate role for the Federal Government whatever the grants are?

Ms. ALEXANDER. A little of both. I think that there are some of our critics who just feel that we have been funding a lot of controversial works, which, by the way, is not true, and others who simply do not think that it is an appropriate Federal role. I disagree with that, of course. I think it is the most appropriate Federal role.

Senator GORTON. So you have to deal constantly with both of those arguments?

Ms. ALEXANDER. Yes, indeed.

Senator GORTON. Now, it looks as though the sympathy you have in the Senate may very well result in at least the report of a reauthorization bill from the Senate Labor and Human Resources Committee. Can you comment on that? Are you looking for any significant changes in your authorization here?

STATUS OF NEA REAUTHORIZATION

Ms. ALEXANDER. I do have a hearing before the Senate Labor and Human Resources Committee next week with regard to reauthorization. We do not know exactly what that means yet. We will be looking for a 5-year reauthorization of the agency, which has not been reauthorized since 1993.

Senator GORTON. Would you be relatively content just to have a 5-year reauthorization based on the present statute?

Ms. ALEXANDER. That is correct.

POSSIBLE CONSOLIDATION OF ENDOWMENTS

Senator GORTON. On another subject that you have discussed before, I would like your current remarks. It is the proposal to con-

solidate the two Endowments. Would you share with us your views on it? Are there any pluses that it might have from an administrative standpoint, or obstacles that might be encountered due to inconsistency with different goals?

Ms. ALEXANDER. Yes; I would be glad to. We did explore a merging of the two agencies at Congress' request 2 years ago, and we continue to look at how we might merge the administrative functions, but right now we are pretty bottom line, both of us, and there would be no cost savings in merging the two agencies.

We share as much as we can already, and we share library space and some of the staff and so on, but we do not see any savings to the Federal Government emerging at this time.

REORGANIZATION OF NEA

Senator GORTON. One more subject and then I am going to defer to my colleagues. During last year's hearing you had just reorganized the agency from 17 different disciplines into four broad categories. Can you tell us now how this is working, and whether or not you are satisfied with the change?

Ms. ALEXANDER. Yes; our four categories seem to be working very well. It was a hard learning curve for our arts organizations this year because they were restricted legislatively from applying for seasonal support and had to apply for project support only, and they had a very short time line in which to accomplish this.

We feel that this coming year will be easier for everybody, that they know the process somewhat. Our staff, which as you know I had to reduce by about 45 percent, is now understanding the process better as well, and they are spending more time than ever on the phone with the constituents across the country.

APPLICATION AND GRANT STATISTICS

Senator GORTON. Is it going to mean, or has it meant an increase or a decrease in the number of applications and the number of applicants?

Ms. ALEXANDER. Yes; we sought a decrease in the number of applications, asking organizations only to apply for one category, one grant.

Senator GORTON. Decrease in the number of applications? Is there a decrease in the number of applicants?

Ms. ALEXANDER. Applicants? Yes, indeed. Well, the bulk of them came when there was a prohibition against funding individual artists, with the exception of literature. We reduced our applicants by about 9,000 right there, and we now have applications from about 3,000, and we funded 1,000.

NEA PARTNERSHIPS WITH STATES

Senator GORTON. As part of that new program structure State grants were consolidated into State partnerships. Has that created a favorable response from State arts agencies?

Ms. ALEXANDER. Yes; I think so. We are very pleased with our partnership meetings with the States. We already had a real partnership with the States, but what we wanted to do was look at the States State-by-State, if you will. So now every 2 years we bring

in a State in a small colloquy of about five to six other States and we discuss our mutual problems with regards to serving the arts constituency in that State. It seems to be working very well.

Senator GORTON. Good. At this point, while I have more questions, I think I will defer to my colleagues, who may or may not have as much time as I have.

Senator Bumpers, have you any questions?

Senator BUMPERS. Mr. Chairman, I do not have any questions.

Ms. Alexander, I would like to echo Senator Cochran's words. I think you have done an excellent job under very difficult circumstances, Ms. Alexander.

Ms. ALEXANDER. Thank you.

Senator BUMPERS. You have my undying gratitude, and I am sure I do not just speak for myself but many others.

Ms. ALEXANDER. Thank you, Senator.

Senator GORTON. Thank you, Senator.

Senator Campbell.

Senator CAMPBELL. I was just musing about the arts here while listening to Ms. Alexander, Mr. Chairman. I used to teach art. I was involved in it pretty deeply for years and years, as you probably know, and I have a friend in Washington here, a lady, who is awful. She paints, and she showed me a picture the other day, a portrait of the late Rock Hudson that looked suspiciously like Quasimodo. [Laughter.]

But you know, I do not have to like the result to support the effort, and I am convinced that with enough training and effort, that her future portraits of Rock Hudson will look at least like John Wayne. She is getting better. [Laughter.]

I want also to associate myself with the comments of Senator Bumpers when he talked about prisons. I think you mentioned $26,000 a year.

Senator BUMPERS. No; $24,000.

IMPORTANCE OF THE ARTS IN PENAL SYSTEMS

Senator CAMPBELL. $24,000 a year is spent to house convicts in prison. I understand also it is about $1 million a cell to build them, and they are going up at about twice the rate of our college population. If you were to graph it, not in total numbers, but if you were to graph the last 10 years there are one-half million more new convicts, and I am very well aware of what you are talking about, since I was once a counselor, a volunteer counselor in Folsom Penitentiary in California, Senator Boxer's State.

But I just wanted to mention that prisons have seen a great number of people who have gotten involved in the arts when they were in prison. Almost every Federal penitentiary that I know of now has a prison art show every year. They have a store, a craft store where prisoners can sell their arts and crafts, and it gives them an opportunity to raise a little bit of extra money from doing laundry, making license plates, or whatever else they do in prisons.

When I was at Folsom, a couple of times I judged the Folsom Prison art show. I was amazed at some of the talent that they have, and obviously they have some talents that went the wrong way or I guess obviously they would not be in there, but I was amazed at that.

And when I was a counselor I was also working in a half-way house that helps get convicts back into the mainstream, get them jobs to stay out of trouble, and a number of them that got out of prison those years I was doing that ended up making a living in arts, being painters or jewelers or something, so I know there is a connection there.

Senator BUMPERS. Senator Campbell, would you yield for just a little personal vignette?

Senator CAMPBELL. Yes, sir.

Senator BUMPERS. I was Governor of Arkansas in 1972, and Betty Bumpers, who was an art major, got a $50,000 grant from Nancy Hanks, who was then head of the National Endowment for the Arts, and the $50,000 was to do some pilot programs of teaching art in the first grade of the elementary schools. I do not know, it was maybe 20 schools, or 30 or more, and she had a little money left over. She took it down to Cummings Prison and did a little art program down there, and those inmates flocked in to participate in that. Betty said it was absolutely remarkable how talented some of those people were.

The point of the story being, if there had been early intervention in the form of finding that talent among those children, they would have been challenged in the first grade and had a chance to demonstrate their art. They would not have been there.

Senator CAMPBELL. The reason I made that comment is because I know that every questionable grant the NEA gives gets a heated debate started, as you might imagine. I do not know if you are giving any for prisoners or not, but if you give any for prisoners we are going to start getting mail on that.

I think as Senator Bumpers said there is some real value in arts for people who are incarcerated. It has been proven many times. People in hospitals who have psychotic problems, even, the arts help, so it is a much broader issue than we normally view here.

ECONOMIC CONSEQUENCES OF AGENCY ELIMINATION

I just wanted to ask you maybe a couple of questions. You mentioned the economics of the arts, but I was trying to put a dollar figure on that. Do you have any guesstimates about if the funding of the NEA were cut off what would the economic consequences be, because you mentioned corporate money is drying up, State money, they are reluctant to give any money if we do not help out with grants and things of that nature, but do you have a dollar figure?

Ms. ALEXANDER. It is hard to quantify because there are always so many partners that go into funding the nonprofit arts. Some of the studies that have been done independently in places like New York and New Jersey, show that the impact on the metropolitan area from the arts at large, including the commercial sector, is absolutely enormous—billions of dollars.

It is very hard to be able to say what it would mean. All I can tell you is that we reach people through the public sector that are not covered by the private sector, such as your eloquent testimony with regard to the basket-makers. What corporate sponsor is going to pick up the California Indian Basket-Makers Association?

So I think it would amount to billions of dollars, but I have no way of actually knowing.

GEOGRAPHIC DISTRIBUTION OF NEA MONEY

Senator CAMPBELL. Another thing I am interested in is, we hear there is something like 50 percent of all of the grants go to just a couple of States. New York is an example, a lot to the District of Columbia also, and the further away it gets from the east coast, particularly in the rural areas and poorer areas, the less they get. How does the National Endowment for the Arts respond to the needs of those rural, kind of out-of-the-way places? I know that they have in this case, but let us say, Appalachia or somewhere else.

Ms. ALEXANDER. Well, I am very glad that you brought that up, because in fact although we do give a lot of money to New York, of course we get the bulk of our applications from New York and California, the two main talent pools, if you will, for almost all the arts, everything from design to music, and so on.

But as I pointed out with the Metropolitan Opera and the broadcasts, what we try to do is facilitate through our New York grantees national impact, and there are many, from broadcasts on NPR and PBS to the Paul Taylor Dance Co., which tours the country, to Alliance for Young Artists and Writers that tours the country, and so on.

So our New York grantees, we must keep in mind, are not just going to stay in New York for the most part. They are going to tour. Their impact also serves the tourists that come from out of town to New York.

We reach rural areas to the very best of our ability, and we were very pleased in our latest grant round that fully 25 percent of our grants went to organizations with budgets under $250,000, so that means we are reaching the small arts organizations, the ones that may be in Telluride or small communities everywhere.

NEA PROGRAMS FOR AT-RISK YOUTH

I would like to bring your attention, since you were talking about prevention and what the arts can do for those who are incarcerated or have other problems. This is one of our newest publications, called Art Works—you may have it in front of you—Prevention Programs for Youth and Communities.

One of the most outstanding organizations in New Orleans, called Young Artists, Young Aspirations, began as a visual arts program for kids after school at a visual arts gallery called Ya-Ya in New Orleans.

To make a long story short, last year they received a very fine commission to create the fabric for the United Nations, and this is a copy of some of the slipcover fabric that they created for the chairs in the United Nations. These young people all have careers now in the arts, and they began with after-school programs for kids who were kind of hanging around.

Senator CAMPBELL. And they got part of their initial funding through the National Endowment for the Arts?

Ms. ALEXANDER. Through the National Endowment for the Arts, correct.

Senator CAMPBELL. That is a good graphic illustration.

Thank you, Mr. Chairman.

Senator GORTON. Thank you. Senator Cochran.

Senator COCHRAN. Mr. Chairman, I noticed in Ms. Alexander's statement the reference to the Creative Partnerships for Prevention Program, a youth program run with the Department of Education offering the arts and the humanities as an alternative to drugs and violence.

I wonder, this collaboration with other organizations like this, is this something that you have had an opportunity to judge in terms of whether there are success stories, or has it just been started? Do you know any of the results that you could pass on to the committee?

Ms. ALEXANDER. The evaluative studies about the importance of arts in helping our young people in particular are ongoing currently, and one of the partnerships that we have with the Department of Justice is just that.

It is an evaluative study to understand quantifiably what the arts do for young people, and to follow them after these programs. I think that is very important for us to begin to know whether they are going to sustain the arts in their life, whether it impacts their thinking about how they relate to society, and so on.

So that is one of the partnerships we have going with the Department of Justice in this regard.

AMERICAN CANVAS

Senator COCHRAN. Another new initiative that I noticed in your statement was the American Canvas, where you are working with local communities to identify cultural assets and how they can be used to enrich the lives of the citizens there and be contributors to the economic progress of those communities.

Tell us how that is working. Are there any anecdotal items of evidence that you can pass along for our hearing record?

Ms. ALEXANDER. Senator, we went into six cities. We went into Charlotte, NC, and Rock Hill, SC, which was one visit. Rock Hill, SC, is a very small area that has revitalized itself through the arts, and Charlotte, NC, of course, is a pretty large city now, and it has totally transformed itself with a great deal of money going into the arts in their community.

We visited Salt Lake City, we visited Los Angeles, we visited San Antonio, TX, we visited Columbus, OH, and we visited Miami as well, and we held day-long or 2-day forums about the value of the arts to their communities and how they intended to sustain them for the future. We are concerned that there is not a solid infrastructure for the arts in the United States, as there is, and growing, for our natural resources.

We do fund our parks and almost every city funds parks and recreation, but there is not a dedicated source of revenue in a community—in all communities for our cultural resources—so that is what we were trying to build and to discuss and to explore. We will have a report out, our American Canvas report, and also an action plan for communities everywhere, sometime in June.

Senator COCHRAN. Thank you very much. Thank you, Mr. Chairman.

Senator GORTON. Thank you. Senator Bennett.

Senator BENNETT. Thank you, Mr. Chairman. I recognize the special session or executive session is convening and, therefore, I need to be brief but I did want to welcome Ms. Alexander to the committee and to thank her publicly for coming to Salt Lake City. She made a big hit there, as she always does wherever she goes, and I want to thank her for her general leadership in this area as a whole.

I do also want to wish Sheldon Hackney well in his new activities as he moves on, and have the unfortunate responsibility of commenting that the director of the Humanities Council in the State of Utah, Delmond Oswald, unexpectedly and tragically died recently, which leaves for us in Utah a fairly significant hole in our leadership.

But we are trying to do what we can to see to it that we continue the tradition that goes all the way back to Brigham Young and the founders of the State of appropriate public support for the arts and humanities. I will do what I can at the Federal level to see that the appropriate support is continued.

With that, Mr. Chairman, I suppose we all want to be off to find out more about chemical weapons. Maybe we already know enough, but that is where I am going to have to go.

Senator GORTON. Thank you. Senator Gregg.

Senator GREGG. I will associate myself with the comments of the Senator from Utah, which I think are very appropriate, and allow us to adjourn.

Senator GORTON. Oh, we are not going to adjourn. You can leave if you wish, but we do have quite a bit more to go.

Senator GREGG. Well, in that case I could take the next hour and give you my thoughts on this subject. [Laughter.]

Let me just say that I do believe that Government funding for the arts and humanities makes sense. As Governor, I actually increased funding for those programs during a time of serious recession, because I felt it had a positive effect on the culture of the State, and I believe it has a positive effect on the culture of the country.

We all recognize that the NEA funding has been controversial. Art is by nature controversial. I do think the leadership of the NEA has tried to be sensitive to the fact that these are tax dollars and should be managed effectively, and should be managed with some sensitivity to the fact that you are dealing with tax dollars and not with private money. Thus, aggressiveness which can be used in funding has to be muted to some degree, but I think on balance these organizations have done a good job, and I believe they deserve our support.

I will pass on questions.

Senator GORTON. One more comment, Ms. Alexander. I commented on the attendance here today. It has now increased. My roster indicates that 10 of the 17 members of the subcommittee have attended.

I have a note here from Senator Domenici asking me to apologize for his absence. He is chairing the other subcommittee on appropriations that is meeting right now that so many of us, myself included, are members of, and of course I cannot avoid that. Many

of the Democrats, as Senator Boxer said, are at the White House to discuss the budget.

STATES SUPPORT OF THE ARTS

But you have had a very impressive turnout here, and I have quite a number more questions, but most of them will be submitted to you in writing. I would like you for the record to indicate the overall level of public support for the arts in the United States. Do you know approximately how much State appropriations are for the purpose, and how much local government contributes to the arts, so that we have an overall long-term picture?

Ms. ALEXANDER. I do have those figures, but they are not right at my fingertips.

Senator GORTON. Well, let me read my notes to see if they are accurate. My notes are just over $265 million through State art agencies in 1995, and an estimate of around $650 million from local government allocations. Does that comport with your figures?

Ms. ALEXANDER. Yes; that is correct.

Senator GORTON. Have these been constant, or have they been going up?

Ms. ALEXANDER. It is State by State. The State appropriations actually have gone up in the last few years, but they are still not where they were in 1990. As for locals, I do not know the answer to that.

Senator GORTON. Now, is it your view that much of the State and local support is engendered by the fact that there is an NEA, that there is an overall national leader? What role do you play in this process?

Ms. ALEXANDER. Senator, I do not think that State appropriations are specifically tied to the National Endowment for the Arts, but what I want to stress is that this is a partnership that works, that really, really works. We are able together to leverage even more resources than we could do separately. We are proud of our partnership with the States. We feel it is important to continue, and that we play a very important role for them.

CHAIRMAN'S ACTION GRANTS

Senator GORTON. Under the law, the authorization, 10 percent of funds can be awarded by the Chairman without any prior review, just simply on your own. Do you do any of that?

Ms. ALEXANDER. Very, very rarely. Very rarely, and as a matter of fact this year maybe I have made two or three independent grants.

Senator GORTON. What would be the circumstances for that decision?

Ms. ALEXANDER. Where somebody was in real danger of having some real problems with a project, not controversial problems, but that just needed a little boost for something that was very, very important, for an organization that we really believed in, that somehow missed the deadline or something like that.

It is so rare, and this year because of our decline in our program funds, I am not going to do it at all.

NEA SUPPORT OF AMERICAN ARTISTS ABROAD

Senator GORTON. On another subject, has NEA played any role in supporting an American artistic presence abroad?

Ms. ALEXANDER. We do play a role. To my chagrin it is paltry compared to the other nations, who import a lot of our artists. When I meet with fellow ministers of culture or Ambassadors it is clear that we are not doing enough in this regard.

As the Greek Cultural Minister said to me only a few weeks ago, he said, "Thessalonike is the cultural capital of Europe this year, and they are having a long summer arts festival, and the United States is severely underrepresented," and asked what could I do about it, and I had to reply that there was really very little I could do about it.

But we do maintain some of our international programs. Our international program is an $800,000 program, and it is hardly enough to send our major artists abroad.

INCOME RECOVERY POLICY

Senator GORTON. Finally, the National Endowment for the Humanities has an income recovery policy from particularly successful projects. Does NEA have anything comparable?

Ms. ALEXANDER. We have the ability to recover some funds, but I would like to point out that the individual artists that we funded in the past, which is where one might garner money for the future when they become successful, most of them remain in the nonprofit art world and they do not make a lot of money.

I mean, a Pulitzer Prize winner does not necessarily translate into a big marketplace book that is going to be a windfall for that individual writer for the rest of his or her life, although the NEA has funded a great many fellowships that then go on to be Pulitzer Prize winners, book or prize winners and so on.

With regard to organizations, for example, an organization like the Public Theater in New York, which has a current hit in "Bring in Da Noise, Bring in Da Funk" on Broadway, a very successful musical, or in the past had a megahit in "Chorus Line," that money is plowed back right into the nonprofit organization, and just creates more opportunity for people to have theater for everybody, so we do not think it would be particularly an effective mechanism.

Senator GORTON. Ms. Alexander, as always you have spoken eloquently on behalf of your Endowment. We appreciate it, and we will certainly be calling on you as we attempt to determine what we can come up with and how it ought to be divided up.

Ms. ALEXANDER. Thank you very much, Mr. Chairman and members of the committee.

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. Thank you very much. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Endowment for response subsequent to the hearing:]

## ADDITIONAL COMMITTEE QUESTIONS

### AGENCY MISSION

*Question.* Since its founding, NEA has played a major role in the decentralization of the arts. State arts agencies and local arts councils have been established in all fifty states and the arts have been made available to a much broader constituency throughout the country.

Has NEA's success in making the arts more accessible to all Americans resulted in redefining the role of the federal endowment vis-a-vis the states? Does an established state network of arts agencies bring with it a different set of requirements that are sought from the national endowment than were needed as the network was being created?

Answer. The Arts Endowment and state arts agencies have long played critical and often complementary roles in making the arts more accessible. For example: state arts agencies often assist in the development of emerging local groups that later receive Endowment support for projects of regional, national or major field significance; state arts agencies often assist community groups that present touring events created with Endowment assistance; and state arts agencies provide the link between the Endowment's arts education initiatives and the classrooms or community venues in which they come to fruition. Progress in making the arts more accessible has not—in itself—changed the role of the Arts Endowment in relation to the states. However, a partnership between state arts agencies and a strong national arts agency continues to be essential to the goal of making the best art available to the greatest number of people.

It has been many years since the network of state arts agencies required the kind of "hands on" technical assistance that was needed as these agencies were being created in the late 1960's and early 1970's. However, in other respects there has not been much change with regard to what these agencies require of their federal partner. Even though aggregate state arts appropriations have grown, the federal dollars are still critical. For seven agencies, the Endowment's support still exceeds the amount of the state appropriation, and for thirteen, the federal support amounts to more than a third of their budget. Even for states with large appropriations, the federal funding provides much needed flexibility. While state arts agencies look to the Endowment for national leadership in arts education and other areas, the two now operate as true partners. Many state arts agency directors and commissioners have stated that without the example and incentive provided by the Arts Endowment, some agencies would lose their state support, and the working network of state arts agencies would be greatly weakened or cease to exist.

*Question.* Has the agency's mission, or the execution of it, changed over the years? If you had the opportunity to redefine the NEA's mission, are there ways in which you would change it? Or do you believe that mandate under which you've operated over the years remains relevant?

Answer. The mission of the National Endowment for the Arts is to foster the excellence, diversity, and vitality of the arts in the United States, and to help broaden public access to the arts. Throughout our 32-year history, beneficiaries of our mission have been the participants, audiences, and communities who are provided access to the best contemporary and traditional American art and opportunities for lifelong learning in and through the arts. Our service, while focused primarily on grantmaking, also includes leadership activities such as technical assistance, research and dissemination of information on the arts of national importance, and providing a forum for addressing national and regional issues in the arts.

The National Endowment for the Arts is unique in that it is the only federal agency established expressly to nurture and support arts and artists of the highest quality. Further, in establishing the Endowment, Congress declared that "the arts and the humanities belong to all the people of the United States," and the Arts Endowment was founded to help ensure that all Americans indeed had access to artistic activity of excellence and merit. In meeting this charge, not only have Endowment grants reached into all 50 states, but the agency supports projects having the potential to serve the entire nation. Through its programs, the Endowment has helped support the arts and cultural activities of the more than 170 different ethnic groups that live in every corner of the United States.

The Endowment serves as a catalyst, the national identifier of artistic excellence and merit, and the leader in helping arts organizations and regional, state, and local arts agencies obtain access to potential governmental partners. For example, without the Endowment, federal programming in literature with national organizations such as the YMCA and the American Library Association would cease. Identifying and funding programs which help assure accessibility to arts activities for disabled

people across the country would suffer. Leadership in convening over 100 representatives in the arts, education, business, and other sectors toward achieving a national strategy to implement locally arts education standards as a part of Goals 2000 would be missing.

The Endowment also helps leverage private funding for the arts. Grants from the Arts Endowment require recipient organizations to match their awards 1:1 or 3:1, depending upon the program. The credibility of the Endowment as the national identifier of artistic excellence and merit has proven to be an important tool for grantees.

Public arts funding at the state and local levels does not bring the national leadership and leveraging capability that results in partnerships and collaborations with the Endowment. Further, a 1994 survey revealed the central role of the Endowment in building a national infrastructure of support for American folk and traditional arts, and in leveraging an increasing annual level of private and local support for traditional American art.

The Endowment provides national coordination to the Federal/state/local partnership. Prior to the inception of the Endowment, only five state arts councils existed. The Endowment helped create arts agencies in all 50 states and the six special jurisdictions, and subsequently nurtured the federal/state/local infrastructure in support of the arts. Fully one-third of the Endowment's budget goes to these state arts councils, but only after careful review by a national level panel of their annual plans for programs supporting the arts in their communities. This enhances the effectiveness of inter-and intra-state programs.

Additionally, it is the leadership provided by the Endowment that helps sustain the country's artistic and cultural heritage by supporting traditional and contemporary art forms often not funded or underfunded at the state or local level or by the private sector. For instance, only six of the 56 state and jurisdictional arts councils have dedicated programs and staff in literature. Independent literary publishers exist in a specific community, but their audience is national. And certain art forms, such as design, are not funded by most states (in the case of design, 75 percent of state agencies have no such funding category). Touring across state lines in art forms such as dance occurs because of the Endowment's leadership, and its involvement further assures that the touring reaches small and rural communities. Because its perspective is national, the Endowment is positioned to identify and serve traditionally underserved (geographically isolated rural, inner-city poor, and certain ethnic) populations as well as senior citizens, disabled people, and people living in institutions. Its leadership in such areas has instilled awareness and responsiveness to these populations at the state and local levels and in the private sector.

As demonstrated through the examples given above, the mission under which the agency has operated continues to be relevant because the country continues to change—demographically, economically, culturally, socially, aesthetically—and, using its national vantage point and federal authority, the Endowment is able to respond to the changes to ensure that American art flourishes and benefits the American public. A review of the mission in 1994 reaffirmed the dynamic application of its principles. The Endowment's mission is never finished; rather, it is woven into the fabric of American life.

FISCAL YEAR 1998 BUDGET PRIORITIES

*Question.* $136 million has been requested by the President for NEA activities in fiscal year 1998. However, it is doubtful that the Subcommittee will be able to provide the agency with an increase over their fiscal year 1997 budget. If this is the case, would you advocate that the appropriation of funds remain the same for the various budget lines of direct grants, state partnerships, and administration? Or do you see a need to allocate the resources differently and, if so, how and for what reasons?

Answer. If the Senate Subcommittee is unable to provide the Arts Endowment with any increase for fiscal year 1998 over its fiscal year 1997 budget, minor adjustments would be needed in the allocation of funds among direct grants, state partnerships, and administration.

We would ask that the funds for the Policy, Research, and Technology office (OPRT), currently counted against the administrative account, be returned to the direct grants account. Funds expended by OPRT are solely for grants and/or cooperative agreements, primarily for the Endowment's research activities, not for its staff or other administrative costs. These research activities are authorized against the Endowment's programmatic budget, not its administrative budget, and until about 12 years ago were not counted as administration. However, in the mid-to-late 70's and 80's, the Endowment supported 6–12 "Regional Representatives," in different

parts of the country, whose role was to serve as two-way communications links between their regions and the Endowment. The funds for these "Reps" were carried as part of the-then called Policy, Planning, and Research Office (now OPRT). Feeling that Regional Representative costs were closer to administrative ("quasi-staff") than programmatic, the Congress in fiscal year 1985 moved that account to administration. But the Regional Representatives program ended in fiscal year 1992. Thus, the reason for OPRT's being counted against administration ceased to be, and its current activities are covered by a program, not administrative, portion of our legislation [Section 954(c)(10)]. We would ask, therefore, that these activities once again be considered part of our direct grants account.

In addition, we would need a very modest amount to cover increases in uncontrollable costs (e.g., Congressionally-mandated pay increases, GSA-decided rent increases, GPO-decided printing increases). If there were no increase in the Endowment's total budget, there would need to be small decreases in its other accounts as necessary to balance the required increase in the administrative account.

ARTS AND ARTIFACTS INDEMNITY ACT

*Question.* NEA administers the Arts and Artifacts Indemnity Act for the purpose of minimizing the costs of insuring international exhibitions. Eligibility under the program includes loans from abroad on exhibit in the U.S. and U.S. exhibitions travelling abroad. Eligibility was expanded recently to include domestic loans on exhibit here in the U.S. when they are part of an exhibition from abroad.

Over the last few years, there has been some discussion of expanding the Arts and Artifacts Indemnity Act to include general coverage of domestic exhibitions. The Federal Council on the Arts and Humanities has been unanimously opposed to this suggestion. However, the President's Committee for the Arts and Humanities urges the exploration of legislation to adopt this expanded language. Can you provide the subcommittee with some insight as to the difference in viewpoints between the two groups?

Answer. The authors of "Creative America," the President's Committee on the Arts and Humanities report, did not solicit our view or discuss with the members of the Federal Council their recommendation to explore legislation for a domestic version of the Arts and Artifacts Indemnity Act prior to printing the report. First, we would have corrected the error in the report which states that a new domestic version of the legislation "could also indemnify works of art and other artifacts from American museums for exhibition abroad." In fact, the current indemnity law permits this coverage.

More importantly, we would have cited our previous study of this issue and our day-to-day experience with the Indemnity Program, which reveals that a domestic version of the Act is neither desirable nor necessary. One of the principal reasons that the Federal Council members are opposed to domestic indemnity is that the risks to the U.S. Treasury would increase dramatically if exhibitions consisting solely of U.S. loans were eligible for coverage. The number of eligible exhibitions would greatly increase, thus exposing the Treasury to significantly higher dollar amounts. And, the more exhibitions in circulation, the greater the chance for claims for loss or damage. When the Association of Art Museum Directors membership was polled on this matter in 1989, they reported more than 50 claims per year from an average of 579 domestic exhibitions insured privately. In the history of the U.S. Government's Indemnity Program, which is limited to coverage of international exhibitions, there have been only two (2) claims paid in 22 years. The total number of exhibitions indemnified since 1975 is 533.

Implementation of a domestic indemnity program would require a much higher authorized ceiling than the present level of $3 billion. We estimate at least $6 billion would be necessary to accommodate domestic exhibitions. It would also be necessary to appropriate monies from which to pay claims. Currently, there is a set aside of $275,000 from which to pay certified claims if they do not exceed $100,000. To pay the increased numbers of claims for loss and damage which would occur if domestic exhibitions were indemnified, an appropriation of perhaps as much as $1,000,000 annually would be necessary. And, the administrative costs of staff and panel review would be considerably higher than the current annual expenditure of approximately $75,000. A possible benefit to the American public might be the opportunity to see more exhibitions of arts from American collections. However, the AAMD study showed that the costs of insuring such exhibitions privately is not prohibitive and is therefore not a deterrent to organizing exhibitions.

While the Federal Council members believe that the adverse impact on the budget alone is sufficient cause to reject a domestic indemnity program, we would further

question whether it is the proper role of the federal government to displace the private insurance companies which provide this coverage now to American museums.

The Federal Council was pleased to amend the Indemnity Program Regulations in September 1995 to expand coverage to include U.S.-owned loans when they are part of international exhibitions. Applications have been received under three deadlines, and at the last, 5 out of 16 applicants requested coverage for both foreign and U.S.-owned loans. The Council believes that this new provision is an acceptable increase in risk to the Treasury which provides additional assistance to American museums and thereby benefits the museum-going American public.

*Question.* Last year, NEA provided an estimate to the subcommittee that it would require as many as 10 additional staff to operate an expanded indemnity program, where anticipated applications would be expected to number between 500 and 600. Currently one staff member has responsibility for processing 40–50 applications annually. Would it be correct to assume that even if you were given authority to operate a broader program, current budget restrictions on staffing would not make it feasible in practice?

Answer. Yes, the estimate for the need of 10 additional staff to properly conduct an expanded indemnity program still holds. This additional staff would greatly add to the cost of the program.

THE ARTS AND RURAL COMMUNITIES AGREEMENT

*Question.* The Art and Rural Communities Assistance Agreement is an interagency partnership between NEA and the Forest Service to support arts-based community development projects. What role does the Forest Service play in this partnership? What, if any, is their financial contribution? Does NEA operate the program or does the Forest Service? What have been the results of this program to date?

Answer. The Endowment transferred $300,000 to the Forest Service for two rounds of awards under the Art in Rural Communities Assistance Initiative. The Forest Service provided an additional $300,000 in funds and administered the application and grant process. Both the Forest Service and the Arts Endowment publicized the Initiative, but applications were submitted to and the grants awarded by the Forest Service.

In the first round, there were 19 grants awarded for projects in small, rural communities in 14 states; in the second round, there were 17 grants awarded for projects in 15 states. The 36 grants in a total of 23 states went to local arts agencies, state arts agencies, heritage centers, tribes, performing arts organizations, museums, a school district, development organizations, and colleges.

The grants were for a wide variety of projects including, for example:

—Cooperative marketing of arts and crafts in New Mexico and Puerto Rico.
—Apprenticeships in traditional arts in Puerto Rico, Arizona, and New Mexico. Heritage tour development in Washington and Tennessee; regional heritage area development in Ohio; African-American heritage tourism development in North Carolina; marketing the performing arts in Virginia's Shenandoah Valley.
—Documentation of folk and traditional arts in Colorado, Nevada, and Montana.
—Exhibitions relating the arts and natural resources in California, Hawaii, New Hampshire and West Virginia.
—Festivals in Colorado, Idaho, Maine, New Hampshire and Utah.
—Design plans for the restoration of an opera house in South Carolina.
—A community theater residency in Kentucky.
—An original play about the Nez Perce tribe.

OFFICE OF ENTERPRISE DEVELOPMENT

*Question.* NEA established this office as a means of exploring new methods for supporting the non-profit arts in America. It is charged with searching out ways to augment the agency's budget through authorized contributions and to expand the funding pool for the arts.

How productive has this office been in the past year? What accomplishments can you point to? What pitfalls, if any, have you encountered? What conclusions can you draw from this office's successes or failures to date?

Answer. The National Endowment for the Arts, as a grantmaking agency of the United States government, has never been recognized as a charity. The NEA has construed its mission as grantor rather than collector of funds. The Office of Enterprise Development has looked outside that context and attempted to assess the merits, feasibility and potential of various revenue generating activities. The OED does not define itself as a fundraising office for the NEA but rather as a hub for the agency's efforts to expand the overall funding pool for the arts. Consistent with that

purpose, the OED has adhered to a commitment not to engage in activities which would divert funds that would otherwise go directly to artists or arts organizations. While there have been some notable accomplishments in the form of direct contributions to the agency (the H. J. Heinz Company gave $450,000, the largest corporate contribution to the NEA to date; a gift of stock valued at $95,000 from a private citizen marked the largest individual donation in the agency's history), the productivity of the office can not be measured in dollars brought in to the agency itself.

The most consistent success has been in finding partners for agency supported projects. Corporate partners such as the Coca-Cola Company, Chase Manhattan, Nissan Motors, Atlantic Ridgefield, Dunwoodie Communications and others have contributed to the support of specific projects like American Canvas, the WritersCorps Project and the Oklahoma Rebuild Project. Very recently, Microsoft committed $250,000 to the Benton Foundation, the Endowment's partner in the NEA conceived and initiated internet access project "Open Studio."

The nature of the Endowment itself dictates certain parameters for the Office of Enterprise Development. First, the NEA is a federal agency and, in many instances, individuals, corporations and foundations will not, or can not by charter, give money to the government. They consider that their taxes already serve that purpose. Second, the agency is recognized as a grant making body. It would require a massive public relations campaign to shift that perception and spotlight the NEA as a recipient organization. Even if the Endowment had the authority to solicit and invest, such a shift would demand a major reassignment of both staff and financial resources to accommodate an ongoing capital campaign. Third, unlike the Smithsonian or the Library of Congress, the NEA does not own or generate product. The only thing approximating product which the NEA has is its reputation and brand recognition. Government ethics preclude the agency from using its name and logo, arguably its only marketable commodity, to enter into cause-related marketing ventures. The OED has found opportunities to enter into entrepreneurial fundraising activities such as affinity cards and product identification schemes but has been unable to pursue them because of these restrictions.

MILLENNIUM INITIATIVE

*Question.* In a recently issued report entitled Creative America, the President's Committee on the Arts and the Humanities calls for a Millennium Initiative in which both Endowments, as well as other agencies, are urged to participate.

Please describe this initiative's purpose in greater detail for the subcommittee. Does NEA have plans to follow this recommendation that you can share with the subcommittee now? Are there any collaborative efforts with other agencies planned, as the report encouraged?

Answer. Under the leadership of Chairman Jane Alexander, the Arts Endowment has for some time encouraged applicant organizations to propose projects that celebrate the Millennium. During the summer of 1996, the Endowment announced that support was available for a limited number of artistically excellent, high-visibility projects that celebrate and showcase artistic achievements of the past century and that encourage innovative thinking about the future of the arts as we enter the 21st century. Eligible applications were reviewed by an advisory panel that included such individuals as radio personality Garrison Keillor; retired Montana Congressman Pat Williams; and Eugenia Zuckerman, internationally acclaimed flutist and regular commentator on CBS: Sunday Morning. Nineteen projects ultimately were approved for funding, including the commissioning of new dances by the American Dance Festival of Durham, NC; American Music Theater Festival's 100 Years of American Musical Theater: Past Legacy and Future Visions in Philadelphia, PA; and a nationwide effort by Chamber Music America that will present more than one hundred jazz, chamber, and new music groups through a project called American Ensembles: A Musical Celebration of the Millennium.

The Endowment takes seriously President Clinton's challenge in his most recent State of the Union Address that "all Americans in the arts and humanities * * * join with their fellow citizens to make the year 2000 a national celebration of the American spirit in every community, a celebration of our common culture in the century that is past and in the new one to come." The problem is a lack of appropriate levels of funding. As plans are underway for continued support for millennium projects, many alternatives are being discussed, including developing a more targeted, proactive approach. Consideration also is being given to supporting a few stellar projects that would provide opportunities for artists and audiences across the country. Any of these activities would be undertaken concurrently with the partnership activities that the Endowment develops with other federal agencies, as well as state and local arts agencies.

*Question.* What portion of your budget will be committed to this initiative? How will support for the millennium project impact your core programs when it is not anticipated that a corresponding increase can be provided in future budgets?

Answer. Approximately $4.8 million of fiscal year 1997 funds will be supporting more than 20 leadership projects for the millennium, in response to nearly 300 initial letters of intent totalling $66.8 million. Contingent on appropriations, the Endowment will commit $4-$4.5 million to these types of special leadership projects again in fiscal year 1998. In addition, many of the agency's other direct grants reflect a growing focus on celebrating the Millennium.

AMERICAN CANVAS

*Question.* This effort was organized by NEA to bring together local and national leaders in the arts, education, business, government, civic and consumer organizations, religious groups, and foundations to determine how to build a solid infrastructure for the nonprofit arts in America's communities. Both local and national representatives from these sectors had the opportunity to participate in this program through a series of six community forums and a national meeting.

An Action Plan that would analyze the information gathered at these meetings, identify what works and recommend strategies is due out in the spring. At this time, can you summarize its findings for this subcommittee?

Answer. During 1996, the National Endowment for the Arts convened a nationwide initiative of regional and community forums called American Canvas. These forums brought together more than 150 national leaders as panel participants representing the arts, education, business, government, consumer organizations, civic groups, religious organizations, and foundations to determine the value of the arts in communities and how to build a solid infrastructure for the arts in America's communities. Each of the six privately funded forums explored a different aspect of the successful integration of the arts into communities. The hosting communities were chosen for their leadership in the development of innovative strategies for supporting the arts.

As a result of the dialogue that took place at the various sites, a national steering committee formulated ten "Calls to Action," one relating to each of the six forum topics and four which emerged as general concerns in all six forums. In January 1997, a committee of 100 leaders representing a variety of sectors reviewed the Calls to Action and discussed specific ways in which their organizations and sectors could work together nationwide to assist communities in ensuring an arts legacy for future generations. All of the above-mentioned activities will be discussed and combined to create the American Canvas report which will be published in the Fall of 1997.

American Canvas participants identified a number of revenue sources for the arts across the country, many of which may be suitable for replication elsewhere. Just as traditional percent-for-art programs (in which a small portion of federal, state, or local construction expenses are earmarked for the incorporation of artworks and other cultural amenities) have brought millions of dollars to the arts, other dedicated revenue streams are being developed, often tapping "nonarts" funds in the public sector to fund cultural activities. These include from hotel/motel taxes and entertainment/recreation taxes; revenues from lotteries and gambling taxes; vanity license plate sales; and sales taxes (where a percentage of the sales tax is dedicated to the arts).

Additionally, American Canvas participants identified cultural tourism as an important way in which cities attract visitors and are thus devoting a portion of their convention and visitors funds to cultural activities. Cities have also used cultural facilities as community revitalization tools and are able to secure economic development, housing, and transportation funding to support these activities.

These and other federal programs, such as the funding for arts in rural areas through the Forest Service and the Department of Agriculture and funding for job training in the arts through the Department of Labor, along with many private sector programs, were all ways which the American Canvas participants believed helped strengthen a community's infrastructure around its nonprofit arts. These ideas, and others, as well as strategies for their implementation will be the focus of the American Canvas report.

CULTURAL TOURISM

*Question.* Another interagency initiative is a partnership of the NEA, NEH, the Institute of Museum Services, and the President's Committee on the Arts and the Humanities, with the support of six national museum, humanities, arts, and historic

preservation organizations. Its purpose is to encourage cultural organizations and the commercial travel and tourism industry to develop cultural tourism projects.

How much has NEA contributed to this partnership? How does cultural tourism differ from tourism as we traditionally know it? Is the travel industry contributing resources to this effort? What about state and local governments? Chambers of Commerce? What makes this an area that merits special emphasis? Are there specific results from this initiative that you can point to at this time?

Answer. Cultural tourism—"travel directed toward experiencing the arts, heritage, and special character of a place"—differs from the mass tourism market in its focus on cultural experiences as part of tourism. The travel and tourism industry in the United States has traditionally marketed natural resources (beaches, mountains, lakes), recreation (golf, skiing, fishing) and attractions (theme parks, casinos) whereas European nations have aggressively marketed their history and their arts as travel motivators. Given the Endowment's reduced budget level, encouraging the development of cultural tourism is an important way for the agency to help cultural organizations increase their earned income and demonstrate their importance in local and state economies.

The National Endowment for the Arts contributed $50,000 to the Cultural Tourism Leadership Initiative. The National Endowment for the Humanities contributed $50,000 and the Institute of Museum and Library Services contributed $5,000. Through the President's Committee on the Arts and the Humanities, the American Express Foundation became the major travel and tourism industry contributor, donating a total of $35,000. Other travel and tourism industry organizations including state tourism offices, convention and visitor bureaus, travel magazines, airlines, and hotels, provided support.

The American Association of Museums (AAM), the Federal agencies' cooperator, organized "Partners in Tourism," composed of the Federal partners and eight national cultural organizations: the AAM, the National Assembly of State Arts Agencies, the Federation of State Humanities Councils, Americans for the Arts (formerly the National Assembly of Local Arts Agencies and the American Council for the Arts), the National Conference of State Historic Preservation Officers, the National Trust for Historic Preservation, the National Association for African American Heritage Preservation and the National Center for Heritage Development.

The Cultural Tourism Leadership Initiative sponsored a series of regional forums: Mid-Atlantic (Annapolis, Maryland); Mid-Western (Indianapolis, Indiana); Southeastern (Chapel Hill, North Carolina); Far Western (Los Angeles, California); and Rocky Mountain and Plains States (Denver, Colorado). In New England, cultural organizations sponsored a half-day session on cultural tourism at a meeting of Discover New England, the region's tourism promotion organization.

The Forums attracted more than 900 participants representing a wide variety of both travel and tourism industry (e.g., state travel offices, convention and visitor bureaus, hotels, tour operators) and cultural interests (e.g., state arts agencies, state humanities councils, local arts agencies, state historic preservation officers, heritage area coordinators).

The focus of the Forums was the development of state action plans. Most states decided to form committees back home to expand and implement the plans. At least two states have held statewide cultural tourism conferences based on the Forum model; several states indicated their intention to pursue state funding for cultural tourism initiatives.

As the last Forum was held in May, the Federal agencies involved are currently reviewing the Forum results to determine what further steps should be taken at the national level.

LEADERSHIP INITIATIVES

*Question.* Beginning in fiscal year 1996, funds were set aside to support Leadership Initiatives. Last year, you were in the process of developing a structure for identifying and evaluating possible leadership initiatives and it was anticipated that information would be distributed in the months ahead.

Can you share that information with the subcommittee now? What defines a leadership initiative grant and how does it differ from grants awarded through your other program categories? Are grants selected through the normal channels or is there a separate process of selection?

Answer. Leadership Initiatives, in addition to the Millennium Initiatives discussed earlier, are awarded through grants or through cooperative agreements, and are undertaken in response to an identified need in the field, or to take advantage of a particular opportunity where the Endowment's catalytic national role can make a difference. All awards, whether grants or cooperative agreements, are subject to

review and recommendation by the National Council on the Arts with ultimate approval by the Endowment's Chairman.

*Question.* To date, what has been accomplished with this initiative? Have the first grants been awarded?

Answer. Several Leadership Initiatives have yielded rich returns in terms of benefits to the arts and to citizens in communities across the United States. The Mayors' Institute on City Design, for example, brings together mayors and design professionals to improve the way cities solve their problems. Over two days of intensive discussions, the group works to analyze a number of design issues currently pending in the mayors' own cities. Recent participants included the mayors of Salt Lake City, UT; Tacoma, WA; Macon, GA; Charlotte, NC; Akron, OH; Shreveport, LA; and Lewiston, ME.

A unique opportunity presented itself last year for the Endowment to help make possible the national expansion of The Writer's Voice, an extremely successful project of the YMCA in New York City. Endowment support will help to establish at least 25 new centers across the country over three years through a national arts training initiative that will provide YMCA staff with training workshops and publications to help them start centers at their local Y's. Writer's Voice centers make the literary arts more accessible to people of all ages, with a special focus on youth between the ages of 3 and 18.

An innovative pairing of jazz and sports was the focus of another Leadership Initiative grant. The Thelonious Monk Institute of Jazz in Washington, DC, was awarded a grant to support the artistic development of young jazz students. The Monk Institute, the Endowment, the Los Angeles Lakers, Nissan Motor Corporation USA, and the National Association of Music Merchants have entered into a partnership that will provide after school and Saturday instrument training, master classes, mini-concerts, and other performance opportunities to aspiring musicians at two South Central Los Angeles high schools. Recently, jazz bands from the two schools began performing prior to Lakers home games with renowned jazz artists sitting in. The project has enormous potential as a national model, demonstrating how schools, corporations, and professional sports teams can utilize their respective strengths in developing young people into serious musicians.

NEA WEB SITE

*Question.* NEA Launched its Web Page on the Internet last spring. What sort of feed back have you gotten to date? Can you assess the web site's value to date in promoting NEA programs and providing greater public access?

Answer. Internet traffic to the Endowment Website has more than tripled during the past year, with nearly 3 million hits to date, and a clear trend-line toward increased usage. Over 130,000 of the hits on our Website have come from other countries. The average visitor to the site spends 15 minutes viewing the information provided. More than a thousand prospective grant applicants have downloaded Endowment funding guidelines and application forms. Hundreds of other agencies and arts organizations have linked to our site, and Endowment staff have communicated through the Website with many US citizens living abroad. Positive press coverage has come from USA Today and several major daily newspapers throughout the country.

It is too early to assess the value of the Website in specific dollar terms, but the increasing usage of the site, and the length of time spent by each visitor are very encouraging. Certainly the Website has saved valuable staff resources in permitting NEA staff to respond to requests for information electronically and allowing the public to access information over the Internet. In conjunction with Open Studio, an national internet access and training partnership with the Benton Foundation, the Website is clearly expanding access to information about the arts for the American public.

---

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

BUDGET REQUEST

*Question.* The fiscal year 1998 budget request is almost 37 percent above the fiscal year 1997 allocation. Given the current budgetary climate, and given the uncertain reauthorization status of the NEA, how did the Administration determine that $136 million was an appropriate funding level for the NEA?

Answer. The request for $136 million, if realized, would still leave the Arts Endowment at a level 16 percent below our fiscal year 1995 appropriation of $162.3 million. The $136 request is seen as partial restoration of funds that the Adminis-

tration believes represents a modest but vital investment in our Nation's cultural heritage and its citizens' access to their rich and diverse artistic legacy.

*Question.* What does the 37 percent increase buy for the American people?

Answer. The 37 percent increase buys for the American people increased opportunities to experience and participate in the arts, a richer and more diverse choice of artistic works and traditions, education in the arts for children and people of all ages, and an endorsement of our citizens' belief that the arts should be nourished and shared with all people.

*Question.* What would be your programmatic priorities at the increased funding level?

Answer. Programmatic priorities were established as part of the agency's drastic downsizing and restructuring; they are reflected in our fiscal year 1998 budget request—direct grants for the four categories and leadership initiatives, and partnership agreements with the state arts agencies and their regional organizations. These would remain our priorities at the increased funding level.

*Question.* Would your priorities remain the same if funding were to be decreased?

Answer. In general, the agency's priorities are, as noted above, reflected in our fiscal year 1998 budget request. It is difficult to speculate with any surety on what our priorities would be "if funding were to be decreased," as the response would probably hinge at least partly on the nature and extent of any additional decrease, remembering that the agency has already sustained a massive decrease and totally reorganized the way it does business.

*Question.* How does your annual budget request reflect your arts education priority?

Answer. Our annual budget request reflects our arts education priority in each of our budget components: Direct grants include our Education & Access category, specific to education, and funds in each of the other three categories (Heritage & Preservation, Creation & Presentation, and Planning & Stabilization) are also being used, in many of the grants, for projects having educational components. The Direct grants area also encompasses our Leadership Initiatives, several of which reflect educational aims and priorities. The State Partnerships, in addition, includes a priority for arts education programs conducted and supported in all of the states throughout the country.

*Question.* Describe the impact on arts education for children which would occur if the agency were not reauthorized.

Answer. The impact on arts education for children would be substantial if no funds were appropriated for the agency. If the agency were eliminated due to lack of funds, all of the direct grants and partnership agreement funds for arts education projects and programs would be gone, as would the Endowment's vital leadership role in working to establish the arts as part of the basic curriculum in America's schools. We believe that many of the arts education programs now being carried out by the state arts agencies, and by arts organizations such as museums, orchestras, and opera companies, would be reduced or eliminated, negatively affecting hundreds of thousands of our children. Though the Arts Endowment's funds are modest and represent only a portion of most program's total costs, they are crucial in establishing a priority for arts education and drawing together a complex network of partners from both public and private sectors. With so much concern evident about our children's education, it would be ironic indeed—and tragic, we believe—if this vital endeavor, built so painstakingly over the years, were to be dismantled.

*Question.* Please describe any long term investments or new initiatives that are currently being developed. What effect would new initiatives have on existing grantees if funding is not increased?

Answer. We view virtually all of our funding as long term investments. The artistic life and legacy of a Nation is a vast and vital reflection of its roots, its present, and, often, its future. Arts endeavors—be they the creation of a new symphony or painting, the teaching of art to young children, the broadcast of ballet on television, the publishing of poetry or fiction—are investments whose results may be seen immediately or years hence. As a complement to these investments, new initiatives are vital to the lifeblood of any funder in the arts, as the arts themselves constantly reinvent and reshape themselves, and as our nation continually changes demographically, ethnically, educationally, and economically.

These two interrelated facts and philosophies are the underpinning of our new structure, which includes ongoing categories of project support to organizations and agencies, as well as leadership initiatives that enable the Endowment to effect specific, targeted outcomes. The new structure was created with both elements firmly in place so that they would complement each other and not impact negatively on existing grantees. Negative impact on existing grantees would be attributable not to new initiatives but rather to our drastically reduced budget.

GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

*Question.* Please describe your progress and milestone toward preparing a strategic plan, including consultation with interested parties.

Answer. The agency's strategic plan is moving forward, guided by an agency-wide staff planning group and a committee of the National Council on the Arts. We are beginning our review with the Office of Management and Budget and are discussing preliminary thinking with some of our advisory panels—private citizens from around the country—as well.

*Question.* Given the current budgetary climate, and given the uncertain reauthorization status of the NEA, how are you addressing funding and authorization issues in the development of GPRA goals and the strategic plan?

Answer. Development of the strategic plan, required by law to cover five years, is particularly challenging for an agency whose future currently appears to be as cloudy as ours. We are having to set these issues somewhat to the side for now, and are trying to focus on the fact that a five-year strategic plan is required, regardless of our status, unless the Congress eliminates the agency. Development of a five-year plan involves a very great deal of staff effort and time; the level of frustration is fueled by the prospect of our five-year plan being "due" before even our one-year future is known.

*Question.* What are the grant-making priorities for the agency in the next year, for the next 5 years?

Answer. Contingent, of course, on our continuing existence, and an appropriation not slashed yet again nor encumbered by additional earmarking, the grant-making priorities for the agency for the next five years are basically those reflected in our fiscal year 1998 budget request. We do not foresee, at present, major shifts or changes.

*Question.* What are the organizational priorities for the agency for the next year, for the next 5 years?

Answer. Our organizational priorities for the agency for the next five years are to continue to do everything within our power and available resources to serve the American people by carrying forward our programmatic goals.

GRANT-MAKING

*Question.* Within the request, direct program grants increase by 51 percent over fiscal year 1997. How do you propose to allocate the requested increase among the different grant categories established by the NEA?

Answer. The Arts Endowment has not allocated the requested increase for fiscal year 1998 among the four grant categories and leadership initiatives. If the increase were to be appropriated, the Endowment would apply the increase against the four interdisciplinary categories as warranted by the numbers and quality of the applications, and against leadership initiatives as well, with an emphasis on millennium projects. Increased funds would also be available to the state arts agencies through the State and Regional and Underserved Set-Aside accounts.

*Question.* Although there is a request for 24 percent more funds in the Underserved Set-Aside allocation, the Underserved Set-Aside request is a smaller percentage of the total budget request in fiscal year 1998 than that allocated in fiscal year 1997. Are the needs of the underserved community decreasing such that less emphasis is being placed on that portion of the NEA funding?

Answer. No, the needs among artistically underserved communities are not decreasing. Two points need to be kept in mind in responding to this question:

—Underserved communities are served not only by the Underserved Set-Aside (grants to state arts agencies for underserved communities) but also by projects funded under the Direct grants (including leadership) categories as well.

—The authorizing legislation as amended in November 1990, established a percent-of-funds formula to be set aside beginning in fiscal year 1992 for state arts agencies' underserved programs. The amount reflected in our request is in accordance with that percent.

A few examples of underserved projects funded this year under our direct grants appropriation:

—A grant to Grass Roots Art and Community Efforts in Hardwick, Vermont, to support publication of 20 years of G.R.A.C.E.—An Inside View, a collection of work and biographies of self-taught artists in northern rural Vermont.

—A grant to the Hiddenite Center in Hiddenite, North Carolina to present touring artists in rural, ethnically diverse and other underserved populations in communities in Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee.

—A grant to the Lakota Fund in Kyle, South Dakota, to support the production of Oyate Ta Olowan (Songs of the People), a series of half-hour radio programs featuring traditional Native American music.
—A grant to Music at Angel Fire, Inc., in Angel Fire, New Mexico, to support performances in Angel Fire, Raton, Taos, and Las Vegas, New Mexico, as well as youth concerts in Taos and Colfax Counties.
—A grant to the Network for Local Arts in Washington State in Olympia, Washington, to support the Rural Touring Arts Initiative that will develop two ongoing rural touring circuits, one in southeastern Washington and the Olympic Peninsula, and the other—the applicant's stated priority—for local communities in central-northwestern Washington.
—A grant to Appalshop, Inc. on behalf of the American Festival Project in Whitesburg, Kentucky, for its Community Capacity Building Initiative which engages people who have had little access to the arts in community arts collaborations.
—A grant to Atlatl in Phoenix, Arizona, to support the Native Arts Network Associates consortium and strengthen the development of Native American arts.
—A grant to Davis & Elkins College in Elkins, West Virginia, to support the statewide West Virginia Folk Arts Apprenticeship Program.
—A grant to El Teatro Campesino in San Juan Bautista, California, to support the presentation of "La Pastorela," a religious drama and Christmas tradition involving members of the community.
—A grant to the Vigilante Players, Inc. in Bozeman, Montana, to support touring to small communities in six rural Northwest states.
—A grant to the Clay Studio in Philadelphia, Pennsylvania, to circulate the "Claymobile," a traveling ceramics class in a van, to inner-city and low-income communities.

In addition, a number of the Arts Endowment's direct grants or cooperative agreements for leadership initiatives directly reach underserved communities; for example:

—Funds to Chamber Music America in New York have brought chamber music and jazz ensembles to live, teach, and perform in rural areas including in the Arkansas communities of Blytheville and Osceloa; King City, CA; the Georgia communities of Fitzgerald, Tifton, and Moultrie; the Iowa communities of Jesup, Fayette, and Decorah; the Kansas communities of Dodge City, Garden City, and Liberal; the Kentucky communities of Bowling Green, Prestonburg, Paintersville, and Salyerville; South Bristol, ME; Roseburg, OR; the Pennsylvania communities of Somerset, Indiana, and Johnson; and Big Sandy, TX.
—Funds from a joint program of the Arts Endowment and the U.S. Forest Service to the Augusta Heritage Center in Elkins, West Virginia are supporting public programs with demonstrations of the work of traditional crafts people; the programs will be accompanied by apprenticeships, the Forest Festival, and a Fiddlers' Reunion.
—Funds from the same initiative (NEA/Forest Service) to the Homer Council on the Arts/Pratt Museum in Homer, Alaska to support "Exploring our Place from Forest to Sea," a series of events including summer story telling, outdoor sculpture, and performances; a fall "Gathering of Native Tradition" on nature arts; a winter program on Eskimo songs, dances and masks which will travel to nearby communities; and a spring exhibition on the "Tongass: Alaska's Magnificent Rainforest."

*Question.* For fiscal year 1998, what are the approximate targets for the allocation of funds to the 4 funding categories and Leadership Initiatives?

Answer. We have not yet established targets for the allocation of the 4 funding categories and Leadership Initiatives for fiscal year 1998, as the uncertainties about our future at the very least raise questions about the level of funds that might be available for these purposes. Nonetheless, it appears that the proportion of applications just received for fiscal year 1998 funds is similar to last year's among the 4 categories, which is one guidepost for us, and, as advisory panels meet throughout this summer and fall, we will have a good idea of their quality and viability. Leadership Initiatives will probably receive an allocation similar to last year's, again contingent on appropriations.

*Question.* When grant monies are used to establish or maintain endowments, how much of the federal funds are permitted to be used for administrative costs of operating the endowment?

Answer. Federal and matching funds must be placed in the endowment corpus. These funds may not be used for administrative costs of operating the endowment.

*Question.* What kind of technical assistance does the Endowment provide to arts institutions in the area of business planning and grant-application preparation?

Answer. The drastic budget reduction of fiscal year 1997 forced the Endowment to discontinue one of its most valuable programs, the Advancement Program. Participants in Advancement were the beneficiaries of year-long one-on-one consultancies with experts in all areas of business and the arts, from board development, to fundraising, to investing. At the end of the consultancy, the organizations submitted a strategic plan that was evaluated before grant monies were awarded. Advancement grants were matched on a three-to-one basis with non-federal funds. The Endowment currently has no ability to provide that type of service to its constituents.

Applicants to the Planning & Stabilization category are subject to management assessments by outside contractors who provide information to help evaluate applications. The applicants are provided with the assessments at the end of the application review period. Planning & Stabilization grants are intended to strengthen organizations' ability to realize their artistic and public service goals. Planning offers assistance to organizations to assess carefully their strengths, weaknesses, and financial health. Stabilization helps organizations strengthen their own institutional capacity; adapt to the realities of their potential audiences and communities by determining and realizing an appropriate size; maximize and diversify their resources; or enhance their abilities to serve or strengthen their arts field.

Endowment staff in the various artistic disciplines are well versed in the agency's guidelines, and spend many hours assisting applicants on the telephone and in personal meetings. In addition, Endowment representatives often hold sessions at the meetings of arts service organizations, college and university development officers, and other pertinent conferences in order to introduce prospective applicants to the agency, help them determine their eligibility, and select the appropriate category to which an application might be submitted.

*Question.* What role does receipt of an NEA grant play in influencing private support of arts organizations?

Answer. Grants to organizations from the National Endowment for the Arts require recipients to match their awards 1:1 or 3:1, depending upon the program, thus helping to leverage private funding for the arts. The credibility of the Endowment as the national identifier of artistic excellence and merit has proven to be an important tool for grantees, since most indicate that they raise private money well beyond the required match.

Additionally, it is important not to overlook the "big picture" influence of federal funding for the arts, which not only affects the private sector but state and local government arts funding as well. The most recent statistics from the AAFRC Trust for Philanthropy printed in their Giving USA 1996 report indicate a strong upward trend in private giving to the arts, culture and humanities from 1965 to 1992, but a downward trend from 1992 to 1995. Private giving to the arts, culture, and humanities sector (which includes giving to institutions such as science and history museums, public television, and other cultural institutions as well as performing and visual arts institutions) increased from $2.31 billion to $10.23 billion from 1965 to 1992, after adjustment for inflation; however, between 1992 and 1995, private giving fell to $9.96 billion. Furthermore, arts and cultural giving declined to only 6.9 percent of total charitable giving in 1995 compared to 7.6 percent in 1992. Federal dollars to the arts, specifically from the National Endowment for the Arts, also rose steadily over the same time period and peaked in 1992 at $175.9 million.

After 1992, the agency's budget declined yearly to reach $162.3 million in 1995. In sum, the most recent four-year downward trend in private giving to the arts (1992 to 1995) coincides with a four-year downward trend in federal support for the arts, suggesting that declines in federal funding are having a negative impact on private giving to the arts. In contrast, over the previous two and one-half decades, rising federal funds coincided with increased private giving to the arts.

State government contributions rose steadily between 1965 and 1990, as did funding at the federal level. The increased federal/state partnership also resulted in state arts agencies supporting the development of local arts agencies throughout their states. The aggregate budgets for state arts agencies peaked at $292.3 million in 1990, dropped for three consecutive years and, in 1994, began to rise again and reached $262.2 million in 1996. After adjustment for inflation, aggregate state arts agency budgets have dropped by 25 percent since 1990. Over this same time period, the National Endowment for the Arts budget dropped by 52 percent, after adjustment for inflation.

While the estimates of local government funding for the arts cannot be calculated as easily or as accurately as state and national data, Americans for the Arts estimates local government funding for the arts at $600 million in 1992, $650 million in 1995, and $675 million is estimated for 1997. This growth in aggregate local support was not sufficient to keep pace with inflation over the time period, but more

importantly was a dramatic change from the large increases posted from 1983 to 1992, when the total contributions doubled—from $300 million to $600 million. (1983 is the first year that data are available on local government support.)

*Question.* The Endowment is about to conclude its first year of grant-making in the grant funding categories established during 1996. Describe the manner in which the new categories meet the needs of the Endowment, the applicants, the grantees.

Answer. When the Endowment received the devastating budget cut of fiscal year 1996, it was impossible to maintain the specialized categories of support that had existed for years. There was neither the money nor the staff to do so. The four broad categories were instituted as a realistic means of supporting all of the relevant activities of organizations involved in the arts under broad umbrellas. It was—and is—our belief that the categories provide opportunities for all aspects of the arts to be supported at the federal level.

Much has changed for applicants to the four categories. Applicants now may submit only one application per funding cycle, necessitating a difficult choice for many of them. If they are entering into an endowment drive, for example, should they risk creative programming to apply for a Planning & Stabilization grant in this round? There also is the choice of which project to select for an application, as all support is now project-specific and no longer seasonal in nature. The Endowment staff has helped applicants through these questions as much as possible, and continues to provide outstanding service to the field.

Many applications had to be rejected even though they were of a quality that would have been supported were more funding available. Projects that were supported, however, received substantial amounts in many cases. The Endowment has rewarded the best applicants with large percentages of their requests, providing significant support to the best projects in the country.

*Question.* What changes do you anticipate making in the grant guidelines before the next round of funding?

Answer. The primary guidelines, for Grants to Organizations, were modified between fiscal year 1997 and 98 to clarify matters that seemed in need of attention following the first round of applications (for fiscal year 1997). Very few substantive changes were made. The fiscal year 1998 guidelines were distributed to the field in December 1996 for application deadlines in April 1997. We are currently reviewing those guidelines again, for fiscal year 1999, seeking continually to streamline and clarify.

The Arts Endowment's other guidelines, such as those for Literature Fellowships, American Jazz Masters, Heritage Fellowships in the Folk and Traditional Arts, and Partnership Agreements for State Arts Agencies and Regional Arts Organizations, are also reviewed annually and modified as warranted. Only the last of these guidelines, for Partnership Agreements, represented much change in fiscal year 1997, due to the streamlining and consolidation of several grant programs into single Partnership Agreements. We anticipate no major changes in the coming year.

*Question.* Will streamlining your grant review process from a four-step process to the use of a single-level advisory panel process allow any savings in staff time necessary to review the applications?

Answer. The same level of staff review is required for all applications submitted to the Endowment, regardless of the levels of review. Staff check the application for completeness, adherence to appropriate deadlines and guidelines, and eligibility. They then prepare the applications for review by panels. Doing away with the combined arts panel level of review will save staff time, however, in that there will be fewer panel meetings.

*Question.* How does the single-level advisory panel reduce the four-step process?

Answer. There were four levels of review in the last funding cycle: a discipline specific review (e.g. dance, theater, opera, etc.); a combined arts panel made up of representatives from many disciplines plus generalists and lay persons; the National Council on the Arts; and the Chairman of the National Endowment for the Arts.

The current round combines the first two levels into one panel review. While panels are now grounded in specific disciplines or fields, they have been broadened to include generalists and other individuals who represent allied fields that could bring valuable contributions to the review of arts applications. Every panel also includes at least one knowledgeable lay person. Post panel evaluation is still done by the National Council, which has the authority to recommend applications for funding or to reject them. Final decisions on all grants to be awarded rest with the Endowment's Chairman.

*Question.* When is the single-level advisory panel system anticipated to be in place for use in the review of applications?

Answer. Panel meetings began on June 19 and will continue throughout the year. Periodic meetings of the National Council review the work of the panels.

*Question.* Are advisory panels considered to be peer review, or are the panels composed of NEA staff members?

Answer. Panels are not composed of NEA staff members. As described above, they are composed or experts in the various arts disciplines and fields, generalists and individuals from professions outside of but connected to the arts, and lay persons.

REORGANIZATION

*Question.* How has the 1996 reorganization affected the daily operations of the NEA?

Answer. The 1996 reorganization had a substantial impact on the daily operations of the NEA. Following the month-long period of government shut-downs and snow closings, coupled with the loss of 89 employees and major reduction and total overhauling of office space, the staff needed to adjust to new working surroundings, a new way of handling applications (in the 4 new categories), and, for some of them, new jobs resulting from RIF-caused shifts. Additionally, there was a four-level review process for applications, one of which, the Combined Arts Panels, was also new. Nearly all of the agency's systems and procedures needed to be revised; and there was a confused and concerned constituency needing assistance. An agency-wide assessment, and recommended retooling, of our information management and computer systems was in its early stages; and there were numerous inquiries from the Congress, the media, and the public.

The Endowment's staff's hard work, intelligence, creativity, resilience and dedication throughout 1996 and up to the present have been models of the best of public service.

*Question.* What lessons have you learned from the reorganization?

Answer. We have learned from the reorganization that notwithstanding the suddenness and extent of the cuts, both in funds and in staff, the agency's resilience and commitment resulted in continued responsible and responsive service to the fields and the American people. We learned as well that our revised structure and guidelines, though a major change for our fields, brought forward many outstanding proposals, new partnerships, and newcomers to our applicant pool. We learned that our reduced level of funding and staff creates serious limitations in our ability to respond to the fields and the public compared with prior years, as evidenced by the many worthy proposals we are now unable to support.

*Question.* Do you have further plans to fine-tune the NEA in terms of organizational structure?

Answer. At the present time, we do not have any major plans to fine-tune our organizational structure; there may be a few minor adjustments, but the structure basically works and we plan to continue it.

CHANGE IN NUMBER AND AMOUNT OF GRANTS

*Question.* Prior to fiscal year 1996 the NEA was awarding approximately 4,000 grants per year, and in fiscal year 1997 the estimated number of grants will be 1,100 grants. What impact has the decrease in grant numbers had on the arts community?

Answer. The reduction in the number of grants has had a detrimental effect on many aspects of the arts in this country. One must not forget the immediate effect on the American public: fewer opportunities to participate in arts events. This hardship has been necessitated even though a Louis Harris poll indicated recently that 79 percent of the American public supports public funding for the arts; a 57 percent majority favors the federal government's direct support of the arts. The fiscal year 1997 funding level of $99.5 puts the Endowment approximately at its 1972 level, despite tremendous growth in arts activity and demand for participation in the arts across the country. Arts organizations, like all other businesses, must pay 1997 prices, not 1972 prices.

Grantees have long reported that federal funds are the most useful in raising private funds. As we have reported in past years, Endowment grants are matched many times over with private funds that often come as a result of the Endowment's imprimatur and stringent review process. Such private giving will decrease or disappear for many arts organizations that no longer receive Endowment support.

Even those organizations that received funding from the Endowment in fiscal year 1997 were faced with many months of uncertainty leading up to their awards. They realized that the continued excellence of their programs would not be enough this year, and that many applications would be rejected for lack of funds. This uncertainty made it difficult to plan for projects in the coming months.

Many of the grants awarded prior to fiscal year 1996 were to individual artists such as composers, choreographers, playwrights, and designers. Those grants now

are precluded by legislation. Only fellowships in literature and awards to jazz masters and folk and traditional artists are available from the Arts Endowment. Consequently, dance companies, orchestras, theaters, and other arts organizations will, over time, have less work to present. New work is at the heart of artistic activity; without it organizations will stagnate.

*Question.* Are there organizations which previously were recipients of grants that are no longer in operation for which their decline is attributable to the decrease in available funding?

Answer. Because we are in only the first year of grants under the new structure and reduced funding, it cannot yet be documented that organizations have closed as a direct result of the cuts. We do know, however, that arts organizations have long been in a precarious position, and cannot sustain themselves for long without funding. For example, some 23 theaters have closed in the past five years. Dance companies are closing because they cannot find enough venues in which to tour. The Endowment has received clear and moving letters and telephone calls from organizations, many of which have been supported with federal funds for many years, stating that the withdrawal of funding this year puts their very existence in jeopardy.

LEVERAGING FEDERAL FUNDS WITH MATCHING GRANTS

*Question.* Describe the matching requirements for recipients of NEA grants.

Answer. The law requires that all Arts Endowment grants to organizations, with few exceptions, must be matched at least dollar for dollar, i.e., a one-to-one match. Many projects that we are supporting with fiscal year 1997 funds evidence a greater match. In addition, in our Planning & Stabilization category, all grants between $75,001 and $500,000 will require a match of at least 3 to 1.

*Question.* Are the matching requirements a challenge for applicants to meet?

Answer. The matching requirements are a challenge for many of our applicants, particularly the mid-size to smaller organizations and those of any size that have been having major fund-raising or accumulated deficit problems. In all instances, grantees report that Arts Endowment funds are an important catalyst in securing funds from the private sector.

*Question.* Do the matching requirements limit the numbers of applicants?

Answer. The matching requirements, particularly the 3 to 1 match, do limit the numbers of applicants. Probably a greater limiting factor (on the number of applications to the Planning & Stabilization category) is the Arts Endowment's prohibition on more than one application per year to the four categories: in the past, applicants to our Challenge Grant and Advancement Programs (precursors of Planning & Stabilization) were allowed to apply each year both for that type of grant and for a grant under another category or categories. Now, the applicant has to choose between, for example, an application to Planning & Stabilization or an application to Education & Access. This is a difficult choice for many organizations.

*Question.* Have the requirements for the percent of match required of grantees remained constant?

Answer. The matching requirements did change from our fiscal year 1997 to our fiscal year 1998 guidelines, but only in the Planning & Stabilization category. Fiscal year 1997, three levels of match were described in the guidelines, 1–1, 3–1, and 5–1, depending on the size of the grant. For fiscal year 1998, this changed to two levels: 1–1 and 3–1. The very largest organizations, it was seen, will tend to match at or above the 5–1 match, especially if they are mounting major capital campaigns for endowments. For the mid-sized and smaller organizations, the 5–1 requirement was seen as discouraging worthy groups from applying for what they truly needed and could reasonably be expected to match.

*Question.* Must the grantees be able to prove/show in their applications that there is a high likelihood of raising the matching funds needed to secure the NEA grant?

Answer. When organizations apply to the Arts Endowment, they must reflect the amount and source(s) of matching funds in their applications. Since applications in the four categories are currently submitted 7–11 months in advance of notification of grant award or rejection, many applicants are able only to estimate the match. But once applicants are successful and become grantees, they are monitored by several methods—revised budget requests, progress reports, cash requests—to insure that the match is valid and secure. Recipients of Planning & Stabilization funds for cash reserve and/or endowment purposes are monitored even more closely throughout and following the grant period.

*Question.* How do the applicants for grants show the Endowment that they can provide the matching funds required with the NEA grant?

Answer. Applicants for grants provide, as part of the project budget section on the application form, specific information on the total match expected toward the project for which they are requesting support.

UNDERSERVED COMMUNITIES

*Question.* If most corporate and foundation dollars are given locally, and if the largest and most prestigious organizations often receive those scarce gifts, how do the small organizations cities and rural areas and the organizations located there raise their matching funds?

Answer. Because the amounts of the grant requests of organizations in small and rural areas tend to be relatively low, in keeping with their likelihood of being small to mid-sized organizations, matching resources often can be garnered from a combination of existing and new sources of revenue. For instance, grantees that have been awarded $15,000 for a strategic planning process can match the Endowment's money by utilizing $5,000 in earned income increases over the previous year's budget, $2,500 from accumulated surplus, $5,000 from a board contribution specifically for the purpose, and $2,500 of operating income used to support the staff salaries for participants in the planning effort. Since the amounts from each source are relatively small in and of themselves, small organizations can stretch existing sources to support the grant activity. That is not to say, however, that, in directing these resources for the grant purposes, the organizations may not be sacrificing other priorities.

Some rural organizations propose marketing/audience outreach projects with the intention of raising matching funds from the results of the grant project itself, which might last as long as two years. For example, one rural organization applied for funding to participate in a regional tourism promotion, and anticipated enough new dollars from higher attendance to help meet the match.

Many rural grantees time their grant projects to coincide with a larger campaign that will bring in sufficient dollars to match the Endowment funding. Such events as anniversary celebrations or, in a recent case, the retirement of the founding director, provide opportunities to go to donors for increases in their usual levels of contributions.

Collaborations of organizations in rural areas are another source of match. For instance, a shared touring initiative or planning effort can generate revenue from a variety of sources—perhaps small amounts individually but significant when combined to meet the match.

While it is often difficult for organizations in small and rural areas to raise foundation and corporate gifts, they are sometimes successful in this regard, at times receiving one-time awards for special projects. Some rural organizations are national in reach and can tap into more traditional funding sources. Artists' colonies, for example, may be relatively small and isolated; however, within their artistic field, they have access to a few discipline specific foundations and even some specialized corporate funding. And small rural festivals have had success selling advertising to local businesses.

*Question.* How does the per capita receipt of grant funds by organizations in rural areas and small towns compare with those received by organizations in urban areas?

Answer. Of the eight states having a population of under 1 million (Wyoming, Vermont, Alaska, North Dakota, Rhode Island, Delaware, South Dakota, and Montana), the per capita receipt of grant funds ranged from a high of $1.10 (Wyoming and Alaska) to a low of $.68 (Montana). On average, these states received $.90 per capita. The eight states having the largest populations (all over 9 million) (Michigan, Ohio, Illinois, Pennsylvania, Florida, New York, Texas, and California) averaged a per capita receipt of grant funds of $.30. California, with the largest population (of over 31 million) received $.26 per capita, and Michigan (the smallest of the eight with a population of 9.5 million) received $.11 per capita.

*Question.* Is this difference attributable not to population, but due to the scarceness of funds necessary to meet the matching requirements?

Answer. The figures indicate that, regardless of whatever difficulty organizations in small and rural communities may have in meeting the grant matching requirements, their success rate at the Endowment is quite good. While the eight smallest states represent less than 3 percent of the Endowment's total number of applications, they comprise 4 percent of the total number of awards (and over 5 percent of total dollars awarded). Individually, these states averaged awards of just over 50 percent of applications they submitted. South Dakota had the highest success rate, with more than 83 percent of its applications funded, and Delaware and North Dakota each had more than 70 percent of their applications funded. Vermont was low-

est, with 33 percent of its applications funded. The average success rate for the country is 33.75 percent.

FUNDING SOURCES OTHER THAN FEDERAL

*Question.* What percentage of your annual direct grantmaking capabilities comes from private sources?

Answer. Only a minuscule percentage of the Arts Endowment's grantmaking capabilities is supported by non-Federal funds. For instance, in fiscal year 1995 less than 0.0033 percent of the Arts Endowment's grantmaking capabilities came from non-Federal, or private, sources; in fiscal year 1996 the amount was less than 0.12 percent.

*Question.* What dollar amount of private, state, and/or local funds was used to meet the matching requirements for NEA grants? How do these matching funds compare with total funding available for the arts? How does the amount of federal funding for the arts compare with the annual total investment in the arts made by all entities in the US?

Answer. Exclusive of matching funds for the Challenge Program (which requires a 3:1 match), in fiscal year 1996, 1,615 organizations met Endowment matching requirements, on average, with $10 for every $1 awarded by the Endowment, a dollar amount of $559 million. In fiscal year 1996, the Endowment had a grantmaking budget of $80,734,000, out of a total budget of $99,470,000.

As noted previously, the most recent Giving USA report indicates that about $6.6 billion total private giving to the arts in 1995. (Private giving figures are not yet available for 1996.) The National Assembly of State Arts Agencies reports that, in fiscal year 1995, the total legislative appropriation for the 56 state arts agencies was $265,558,735. Americans for the Arts (formerly the National Assembly of Local Arts Agencies) estimates local government funding for the arts at $650 million in 1995. The figures for state and local government funding are inclusive of program and administrative funding. In that same year, the grantmaking portion of the Endowment's budget was $137,512,000, out of a total budget of $162,311,000.

*Question.* When a donor targets a gift to a specific field, does the NEA use the gift funds to replace appropriated funds that would normally be used in making the grant in that field, or is the gift used in addition to the appropriated funds?

Answer. When a donor targets a gift to a specific field, the gift is used in addition to the appropriated funds, and not in place of appropriated funds. This is done to maximize the Arts Endowment's grantmaking funds. In light of the small amount of funds actually available through donations, as the figures in the prior answer indicate, few grants are made with donated funds in comparison to grant awards using appropriated funds.

*Question.* If the gift is used to replace appropriated funds, are the donors aware that their gifts may not be buying an increase in overall program level for that area?

Answer. Please see the answer to the previous question.

*Question.* Gift giving to the NEA was $953,000 in fiscal year 1994, $766,000 in fiscal year 1995 and $960,000 in fiscal year 1996. What leads the NEA to conclude that giving will be lower in fiscal year 1997 and fiscal year 1998, at an estimated level of $700,000?

Answer. In fiscal year 1994, the Arts Endowment convened its ART–21 Conference in Chicago, drawing participants from all over the country. The private funds received for the purpose of underwriting the ART–21 Conference are reflected in the total gift amount for that year, boosting that figure to $953,000. In fiscal year 1995, the Arts Endowment focused on its own downsizing and reorganization. The Agency did not sponsor or convene any large events, as reflected in the total amount of gifts received in that year, only $766,000. In fiscal year 1996, the Arts Endowment convened American Canvas, a series of six community-based meetings across the country, bringing together the arts community with civic, business, religious, government, education and community representatives to discuss topics designed to elicit concrete suggestions for how communities might best support arts at the local level in an era of dwindling public resources. The private funds received for the purpose of underwriting the American Canvas series are reflected in the total gift amount for that year, boosting that figure to $960,000.

The Arts Endowment is not planning convocations similar to ART–21 or American Canvas for fiscal years 1997 and 1998. Prudence, therefore, dictates that the gift projections for fiscal years 1997 and 1998 should be closer to that of fiscal year 1995 than that of fiscal year 1994 or fiscal year 1996.

*Question.* What changes in legislative authority would be needed by the Endowment to solicit and invest private funds?

Answer. At a minimum, the Endowment's authorizing statute should specifically provide "solicit and invest" authority. At present, this statute allows only gift acceptance. Based on its gift acceptance authority, the Endowment has implied solicitation authority for seeking private funds. However, the Endowment at present has no investment authority.

Additional changes in legislative authority would be necessary in order to enable the Endowment to generate earned income (such as through operation of a gift shop, licensing of Endowment-related products, or other agreements with corporate donors to generate additional revenue).

*Question.* The Institute of Museum and Library Services was last year permitted to "solicit and invest" private gift receipts. Is the NEA proposing any language which would give it the authority to do the same?

Answer. The NEA has engaged in limited efforts to solicit funds since at least the early 1980's, and donations have been accepted since the creation of the agency. The ability to both solicit and invest would greatly enhance the agency's ability to attract private dollars to supplement the federal appropriation. The agency would welcome language such as that provided for the IMLS last year.

PARTNERSHIPS

*Question.* Describe your efforts to leverage federal funds through partnerships with other federal agencies, as well as state and local organizations.

Answer. At the beginning of fiscal year 1997, the National Endowment for the Arts had 25 formal agreements with other Federal agencies to participate in collaborative partnerships. Among these agencies are the Departments of Agriculture, Commerce, Education, Housing and Urban Development, Justice, State, Transportation, Health and Human Services, the General Services Administration, and the U.S. Information Agency. These partnerships are supported by $3.859 million in funds from the other Federal agencies and $2.069 million in NEA funds.

The Arts Endowment seeks to expand support for artists and arts organizations through Federal interagency collaborations to develop programs that specifically include the arts and that are jointly funded by the Arts Endowment and its Federal partner. Recent initiatives have notably involved "non traditional" Federal funding partners and a focus on the role of the arts in meeting the economic and social needs of communities.

In these cases the collaborations involve a pooling of resources for specific purposes. Examples of joint funding ventures include the partnership between the Arts Endowment and the United States Information Agency to support the Fund for U.S. Artists at International Festivals and Exhibitions; Pathways to Success, a collaboration with the Department of Justice, that supports after-school and weekend programs for at-risk youth, their families, and their community; and The Arts and Rural Development Assistance Agreement, a partnership between the Endowment and the Department of Agriculture's Forest Service that supports arts-based rural community development projects.

The majority of the jointly-funded interagency partnerships are supported by funds from other Federal agencies that exceed the amount of funds contributed by the Arts Endowment.

*Question.* Are you planning on starting any new interagency efforts in fiscal year 1998?

Answer. The number and focus of interagency agreements, the sources of their funding support, and the methods for their implementation vary from fiscal year to fiscal year. The program priorities of the Arts Endowment, the identified needs of artists and arts organizations, and unanticipated opportunities within the Federal sector all influence the development of interagency collaborations. Consequently it is difficult to predict the extent to which new Federal partnerships will be initiated in fiscal year 1998.

Under a new Federal partnership that will commence in late fiscal year 1997 and early fiscal year 1998, the Arts Endowment will be collaborating with the U.S. Department of Education's Safe and Drug Free Schools Program in Creative Partnerships for Prevention, a Drug and Violence Prevention Program for Youth Using the Arts and Humanities. This program includes development of a Resource Guide for use in schools and community programs; a national awareness campaign; a World Wide Web site; and demonstration sites establishing and modeling arts-based prevention programs using a collaborative approach. Support from the Arts Endowment will enable an additional seven youth arts programs to participate with the eight original arts and humanities programs as demonstration sites. Arts organizations, school personnel, community organizations, youth, and their families will be involved in activities supported by this partnership.

At the January 30, 1997, American Canvas National Forum, Secretary of Education Richard W. Riley announced five actions that the U.S. Department of Education and its partners are taking to support our schools through arts education and the Endowment's arts education initiatives that will continue in fiscal year 1998. They are:

—Two publications to provide information and ideas about how schools can more fully integrate the arts into their curriculum. Transforming Ideas for Teaching and Learning the Arts is an idea book about improving education in general and arts education in particular. The Guide for Arts Education and School Improvement Resources to help teachers, principals, local school leaders, parents' groups, and local and state arts leaders to learn about funding sources for arts education programs.

—An extension of the Department's partnership with the Arts Endowment to continue the work of the Goals 2000 Arts Education Partnership to the year 2000.

—An annual awards program to honor arts education and business partnerships to support quality arts education at the state and local levels and to encourage more of them.

—The recognition of outstanding schools, through the Department's Blue Ribbon Schools Program, that have used the arts to lift their school and their students to new levels of achievement and that are examples of excellence in instruction and student achievement.

—The creation of a task force with parents, educators, researchers, and the arts community to explore ways in which art and music can help young children and families reach the America Reads Challenge.

INTERNET ACCESS TO THE ARTS

*Question.* How will the NEA computer systems replacement project enhance the world wide web/internet capacity of the NEA?

Answer. Currently, the agency has virtually no telecommunications capability (e-mail or Internet access). Our Wang-based telecommunications system is outdated, outmoded, and limited to a few offices, and it has no direct link to any external networks. The computer systems replacement project spurred the launch of our World Wide Web site, which has been an extremely successful public information tool. Upon completion of the agency's local area network, the Endowment staff will eventually be provided with e-mail and access to the Internet. Access to the Internet most likely will be undertaken in collaboration with the National Endowment for the Humanities, which will defray costs for both agencies.

*Question.* What do you see as the future of arts access on the Internet? Are any of the arts education funds in the Department of Education budget used for this purpose?

Answer. The Internet will provide extraordinary opportunities for the public to have access to the arts through exhibitions, online workshops and classes, and other interactive programming. Along with the Department of Education and the Kennedy Center for the Performing Arts, the Endowment established and supports ArtsEdge, a national arts education network on the Internet. The Department of Education also supports GOALS 2000—which include the arts as part of a basic curriculum—and support materials on the Internet.

*Question.* Is access to the arts improving through the use of the Internet?

Answer. Yes, but further progress is needed in two areas: more people need access to the Internet—most people cannot are without it at this time—and more arts resources must be developed and made available on the Net. Many arts organizations have begun to move online with Websites and other Internet resources, but most don't even know how to begin. Open Studio, an Endowment initiative with the Benton Foundation, is placing free public access sites in cultural organizations in all 50 states. The initiative is also establishing 10 national web mentoring centers throughout the country, training hundreds of arts organizations and artists to become content providers for the Internet. The NEA's own Website has received nearly 3 million hits since its launch in April 1996, and usage is increasing dramatically.

*Question.* Is the Internet used by the NEA or its grantees as a way to reach underserved communities?

Answer. Yes. Open Studio is placing access sites in all 50 states, with an emphasis on communities in rural and inner city neighborhoods traditionally defined as underserved. Furthermore, by establishing web sites, our grantees are making their programming available to anyone with access to a computer and connection to the Internet. We have had people accessing the Endowment's web site from all 50 states and around the world and our supposition is that some of those visitors are from underserved communities.

*Question.* Do you coordinate any grant monies with the Institute for Library and Museum Services in their grant programs?

Answer. We work with the Institute for Library and Museum Services to insure that both agencies are not providing funds for the same projects. In addition, our application form specifies that applicants may not use other Federal grants as match for our grants.

INITIATIVES

*Question.* The foundation for the American Canvas project was that communities must take the primary responsibility to support their nonprofit arts. What benefits have the communities which participated in American Canvas seen to date? How will the communities continue to leverage their new knowledge and relationships?

Answer. The American Canvas forums brought together more than 150 national leaders as panel participants representing the arts, education, business, government, consumer organizations, civic groups, religious organizations, and foundations to determine the value of the arts in communities and how to build a solid infrastructure for the arts in America's communities. Each of the six privately funded forums explored a different aspect of the successful integration of the arts into communities. The hosting communities were chosen for their leadership in the development of innovative strategies for supporting the arts.

As a result of the dialogue that took place at the various sites, a national steering committee formulated ten "Calls to Action," one relating to each of the six forum topics and four which emerged as general concerns in all six forums. In January 1997, a committee of 100 leaders representing a variety of sectors reviewed the Calls to Action and discussed specific ways in which their organizations and sectors could work together nationwide to assist communities in ensuring an arts legacy for future generations.

American Canvas participants identified a number of revenue sources for the arts across the country, many of which may be suitable for replication elsewhere. Just as traditional percent-for-art programs (in which a small portion of federal, state, or local construction expenses are earmarked for the incorporation of artworks and other cultural amenities) have brought millions of dollars to the arts, other dedicated revenue streams are being developed, often tapping "nonarts" funds in the public sector to fund cultural activities. These include hotel/motel taxes and entertainment/recreation taxes; revenues from lotteries and gambling taxes; vanity license plate sales; and sales taxes (where a percentage of the sales tax is dedicated to the arts).

Additionally, American Canvas participants identified cultural tourism as an important way in which cities attract visitors and are thus devoting a portion of their convention and visitors funds to cultural activities. Cities have also used cultural facilities as community revitalization tools and are able to secure economic development, housing, and transportation funding to support these activities.

These and other federal programs, such as the funding for arts in rural areas through the Forest Service and the Department of Agriculture and funding for job training in the arts through the Department of Labor, along with many private sector programs, were all ways the American Canvas participants believed would help to strengthen a community's infrastructure around its nonprofit arts. These ideas, and others, and strategies for implementation are being shared with the participating communities and others. Most important, however, for the participating communities is that a cross-sector dialogue was begun at American Canvas which can be built upon and enhanced for the purpose of creating a broad and sustaining infrastructure for the community's nonprofit arts.

*Question.* Since the program began in 1986, over 300 cities have been represented at the Mayors' Institute. Briefly, please describe the impact the Mayors' Institute has had on those cities.

Answer. The Mayors' Institute on City Design introduces mayors to the cultural and economic value of good design in the public realm and teaches them effective techniques for promoting wise public and private sector investment in their cities' built environment. The Institute also addresses the design process as an exercise in participatory democracy, which can give citizens an opportunity to work together to determine the future of their collective home. The following are just a few examples:

—Former Fort Worth, TX, mayor Kay Granger (now a member of the U.S. House of Representatives) gained the confidence in her own design judgment necessary to veto a proposal for an addition to the city's main public library that she thought looked like "a chain store in a strip shopping center." She insisted on a process through which citizens could express their opinions about "what a li-

brary should be and how it should function." Eventually, the city built a facility that the mayor reported "fit our downtown, fit our vision; this public building is beautiful and the people are proud of it."

—Mayor Jan Laverty Jones of Las Vegas, NV, asked the Institute for guidance in creating a "gateway" to the city's historic downtown and revitalizing Fremont Street, birthplace of Las Vegas's casino industry. The mayor was advised that it takes more than a gateway to make people go through it, and that she should concentrate on creating a destination that reflected the city's unique character. The result was the "Fremont Street Experience," a multimedia sound and light show that has attracted millions of dollars of new investment in the surrounding area. Whereas only 20 percent of visitors to Las Vegas once visited downtown, now 80 percent do.

—Only a few weeks ago the City of Boise, ID,—at the urging of Mayor Brent Coles, who participated in the Mayors' Institute in 1994—sponsored a retreat for elected officials in the region of Idaho known as the Treasure Valley. The Treasure Valley is experiencing dynamic population growth that is putting extreme pressure on public resources while threatening the region's quality of life. The format of the retreat was based on that of the Mayors' Institute and resulted in a signed partnership agreement, drafted by the officials themselves, that promised cooperation among the communities in the Treasure Valley in developing plans that will allow new development while protecting those qualities that make the region special to those who call it home.

Other reports from Mayors' Institute alumni include:

—Mayor Bill Johnson of Rochester, NY, is transforming an abandoned supermarket building in a low-income neighborhood into an anchor for a mixed-use commercial development that will create a new neighborhood center.

—Mayor Nancy Graham was recently featured in the New York Times for her efforts to revitalize West Palm Beach—efforts to which she credits her Institute experience.

—The Civil Rights District of Birmingham, AL, was honored by the National Trust for Historic Preservation, in recognition of a project that evolved from Mayor Richard Arrington, Jr.'s participation in the Mayors' Institute.

—Mayor Rick Mystrom of Anchorage, AK, is using a museum expansion as a catalyst for downtown revitalization.

ESTABLISHING ARTS ENDOWMENTS

*Question.* Please explain how NEA funds are used to assist grantees in establishing self-sustaining endowments or to establish cash reserves.

Answer. The National Endowment for the Arts awards Stabilization grants to create or augment endowments and cash reserves. These grants assist arts organizations in two ways: Federal funds are used to create or augment the endowment or cash reserve; and, Federal funds are used to leverage matching funds. Typically, grant recipients are conducting large, multi-year capital campaigns. The traditional capital campaign model has two phases, leadership (sometimes referred to as the quiet phase) and public. Solicitations in the leadership phase are made to board and capital campaign committee members as well as close friends of the institution. The public phase involves solicitations of individuals and organizations less closely allied with the cultural institution. Generally, the public phase of a capital campaign is the most challenging and difficult stage. Stabilization grants can be very effective in leveraging non-traditional donors to give at a significant level.

Due to the technical nature of endowments and cash reserves, the agency takes additional measures in the review of such applications and grants. Independent management assessments are conducted on all Stabilization applications recommended by discipline panels. This assessment analyzes non-artistic factors of the application which relate to the applicant's ability to carry out the project as well as the potential impact of the proposed grant. Staff members with expertise in nonprofit accounting monitor endowment and cash reserve grants. In addition, it is required that grantees take the necessary legal measures to ensure that endowments and cash reserves will be held intact for ten years following the grant end date. These legal documents are reviewed by the agency's Office of General Counsel.

TRUE ENDOWMENT FOR NEA

*Question.* Has the NEA sought a federal endowment for itself?

Answer. NEA supports the concept of establishing a true endowment at the Federal level. Testimony offered by witnesses in a 1995 Senator Labor and Human Resources Committee hearing suggested that to maintain the at-that-time current level of NEA grantmaking ($130 million per year) would require a corpus of about

$2 billion to $4 billion, depending on projected long-range rates of inflation and interest. NEA would support the capitalization of such an endowment either through the appropriations process or by means of dedicated funding sources such as the reception of a portion of copyright fees or proceeds from a national lottery.

The agency strongly supports the efforts of individual state arts councils to establish self-supporting endowments. The state of Delaware, for instance, recently completed a multi-million capital campaign to establish such a permanent endowment, and the NEA provided a $750,000 Challenge Grant early on as seed money.

*Question.* Does the Endowment seek to learn from and offer insights to executives and staff from other endowment and philanthropic entities in the form of details and exchanges?

Answer. There are many occasions, both formal and informal, in which various members of the Endowment staff are in communication with executives and staff from other endowment and philanthropic entities. Periodic meetings with groups of grantmakers have been held at the Endowment with the Chairman and senior staff. Staff members have attended regular meetings of Grantmakers in the Arts. Individual meetings on specific issues and questions take place regularly. There is communication and an exchange of ideas and experiences on a continuing basis.

# NATIONAL ENDOWMENT FOR THE HUMANITIES

## STATEMENT OF SHELDON HACKNEY, CHAIRMAN

### BUDGET REQUEST

Senator GORTON. We will now hear from Dr. Hackney of the National Endowment for the Humanities.

Dr. Hackney, you have suffered the fate of almost all second witnesses.

Dr. HACKNEY. I am used to it, Mr. Chairman.

Senator GORTON. In committee hearings, the attendance is not as great now. You are nonetheless, of course, welcome, and I want to join in the comments of some of my colleagues earlier in expressing our regret at your departure.

I am sure you have always regarded yourself more as a teacher than anything else, and you will look forward to going back to that career and we hope and wish for you great success there, and we thank you for your service to the National Endowment for the Humanities.

But before you go, we would like to hear from you today. We would especially like to hear from you about your search during this difficult period of time for different, better, and more effective ways of carrying out the functions of the Endowment, so that we will be happy to listen to your opening statement.

### SUMMARY STATEMENT OF DR. SHELDON HACKNEY

Dr. HACKNEY. Thank you very much, Mr. Chairman. I appreciate very much the opportunity to come and speak with you this morning.

I am leaving Washington at the end of my term at the end of July, so I have been thinking perhaps a little bit more than usual about what the last 4 years has meant to me, and what we have been able to do at the NEH.

Given the shortage of time, I would prefer not to read my statement.

Senator GORTON. Your statement will be included in the record.

Dr. HACKNEY. Thank you very much, and I will even be very brief in my oral remarks, so perhaps we can talk about the things that are of most interest to you. But I would like to say a word about the National Conversation on American Pluralism and Identity, and also maybe a brief word about a couple of the other priority programs that the NEH has been engaged in recently.

The National Conversation on American Pluralism and Identity is the most significant special project that we carried out during my tenure. It is one in which I was deeply interested myself, and it is a project that has stimulated now 3 million Americans to think

more carefully about the meaning of being an American, about what values hold us together as a country.

Most of those people were brought together on the Internet and by television and radio, but the meat and potatoes of humanities program are reading and discussion groups, and about 80,000 Americans have been engaged with each other in reading and discussion groups in intensive face-to-face conversations.

The need for the National Conversation was apparent to me at the outset of my tenure here at the National Endowment for the Humanities, and I believe this need is felt by most Americans today. That is, a sense of fragmentation, a sense that as a society we have been drifting apart from each other, that the bonds that tie us to each other, bonds of mutual responsibility, have been loosening of late. It was that sense of atomization that made me think that one thing the NEH could do was to use the power of the humanities to bring people together and to inform their thought about their connections with each other and about the meaning of their society, and we have done that.

Let me say, this drifting apart is something that has been going on in America for 25 or more years. It has gone on through economic cycles, up cycles and down cycles. It has gone through Republican and Democratic administrations in Washington. It is not related, basically, to those. It is responding to more fundamental forces in our society.

I will not give you my 50-minute lecture that I am going to be authorized to do soon about why we have been having this sense of fragmentation for the past 25 or more years, but briefly it is in response to the social revolutions that occurred in the 1960's, both the good aspects of those rights movements and also some of the darker aspects of the sixties, the friction that occurred in society.

But more fundamentally, it is society responding to the new situation in the world, to the technological revolution that we are still living through, to the global marketplace that makes us all feel uncertain about our jobs in the future, and to the end of the cold war that makes the geopolitical situation less predictable than it was.

For all those reasons, those four collections of reasons, if you will, we have been sort of drifting apart from each other. And public opinion polls show that. Lou Harris, for instance, has a poll in which he asks respondents whether they have little confidence, some confidence, or a lot of confidence in a long list of American institutions—the Presidency, the Congress, the press, universities, the clergy, and so on.

What is interesting about that poll is not the particular pecking order of institutions within American life, but the fact that the level of confidence that Americans feel in those American institutions rise and fall together. They started falling precipitously in the 1960's. They drifted down further through the 1970's. There was a brief spike upward in the first Reagan administration in the early eighties, then they resumed their decline through the late eighties to today.

Now, I think that decline is something to worry about, but we ought not to think that it is because of the performance of any of those institutional sectors of American life. That is a surrogate

measure, if you will, of something that is more fundamental that is going on in American life.

One other bit of evidence of that is that we know from polls as well that Americans are less trustful of each other than they were 25 or 30 years ago. We have polling data that shows that.

THE NATIONAL CONVERSATION AND CIVIL SOCIETY

So this sense of fragmentation has been going on for a long time. NEH launched the National Conversation on American Pluralism and Identity to bring Americans together to talk and think and listen to each other about what pulls us together in our very diverse society. We were doing this before Robert Putnam, the Harvard professor who made himself and the issue famous in his article called "Bowling Alone," in which he quantified the drop in American participation in voluntary organizations.

And, thus, civil society as a concept became very interesting to intellectuals and journalists, and a great debate, a healthy debate has been going on since that time about civil society—that is, the nongovernmental, nonprivate, noncommercial sector of American life. The National Conversation is in that sector, and we have been bringing Americans together.

Now, I think the good news from the conversation is that Americans are eager to talk to each other about what holds us together and about what divides us, as well. They are eager to work with each other across all of the usual divides of our culture—that is, race, class, gender, ethnicity. All of those dividing lines find Americans willing to leap across to work with other Americans from different backgrounds on common problems or on mutual understanding. That, I think, is very good news.

Americans, as our conversation results show, like the fact that we are a diverse country, but they worry as Americans frequently have, about our cohesiveness. I think that is a healthy worry, because it means that in this traditional tension between individualism and community in America, that Americans now are worrying that we are not paying enough attention to community, and I think that is good.

The bad news is that we know also from polling data and from participation in the National Conversation that there are worrisomely large levels of negative stereotyping in America. People in each group, each cultural heritage group, have negative stereotypes of members of other cultural heritage groups. When one speaks of race in America these days, one cannot simply mean black-white relationships. It is a multicultural problem, if you will, and multipolar, as well.

Americans want there to be a common identity that all Americans have, and have equally. They want an arena, a large area of American life in which all Americans come just as Americans, and in which they are judged by the same criteria as all other Americans.

At the same time, they want to honor their own particular cultural heritage. They want to be both and that is the sort of thinking that we have to learn to do in the future.

THE CONVERSATION AND AMERICAN VALUES

It is clear from the conversation, and as one would learn as a student of American history, that the core of the values that hold us together as a society are those values that were enunciated by the Founding Fathers in the Constitution and the Declaration of Independence. They are the values of self-rule and the values not only of individual rights but also of democracy.

It is America as an idea of democracy. It is the fact that we committed ourselves as a nation at the outset to both liberty and equality. Those two things do not always pull in the same direction, and they change their meaning as new circumstances occur, so it is the working out of the meaning of liberty and equality in American life that is the great challenge of the future.

Let me bring to your attention a young, phenomenal golf pro named Tiger Woods who has caused a good bit of a stir lately, having just won the masters at the age of 21, the youngest champion ever. He is interesting, because he is frequently spoken of as an African-American, yet he has now begun to remind reporters that that is not an accurate description of him.

His mother is Thai, a Thai-American. His father is African-American and American Indian and some Irish, so he is a multicultural American, and he wants not to be known by any one of those components but by all of them. He wants to be an American and all of those other things at the same time. That is something that most Americans agree to and think is right and proper.

So I find the meaning of America that comes out of the National Conversation to be our commitment to the idea of democracy. I think that is broadly and widely shared, but it needs to be brought to the surface by Americans, among Americans as they think about the meaning of their lives and what holds them together.

To be sure, there are other common traits that Americans have that we could probably have difficulty identifying and agreeing upon, but they are there. Most Americans, and certainly foreigners, recognize Americans all the time by their behavior and by the things that they hold dear: by their individualism, for instance, and by their self-reliance, and by their tolerance. Those things are characteristics that go into an American national character.

So I think the National Conversation has been enormously successful as well as valuable for the country, and I am pleased that we did it. I am in the midst of preparing—it is almost completed—a report to the Nation that will be published before I leave NEH. You can hurry right now and make your reservations at the Government Printing Office for your copy. It should be interesting, and it really is an extended essay as well as a statistical report on the conversation.

TRANSITION TO A LOWER BUDGET

Finally, let me say that despite the fact that our budget was cut dramatically in 1996 by 36 percent, we have made the transition to the lower level with a great deal of pain, but also with a great deal of pride as well.

We have been able to do some new things, to focus anew on the quality of humanities education, and on getting the humanities

into the new technological era, into the digital age, if you will, in various ways.

PREPARED STATEMENT

We have been doing that with great imagination. We are not doing business as usual. We have been finding partners outside the Endowment to help fund programs that we think are important. We will continue to do that, and we have begun to operate even a little bit differently within the Endowment.

So even though we are smaller we are no less important to the humanities and the Nation, and I thank you for your support, Mr. Chairman.

Senator GORTON. Thank you, Dr. Hackney. That was as fascinating an opening statement as I have heard in some time, and I solicit from you the full 50-minutes worth when it is in print. I will be delighted to read it.

Dr. HACKNEY. Thank you.

[The statement follows:]

PREPARED STATEMENT OF SHELDON HACKNEY

Mr. Chairman and Members of the Committee: It is an honor to appear before this Committee once again to speak on behalf of the National Endowment for the Humanities. I welcome this opportunity to discuss the agency's fiscal year 1998 budget request and to speak with you about some of the ways the Endowment contributes to the educational and cultural life of the Nation.

I would first like to tell you how pleased we at the Endowment were for President Clinton's strong statement of support in his State of the Union Message to Congress in February. Speaking of the importance of building a vital national community, the President reminded us that "the enduring worth of our nation lies in our shared values and our soaring spirit" and called for continued support of the federal government's efforts to advance the humanities and the arts. I know that this Committee, as it has shown over the years, also shares both the President's affirmation of the importance of the humanities and of the role the Endowment plays in providing a national focus to efforts to help promote them.

The American people have every reason to be proud of NEH's more than three decades of accomplishments in pursuit of its mission. Those accomplishments would not have been possible without the strong bipartisan support of Congress. The Endowment's grants to educators, scholars, and institutions across the Nation have helped to preserve and strengthen our cultural heritage. NEH exists to encourage humanities activities of truly national significance. Among the many outstanding examples of projects that Federal funding of the humanities has made possible are the documentary editions of the papers of presidents of the United States, summer seminars and institutes for teachers to revitalize their teaching of the humanities, educational films for television like Ken Burns's pathbreaking series on the Civil War, touring museum exhibitions like the recent "Splendors of Imperial China" show at the National Gallery of Art, efforts to preserve historically important brittle books and newspapers, and the work of the individual state humanities councils across the country that, in partnership with NEH, annually enrich the lives of millions of Americans.

We are pleased that the President has requested an appropriation of $136 million for the agency for fiscal year 1998. While this request represents an increase over our current funding of $110 million, it is still far below the $172 million budget the agency had just 2 years ago. The cumulative effect of these 2 years of reduced funds has been to place an extraordinary strain on the Endowment's programming and operations—the number of grants we have been able to make has plummeted by about two-thirds and the award amounts for most of the projects we have been able to support have had to be pared down considerably. Make no mistake: This deep cut in the NEH budget has resulted in a dramatic reduction in the availability of high quality humanities projects and programs for the American people and is eroding the humanities infrastructure that NEH worked hard to help build over the last 30 years. The fiscal year 1998 funding request we have presented to Congress is de-

signed to restore part of what we lost and to address specific needs in the humanities.

Despite the present dire state of our funding resources, I want to assure you that the Endowment remains a vital national proponent and supporter of the humanities, that we are eager for the future, and that we will continue to search actively for ways we can better serve the American people. In recent years, for example, we have recast our relationship with the state humanities councils into a new Federal/State Partnership that has opened up fresh opportunities for the Endowment and the individual humanities councils to work more closely together in our shared mission of providing thoughtful, stimulating humanities programming for all the nation's citizens, reaching into every community in all 50 States and six special jurisdictions.

Our budget justification describes in some detail our current activities and our plans for fiscal year 1998 and the coming years. I'd like to take a moment of the Committee's time to discuss a few of these items with you today.

One critical way the Endowment helps to preserve and to extend access to our cultural heritage is through the financial support we provide for teams of scholars to produce documentary editions of the papers of important people and seminal events in our Nation's history. By searching out and drawing together documents from thousands of repositories nationwide, editions projects make available important materials for the first time. Included among these projects are editions of the papers of Benjamin Franklin, Thomas Edison, Dwight Eisenhower, and Martin Luther King, Jr. Such large-scale editorial projects have a tremendous intellectual impact and are truly the building blocks of research. For example, historians have used the NEH-supported multi-volume edition of the Journals of Lewis and Clark to publish more than 20 books on different aspects of the expedition. Similarly, NEH support for the publication of 32 volumes of the papers of George Washington has helped to make these essential primary source materials more widely available to students and scholars of Washington and the American Revolution. Indeed, the eminent historian of the nation's early period, Edmund S. Morgan, has hailed the editions of the papers of the "founding fathers"—which have been made possible, in part, by funding from NEH—as the "major scholarly achievement of American historical scholarship in this century."

Because of drastic cuts in funding for NEH, however, we find ourselves in the difficult position of not being able to support a number of worthy editions projects we have been supporting over the years. These are projects that make up an important part of our American Legacy. The nation thus will lose not only the investment we have already put into them, but will also forfeit their rich compilation of knowledge.

To address this situation, we are proposing at our $136 million fiscal year 1998 budget request level to implement an American Legacy Editions special initiative that would more than double the amount we are now able to provide to these projects, which would help ensure the continuation of these important undertakings. Under this special competition, projects would be provided with a combination of outright grants and the offer of "matching grants" from the Endowment, which would help support operating costs and greatly speed the projects to completion, and endowment-building Challenge Grants, which would help projects invest funds that would generate future operating income. We estimate that if this initiative were continued at this higher funding level for the next decade, these projects could be sustained and placed on a sound financial footing.

Another area that is commanding a great deal of our attention and our creative thinking involves the relationship between the humanities and the new electronic information technologies. While NEH has long supported innovative humanities projects that use CD–ROM's, the Internet, and other digital formats, the additional funding the agency is requesting for fiscal year 1998 will enhance our national leadership role in preserving, digitizing, and disseminating important cultural and historical materials. We are in fact currently drafting a special report on the humanities and technology, which we expect to issue later this spring, but I would like to mention one or two examples of the kinds of things the Endowment is now doing and plans to do more of in the future.

In 1996, the Endowment launched a special three-year special initiative, Teaching with Technology, that is helping to develop and introduce students to rich humanities content via CD–ROMs, the Internet, and other electronic technologies. The first grant deadline of this programming initiative yielded more than 300 proposals from schools and organizations across the nation, but scarcity of funds limited us to funding only a small number of projects. Included among the grants we were able to make was a project at Northwestern University in Evanston, Illinois to develop and deploy a multimedia database on the history of the United States Supreme Court. Recently included on the World Wide Web, <http://oyez.at.nwu.edu/oyez.html>, the

project is enabling students from around the country, and the world, to learn more about this nation's highest court. The project reports that "visits" or "hits" at this web site are averaging a stunning 250,000 per month. The Endowment also supported a project under this initiative at Miami University in Ohio that is helping teachers of Latin use electronic resources in their classrooms and a project at the University of Virginia involving the use of CD-ROMs and the Internet to teach the history of the American Civil War. With the funds requested for fiscal year 1998, we would be able to build on these successes by putting in place another special programming effort for projects that will jump start the process by which schools and their teachers become more competent, and comfortable, with these new humanities materials and technologies.

In this context, I know that the Committee will also be excited to hear about a major new partnership the Endowment has just entered into with the MCI Communications Corporation and the Council for Great City Schools (CGCS). MCI has committed $500,000 over two years to help create a new website, called "EdSiteMent," that will provide one-stop shopping for teachers, students, and parents who are searching for high quality educational materials in the humanities on the Internet. Drawing on the Endowment's acknowledged experience in supporting projects in this area and using our respected peer review process, a Blue-Ribbon panel composed of leaders in government, business, and education and parent organizations will select the materials for inclusion on the "EdSiteMent" website. NEH will also develop teacher guides for using the website in the classroom and the Council of Great City Schools will set up a hotline for teachers in need of assistance. We hope this public/private partnership will be a model for many other such endeavors in the future.

The Endowment also intends to continue and to extend the national leadership we provide for efforts to digitize and make more accessible such important humanities texts and documents as the Dead Sea Scrolls manuscripts, ancient Egyptian papyrus fragments, the entire surviving corpus of ancient Greek texts, and the works of Shakespeare. Such projects will ultimately offer students, researchers, educators, and the general public electronic access to a rich array of original texts and supporting documentation pertaining to the roots of Western Civilization.

Shifting gears slightly now, I would also like to tell you briefly about another programming initiative called My History is America's History. The Endowment's new Office of Enterprise, which is serving as a focal point for NEH's efforts to extend the reach of its programs, is coordinating the development of this effort. The initiative is designed to encourage Americans to learn more about the history of their families and to relate this history to the broad sweep of events and trends in American history and world history and will serve as a wonderful record of community history. We think this program has the potential of bringing the humanities into the lives of a broad segment of the public, which has been one of my primary objectives as Chairman of NEH. I should also mention that our Enterprise Office has been active on a number of other fronts, particularly our efforts to build partnerships with other organizations to promote the humanities like the MCI/NEH/CGCS "EdSiteMent" website I have already mentioned and the joint arrangement we made last year with the Andrew W. Mellon Foundation to support humanities fellowships at independent research centers.

In addition to this sampling of some of the special features of our fiscal year 1998 budget submission, I want to stress to you that the Endowment will also be continuing the support we provide for areas of the humanities where the need is greatest and where our leadership can continue to have the greatest impact: humanities education, the preservation of endangered research resources and artifacts, scholarly research, public programming, and the leveraging of private contributions to humanities projects and institutions.

We will continue to help improve the quality of education in America by providing opportunities for teachers of the humanities to renew and strengthen their knowledge in their fields. The Endowment believes, and has long operated on the premise, that there can be no more productive use of the nation's resources than to invest in quality education. Each year, in fact, NEH supports a broad array of seminars and institutes that are attended by thousands of school teachers and college teachers from all over the country. The ultimate beneficiaries of such seminars and institutes are the hundreds of thousands of American students—in rural, inner-city, and other classrooms, as well as in colleges and universities—who annually are taught by these teachers. In the past twenty years, NEH seminars and institutes in the humanities have reached more than 50,000 teachers in every state of the union; these teachers have in turn reached more than 7.5 million students in the first year after their seminar, not to count subsequent students who will also benefit.

The Endowment's projects that advance learning in the humanities make a profound and sustained impact on the lives of teachers and, by extension, on their students. Every year in fact we receive many statements from teachers who have attended NEH-supported seminars or institutes testifying to the impact of this experience on their teaching. For example, a public school teacher from New Jersey who attended last summer's seminar at Kenyon College in Gambier, Ohio, on "The Poetry of Wordsworth and Keats" recently wrote: "I could have read Wordsworth and Keats for an entire lifetime in my own home and I would not have been able to gain the knowledge that I acquired during the four weeks that I spent at Kenyon College * * * [I]t has had a great impact on my performance in the classroom overall. I have been rejuvenated [and] my children are still excited when I tell them about it. In an area that does not value education as much as it should, I can see that my love of learning and my quest for knowledge has had an impact on their way of thinking."

The effectiveness and impact of the Endowment's comprehensive efforts to preserve and broaden access to historical materials vital to our cultural heritage have also been broadly recognized. NEH is in fact the acknowledged national leader in the movement to preserve cultural resources that are in danger of being lost forever because of the high-acid content of the paper on which they are printed or the improper way they have been stored and handled. This effort has produced impressive results: Over the years, NEH has helped to preserve 750,000 brittle books and 55 million pages of American newspapers on microfilm and to improve the storage of 27 million objects of archaeological, ethnographic, and historical importance held in American libraries, museums, and archives.

In recognition of our importance as a national coordinator of preservation efforts, the Board of Directors of the Association of Research Libraries recently commended "the overwhelming success of the NEH preservation program in preserving the nation's heritage and culture" and hailed the Endowment's effort "as a critically important program to ensure the preservation of and access to important * * * materials that are vital to our nation's ability to function as a democracy." The fiscal year 1998 NEH budget request would help NEH quicken the pace of these preservation efforts that have slowed considerably in the last two years because of reductions in the agency's budget.

The Endowment is also a critical national source of support for important research and scholarship in the humanities. NEH grants to American scholars have resulted in thousands of books and articles that have added to our storehouse of knowledge of the past and have garnered hundreds of nationally recognized awards, such as Pulitzer Prizes, including the recently announced 1997 Pulitzer Prize for History; Bancroft Prizes; and National Book Awards.

NEH has long been a crucial funder of such major scholarly undertakings as the compilation of dictionaries, historical and linguistic atlases, and encyclopedias. These complex projects—which will serve as intellectual tools for future scholars, students, and general readers alike—do not have ready access to corporate, private, state, and local sources of funding and thus must rely on NEH support to continue their work. One such project that received a good deal of publicity recently is the NEH-supported archaeological team in Virginia that discovered and excavated the original Jamestown fort constructed by English settlers soon after their arrival in the New world in 1607. This fort, long thought to have been destroyed by erosion, shows promise of adding to our knowledge and understanding not only of the aspirations of the English in the New World, but also about their encounter with Native American groups. The Jamestown archaeology project serves to remind us that collaborative research in the humanities, as in the sciences, typically involves substantial start-up costs and requires sustained support over many years. The project also is a model of how NEH matching funds can be used to leverage third-party funding—in this case, from the National Geographic Society—in support of basic research.

One of the most rewarding experiences of my tenure as Chairman of NEH has been to observe firsthand the many ways the agency helps Americans learn more about their heritage, their culture, their past. Each year, for example, the individual state humanities councils, working in partnership with NEH, reach millions of people in libraries, Chautauqua-style tents, historical societies, grange halls, church basements, and senior citizen centers with quality humanities programs and presentations.

Additional millions of Americans are also touched by national projects supported directly by NEH. Our funding makes possible such critically acclaimed television documentaries as the Ken Burns films and biographies of presidents Eisenhower, LBJ, and FDR. Three of the four blockbuster series that opened last fall's PBS television line-up were NEH-funded films: "The West," which recently won a coveted

George Foster Peabody Award, "The Great War and the Shaping of the Twentieth Century," and the four-hour documentary on the life of President Theodore Roosevelt. The Endowment also supports media projects that illuminate other aspects of our national heritage, such as an award we made recently to the Institute of Language and Culture in Alabama to develop a six-hour radio series—In Their Own Voices: The WPA Ex-Slave Narratives—which is drawing on the more than 2,000 interviews of ex-slaves gathered through the 1930's WPA Writers Project.

The fact that the Endowment's public programming efforts have a distinct impact on the cultural life of America is also demonstrated by the millions of Americans who annually visit or participate in NEH-supported humanities projects and by the geographic breadth and diversity of these projects. Currently, there are 147 educational exhibitions on humanities subjects and themes open to the public that will be seen during the course of their travels at more than 400 small and large museums, libraries, and other cultural institutions nationwide. The Anchorage Museum of History and Art and the Coastal Yukon Mayors Association, for example, received funding to mount a traveling exhibition of Yup'ik Eskimo masks drawn from the Arctic collections of major American and European museums. This exhibition, which explores the use of the masks in dance and ceremony, opened in the small rural Eskimo village of Toksook Bay in Alaska, traveled to the regional center of Bethel, and then went to Anchorage, where it was seen by nearly 200,000 museum visitors. It is now en route to museums in New York City, Washington, D.C., and Seattle.

Another example of the way NEH brings an essential national prospective to public humanities programming is the exhibition, "Barn Again!," which examines the barn as an agricultural structure, a monument on the American landscape, and a symbol of community and rural life. With funding from the Endowment and spearheaded by the Utah Humanities Council in cooperation with the humanities councils in Alabama, Georgia, Oregon, Ohio, West Virginia, Illinois, and Missouri, the exhibition and allied public programs are being presented at thirty-two small rural museums throughout these states, including the West Virginia communities of Mannington, Point Pleasant, Weston, and Elkins.

As part of the agency's overall efforts to broaden Americans' access to the humanities, in fiscal year 1998 the NEH Challenge Grants program will sponsor a special initiative for public libraries to help them build endowments to strengthen their humanities programming. To make fund-raising more feasible for these institutions, particularly for public libraries located in rural areas or inner cities, the program will require only a two-to-one match under this initiative, rather than our standard three-or four-to-one match. NEH Challenge Grants are the Endowment's principle means for leveraging private support for the humanities.

The Endowment remains the catalyst nationwide for private support for the humanities. When NEH awards a grant, by virtue of our rigorous merit review process, it also certifies to other potential funders the high quality of the project. As the Secretary of the Andrew W. Mellon Foundation, one of the nation's largest independent foundations, has stated: "[T]here is little doubt that many non-federal donors welcome the opportunity for joint support of projects with NEH * * *. Far from discouraging non-federal support for the humanities, NEH has stimulated private philanthropy."

Finally, I thought the Committee would be interested in a progress report on the national conversation. NEH's role in the initiative, as a funder, has drawn to a close, and we are now preparing a comprehensive report to the nation. This report will be not so much a statistical or quantitative assessment, although there will be much of that in it, but rather it will try to convey a sense of what was said in the conversations that took place in the more than 140 communities in 42 states, the Virgin Islands, and the District of Columbia over the life of the initiative and what conclusions one can make about Americans' many thoughts and opinions about the pluralistic nature and identity of their nation. We will publish and widely distribute the report sometime this summer.

In closing, I must return once again to the issue of money. While the Endowment continues to forge ahead and to think creatively about ways we can continue serving the American people, it is also true that we need sufficient financial muscle to bring our plans to fruition. As small as NEH's budget is, the Endowment is still the single largest national source of funding for the humanities. The Endowment's work is a necessity, not a luxury. Indeed, many recent studies and public commentaries have indicated that the private sector and foundations can not and will not shoulder the burden for a diminished NEH. Our fiscal year 1998 budget request, which is tailored to the plans and program emphases I have discussed in this statement, represents a prudent investment that a great nation such as ours must make in activities that support the unglamorous but critical task of preserving America's heritage and sharing it with the American people. I can think of no nobler purpose.

PREPARED STATEMENT OF SENATOR COCHRAN

Senator GORTON. Due to a previous commitment, Senator Cochran was unable to attend the hearing, I have a prepared statement which will be inserted into the record at this point.

[The statement follows:]

PREPARED STATEMENT OF SENATOR COCHRAN

Mr. Chairman, I join you in welcoming Dr. Sheldon Hackney and I congratulate Dr. Hackney, and take this time to let him know we have appreciated his service as Chairman of the National Endowment for the Humanities. This week he announced his intention to return to the University of Pennsylvania to teach history.

The National Endowment for the Humanities is better for his tenure. A scholar in history, he is sensitive to the importance of not only the study and preservation of our past, but making sure that study is modern, and that we cultivate our foundation for the future. The Teaching With Technology Grants, first awarded last year, will aid in the new development of materials for classroom use with state-of-the-art equipment. This is an important contribution to our society. We need innovative support such as this, in order to keep up with the technology, train our teachers, and prepare our students.

This is vision. Dr. Hackney has provided excellent guidance and good vision. I thank him, and wish him well.

PUBLIC SERVICE AND THE TEMPER OF THE TIMES

Senator GORTON. With that, Senator Bumpers, with all of your patience I will let you ask any questions that you have now.

Senator BUMPERS. Since I am the only one who has stayed with you?

Senator GORTON. Yes. [Laughter.]

Dr. HACKNEY. There is a metaphor there, I think. [Laughter.]

Senator BUMPERS. Dr. Hackney, first of all let me say that Mrs. Bumpers and I wish you and Lucy the very best in your future and to tell you that we are both deeply grieved, as I think most Members of Congress are, about your departure.

Dr. HACKNEY. Thank you.

Senator BUMPERS. When I hear you and Jane Alexander deliver your opening statements this morning I am much encouraged, because I have become about as cynical as the rest of America on a lot of scores, and one is, of course, how increasingly difficult it is to get people to serve and to accept public service.

I have done a little recruiting in my own party trying to find people to run, and we have been lucky to find a lot of really talented people, but I can tell you it is becoming increasingly difficult to get people to give up a reasonably good life with their families, good incomes and so on, and then come into such a hostile, meanspirited environment as this, where political differences are becoming criminal offenses. You touched on that to some extent in your opening statement, and I appreciated that very much.

So under the most difficult circumstances you have done a remarkably fine job, and we are grateful to you for taking out the time in your life to accept this responsibility and do an outstanding job, as I see it, under very difficult circumstances, so we wish you the very best.

Having said that, I have tried to plumb my own mind and try to figure out what is it about this Nation that must, indeed, be different? I am a student of American history, and yet I know there

is much that I do not understand. I do not understand our culture now.

I do not understand the hostility that people feel about everything, and I think that has been reduced somewhat by the fact that the economy is performing well, the crime rate is down—I think the economy plays a role in that. I hate to say this, but I think building prisons and locking up repeat offenders who have repeatedly shown that they cannot live in a free society has an impact.

But I am not sure of the underlying causes of the crime, the sudden crime surge in this country, or the hostility and the meanspiritedness right here in Washington, right in the U.S. Congress and right in the U.S. Senate.

The comity that existed when I came here does not exist any more. I was a trial lawyer, and people were always talking about how trial lawyers fight in the courtroom and then go out and have lunch together, and we did because we liked each other personally. It had nothing to do with the savage fight we had in the courtroom.

But one of the reasons I am such a strong champion of the arts and humanities is because I think it plays a major role, and that is the reason I say if it can play a major role with such a small amount of money I can only guess what it would do if you were well-funded, and yet people—you know, we do things by exception around here, not the rule. Somebody can find Mapplethorpe or something like that and trade on it forever, which neglects the larger problem.

You mentioned Tiger Woods, and I do not know, it might have been Charles Krauthammer in the Post the other day who was talking about Tiger Woods, and I agree with it. I think the phenomenon of Tiger Woods and the immense respect and admiration the American people have for him is not necessarily because he is African-American or Asian-American. I notice he used some term on the Oprah Winfrey show to cover Indians and everything else the other day.

And it is not because he is a superlative golfer. My No. 1 son, who is a golf junkie, told me a year ago that he would wind up being the greatest golfer in the history of this country.

But you see, I still do not think that is America's fascination with him. I think it is his respectful attitude, that he speaks well, that he smiles easily, and you never see unbecoming conduct out of him, and when we think about him as an African-American or Asian-American, and you think about where did all this conduct in sports—when did it get so mean, and I do not know either.

Ilie Nastase, Jimmy Connors, and John McEnroe were not my ideas of role models for this country, and they sort of made it acceptable to a very, what shall I say, very gullible young group of people in this country that it is OK to spit in the referee's face, the umpire's face. I will spit in his face the first time he crosses me. These people are role models.

Tiger Woods understands that. I think he understands that. I think he is just a genuinely fine person.

I heard one man interviewed saying I did not come to see him play golf. I just came because I enjoy his mannerisms and his conduct.

Well, that is my lecture on incivility, which you already covered much more eloquently than I could.

SUMMER SEMINARS FOR SCHOOLTEACHERS

But to go on to a more specific item, in 1988 or 1989 I read in Newsweek that the Carnegie Foundation was funding summer seminars for schoolteachers, not a math teacher to improve her math skills, but for teachers to learn something about Virgil's Aeneid, for example, because teachers, a lot of things fall off of teachers in the classroom other than math or history, whatever they are teaching, so this was the concept, and all of the six programs that they funded one summer were vastly oversubscribed.

I thought it was a dynamite idea, because there is a simple principle that I adhere to and really strongly believe. That is, if our children are not learning it is because they are not being taught, and they are not going to learn as long as the same people who are not teaching continue not to teach.

Now, I do not mean that to denigrate teachers. I married a fifth grade teacher, and so I get humility lessons every evening at my house on this subject. But anyway, I then began to try to get a bill passed to make this a giant program, as a part of the Department of Education in this country and got virtually nowhere with it.

So since the National Endowment for the Humanities had a program similar to it, I then started trying to get that program funded at a higher level at NEH, without an awful lot of luck, and now my staff tells me in a memo I got this morning that the number of teachers who are qualifying for these summer seminars, and these are seminars of all kinds under NEH, has dropped by 50 percent. Is that due specifically to funding?

Dr. HACKNEY. It is the funding level, yes.

Senator BUMPERS. Well, all I can say is, that is a mass tragedy. I think that program ought to be so big that any teacher in this country who wants to improve her skills even in her own discipline or something else ought to have the opportunity.

The first one I saw was at the University of Texas. They had 244 slots, and they had 4,400 teachers apply for those 244 slots. Do you still have that kind of response?

Dr. HACKNEY. Oh, we do, yes. I think the summer seminars and summer institutes that we do are the very best things we do, the core of our programs. Seminars and Institutes, along with fellowships, are the two things that we do that really have to be done to keep the humanities alive, and they are a high priority for us. We protected those when our budget was cut. That close to 50-percent drop is occurring even though we have protected those two programs.

Before 1996, before the cut, teachers who had been in an NEH seminar taught 500,000 students in the first year after their seminar experience. That is, 500,000 students every year were being taught by a teacher whose life had just been refreshed and whose enthusiasm for teaching had been renewed by this experience of studying for 6 weeks or 8 weeks on a college campus with a master of the subject.

Our niche in this is content. It is high quality substance, and not pedagogy. These are all—the institutes are focused on curriculum

and teaching materials, but the seminars, which are more numerous, are focused on the knowledge in that area.

Teachers frankly do not get a chance to spend a lot of time thinking about or studying or reading during the year. They are so heavily worked in their high schools and in their colleges that they really need this period of being able to learn more and to refresh their knowledge and their enthusiasm.

Senator BUMPERS. How much money is in the summer seminar program?

Dr. HACKNEY. That is a very good question. Let me fish that up quickly.

It is about $5.7 million for seminars and institutes.

Senator BUMPERS. $9.7?

Dr. HACKNEY. $5.7 million.

Senator BUMPERS. Well, that is a little more than it was—no, wait, it is less than it was about 3 years ago.

Dr. HACKNEY. Yes.

Senator BUMPERS. I thought I finally got that up to around $9 million.

Dr. HACKNEY. We are spending now about $10 million for education programs in total, and that is down considerably from what it was previously. At the fiscal year 1998 budget request level of $136 million, $8.5 million is allocated for seminars and institutes.

That is all because of the cut that came in fiscal year 1996.

Senator BUMPERS. What a tragedy. I tell you, maybe that is another reason people do not want to come here. Maybe I should not pursue that.

I have always been a great student and devotee of the Constitution. I agree with Arthur Schlesinger, who says it was put together by the greatest assemblage of minds ever in the history of the world. I believe that.

I voted for one constitutional amendment since I have been here, and I have voted against probably 40. I hope I have the courage to continue to vote against them, but I am always troubled by how little people understand constitutional Government and why we are a democracy, how we are free and that sort of thing, and yet in this body, in the U.S. Senate especially, every single problem that has any emotional or political appeal winds up being offered as a constitutional amendment.

We have only had 11,500 constitutional amendment resolutions, and if you take the Bill of Rights out we have only adopted 17, so that speaks well for Congress and the people of this country.

But you know, when I think about people who have never read "The Federalist Papers," tinkering with the work of James Madison and Alexander Hamilton, it is so galling to me that I cannot tell you. It is not that the Constitution should not be amended, but we do not have an appreciation for it, and the reason we do not is because people are not being taught the value of it and what it means.

And you touched on where we are, how we got here, and why there is this distrust and hostility toward each other. When you ask people, did you ever do this, did you ever do that, they do not know, I always tell Betty the reason they do not know is because

nobody ever told them. That is the reason those summer seminars are so vitally important.

But I am not going to pursue my sermon on the Constitution, but Sheldon, again, we appreciate the work you have done and wish you well.

Dr. HACKNEY. Thank you very much.

Senator BUMPERS. Thank you, Mr. Chairman.

ADVICE FOR NEXT NEH CHAIRMAN

Senator GORTON. Thank you, Senator Bumpers.

Dr. Hackney, if your successor asks you for one single piece of advice, the most important single piece that you could give to him or her, what will it be? What will it be? Just one.

Dr. HACKNEY. Only one. I can think of several, but I would say that the most important thing that my successor can do is to tell the story of the NEH.

The NEH has a proud tradition 32 years long of doing good things for the American people. For most of those years we have simply assumed that because we got an annual appropriation that we did not need to be well-known, that we could continue to do the unglamorous but necessary work of keeping the culture alive and preserved, but it has been proven that that is not true.

One of the things that I have been trying to do and that I think the humanities community in general has done a much better job of in the last 3 years is telling the story of the humanities and of the NEH to the public and to the Members of Congress. That is absolutely necessary in this society, so we need to continue to do that in dramatic ways.

MAINTAINING A NONPARTISAN NEH

Senator GORTON. As you announced your resignation or your retirement from this position a number of people gave you credit for depoliticizing the National Endowment for the Humanities. At the same time, obviously one's views on the humanities and our history has a philosophical, a political philosophical context.

Where does the balance lie in the National Endowment for the Humanities, that is quite broad in its charter, and the very real ideas that an administration that appoints it and for which it works has with respect to many of these ideas? How do you create that balance?

Dr. HACKNEY. That is a really good question. There are senses that theorists would have that everything you do is ideological, because there is a sense in which it is connected to a view of the world and what is good and what is not good, but that is not what you were talking about nor what I am talking about.

It is my firm belief that the NEH needs to be a domain clearly nonpartisan but also nonideological. It should be funding programs that are of very high quality and that contain ideas that need to be discussed by the American public. It needs to be balanced, in other words.

We have a conscious rule in our public programs area that applies in other areas as well, which says that we do not fund programs that advocate a particular point of view, whose thrust is to

convince an audience of a particular truth or a particular way of looking at a problem.

Those programs must be balanced. If they are controversial they must contain all of the different points of view that pertain to that subject, and they should not be advocacy programs nor celebratory programs, frankly. They should be serious examinations of issues that are open to all of the points of view that are available, so I think the Endowment really does need to remain both nonpartisan and nonideological.

MERGING OF NEH AND NEA

Senator GORTON. I must say, you seem to have done very well in creating that balance, and then following the rules that you outlined here, and you deserve congratulations for just that.

Briefly, would you like to comment on the question that you heard me ask Ms. Alexander about the various proposals to combine or to consolidate the two Endowments?

Dr. HACKNEY. Surely. The NEA and the NEH serve very different constituencies and audiences. We operate in different ways, and putting them together would be quite awkward, so I do not see that it is going to solve any problems.

I agree with Ms. Alexander that we have been thinking about how we might combine support functions, for instance, and save money, but we have not been able to identify any significant savings that way.

Frankly, I also would worry that in any combined agency—a cultural agency that funded both the arts and the humanities—that over time, even with good intentions, the humanities would drift toward the bottom of the priority list because we are inherently less glamorous. What we do is less visible. The people who do it are less visible. They are not celebrities, by and large. There is an occasional Doris Kearns Goodwin who wrote the bestseller on the Roosevelt White House during World War II.

Senator GORTON. You do not get quite as much ink as Ms. Alexander, do you?

Dr. HACKNEY. Exactly right. Now, I am not sensitive on the subject. [Laughter.]

She deserves it. This is not the first hearing in which everyone has left after she got up. [Laughter.]

But I think that actually is inherent to areas of life. The arts are in part performances. They are individuals performing for a public. Entertainment is not a bad word, because entertainment makes you think and gives you a different view of life. It is very worthy material, but it is very different from what the humanities do.

STATE HUMANITIES COUNCILS COMPARED TO STATE ARTS AGENCIES

Senator GORTON. I suppose is that not reflected in the rather different structure of States humanities councils and your relationship with them as against the arts? Is it not true that many or most of them are not official State agencies, even though some get support from the States?

Dr. HACKNEY. Some get support. None of them is a State agency, though. They are all 501(c)(3) organizations, and I think the different levels of funding for the arts from the States as compared

to what humanities organizations get from States is a measure of the different level of visibility and glamour.

Senator GORTON. So in other words the State support for them is far lower than it is for the States arts councils?

Dr. HACKNEY. Much lower, yes.

Senator GORTON. Does that mean that your encouragement and the funding that you have is more significant or at least is very significant in preserving and enhancing those States humanities councils?

Dr. HACKNEY. Oh, yes; I think so. One of the things I am most proud of in my tenure at the NEH has been that we have transformed the relationship between the State humanities councils and the NEH.

Senator GORTON. Why don't you describe that for us?

Dr. HACKNEY. Traditionally, our office that managed our relationship with the State humanities councils operated as if it were a grantmaking program. State councils applied to us for an annual grant. Even though there is a formula in our authorizing legislation that describes how much is to be distributed to the States and a formula for distributing it, we still behaved as if it were a grant, and there was an oversight function that was quite rigorous.

As State humanities councils have matured over the last 20 years—they started in the early 1970's—they have gotten quite significant. They do very good work, high quality work, and we have now begun to think of them as our frontline, if you will, our local affiliates, bringing the humanities in a different way to local populations.

We have begun to divide up the territory a little bit, to divide the labor. We have also dramatically cut the size of our office and renamed it. It is now the Office of Federal/State Partnership. It is much smaller.

It is not a grantmaking operation. We are in the midst now of redefining and redesigning with the State humanities councils the accrediting function, if you will, the oversight or quality control function. That will be very different from what we did before.

The relationship is good. Communications are good. I am really pleased with it.

NEH AND AMERICAN HERITAGE RIVERS INITIATIVE

Senator GORTON. On another subject, you may be involved in an area that can be highly controversial, and it may or may not have been without your conscious early participation.

In his State of the Union Address President Clinton announced a new American heritage rivers initiative. The Chair of the Council on Environmental Quality talked about particular communities being targeted to receive Federal assistance and so on that would come from brownfields money, farm bill money, and the two national Endowments.

I can tell you in many parts of the country, like mine, this kind of proposal creates a great deal of fear of another set of Federal agencies coming in to tell people how to live their lives. I hope that is not true, but can you tell me, were you part of the original planning? Are you a part of it now?

Supposedly the various Federal agencies were to report back to the President within 90 days on more detailed plans. Can you tell me anything about those plans and your participation in them?

Dr. HACKNEY. We were one of 25 Federal agencies that were invited to plan this project, which as I understand it is an effort to coordinate the various programs run by Federal agencies in designated areas. It has not been completely designated yet, so our participation, or our role here is simply to do what we normally do, but to communicate perhaps a bit more effectively with other Federal agencies so that our programs can mesh with theirs more.

We support some projects that are particularly designed for river areas. One that I remember with great affection was actually supported by my predecessor but was very effective. It was called always a river.

It was a grant to six State humanities councils to put a historical exhibit on a barge on the Ohio River and float it down—West Virginia, Ohio, Pennsylvania, Illinois, Indiana, and Kentucky were involved in this—the river, stopping, obviously, now and then, tying up to the local docks and inviting people from that community on to see a really exciting exhibit of the cultural history of that river area.

Well, we support projects like that. We do those through our regular grant process and will continue to do them.

Senator GORTON. Well, no one is going to be anything other than pleased at that kind of activity, but do you know anything at this point about the progress of this American heritage rivers initiative project?

Dr. HACKNEY. I think it is going forward, and we are involved in the groups that come together to discuss it.

I think the plans are to designate some of the areas within which coordination is to take place. It is coming soon. Let me turn to my deputy and see who has been represented.

September 1 is apparently the date on which the first five river areas will be designated.

I should say there are no new funds going to this program, as I understand it, certainly no new funds from us or, as I understand it, from the other Federal agencies.

NATIONAL TRUST FOR THE HUMANITIES

Senator GORTON. Thank you. We will look forward to September 1.

Tell me about the National Trust for the Humanities. Do you think that this will be a successful way of getting additional private sector funds, and what will its relationship be with NEH?

Dr. HACKNEY. I do think it will be a significant factor in making our programs much more available to the public than now.

The National Trust for the Humanities is a 501(c)(3) organization that is chartered here in the District. It is up, organized, and running now but does not yet have a staff. It already has raised a little modest money.

Its directors are people interested in the humanities from around the country. We are not doing this. We are not directing it. It is an independent organization. It is one of the ways in which the humanities community must operate in a different mode in the fu-

ture. It will be able to attract private funds and be the partner in any partnership that handles the money for programs.

One can imagine the national trust raising funds that would, for instance, put in every high school in the country a collection of the films, the documentary films that NEH has made possible, or has funded over the years. Most of them, except for the Ken Burns films and other super successful ones, are now sitting on someone's shelf gathering dust, not doing anyone any good, when they are extraordinarily valuable as educational tools. We do not have the money now within our appropriation to give them away.

One of the projects that I think the national trust might undertake is raising private funds either from corporations that might want to have their name attached to that sort of effort, or from a philanthropist or foundations to purchase and send packages of those films to schools throughout the country. In that way I think they can find new audiences, and extend the audience for work that we are already doing.

It is important to realize, though, that if the national trust is wildly successful, in my view it will be raising $3, $4, $5 million within 5 years to sort of supplement the work of the NEH. It can never replace the funds that come from the Congress.

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. Dr. Hackney, I want to thank you for your testimony. We have a number of other questions that we will submit to you in writing about specific programs, and would appreciate your answer to them.

I think you have done great credit to the Endowment during very difficult times, and for, I believe, the entire subcommittee and, I hope, the Senate I want to thank you for your service. I realize it has a few more months left to go. You have been most eloquent, and I do look forward to reading your philosophical comments.

Dr. HACKNEY. Thank you. I do want to say, Mr. Chairman, not only that I appreciate your support through the years here, but this service to me has been the most exciting and rewarding experience of my professional life, so I do not regret coming.

Senator GORTON. That is wonderful. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Endowment for response subsequent to the hearing.]

ADDITIONAL COMMITTEE QUESTIONS

BUDGET PRIORITIES

*Question.* $136 million has been requested by the President for NEH activities in fiscal year 1998. However, it is doubtful that the subcommittee will be able to provide the agency with an increase over the fiscal year 1997 budget. If this is the case, would you advocate that the appropriation of funds remain the same for the various budget lines for grant divisions, state programs and administration?

Answer. Yes.

*Question.* Or do you see a need to allocate the resources differently, and, if so, how and why?

Answer. If the fiscal year 1997 appropriation is again $110 million, the fiscal year 1996 breakdown is a good distribution of funding among our budget lines.

STATE HUMANITIES COUNCILS FUNDING

*Question.* All 56 state humanities councils are non-profit, private organizations, not state government agencies. However, according to information provided in the fiscal year 1998 budget request, almost half of state councils do receive some state support in addition to federal dollars.

Does the National Endowment in any way provide a financial incentive for state governments to contribute to the work of the state councils?

Answer. In addition to an outright grant—which by law comes with a 50 percent cost-share requirement—NEH awards each of the councils supplementary matching funds for the purpose of leveraging non-federal, third-party contributions. Any funds that the councils receive from state governments can be used to satisfy the fund-raising requirement that these NEH matching grants entail. Thus, by contributing to the councils, state governments can help them leverage additional federal support.

*Question.* Are state contributions, or the lack thereof, a determining factor in the apportionment of federal dollars to local humanities councils?

Answer. No.

*Question.* What factors can you point to that would explain why over one half of the state humanities councils do not receive state support? Why do you believe such a disparity exists between the state humanities councils, which receive approximately $4 million annually, and state arts agencies that receive an estimated $265 million yearly in state support?

Answer. Historically, the arts councils have been state government agencies, while the state humanities councils have remained private, non-profit organizations. The arts councils have been the primary vehicle by which the states channel support to the arts. State governments have typically chosen to support the humanities councils on an ad hoc basis, through project grants and special appropriations. In recent years, the state councils' efforts to attract state government support have met with increasing success. Moreover, state support for the humanities is at least as great as what they provide for the arts. For example, total state support for public education at all levels now exceeds $150 billion annually, some not-inconsiderable part of which supports teaching and scholarship in history, literature, government, philosophy, and other humanities subjects and disciplines.

The legislation that governs NEH support of the state humanities councils provides that state governments are to be given the option of either: (1) designating the existing private council as a state agency, then matching 50 percent of the federal minimum grant or 25 percent of the total federal outright grant, which ever is larger, and reconstituting the council membership with gubernatorial appointees; or (2) appointing six members to the existing private council, or a maximum of 25 percent of its membership. Each year, the Endowment informs each state governor of the state's option to convert the existing council into a state agency. To date, no state has chosen to designate a humanities agency, even though several now provide their council more than 50 percent of the Endowment's Federal/State Partnership grant.

*Question.* Individual state humanities councils can fund no more than one-half the cost of any one project, with the remainder coming from local contributions. If the states were to receive a larger percentage of the total amount Congress appropriates to the NEH for all humanities programs, including state councils, what is the likelihood that local resources could be raised to meet the necessary increased matches? At what point, because of limited local funds, will federal support fail to be a catalyst for raising matching funds?

Answer. The state councils and the organizations and individuals they support can match the outright grant funds awarded through the Federal/State Partnership with either cash or in-kind contributions. In addition to third-party contributions, costs incurred by the project sponsors themselves are counted toward this matching requirement. In recent years, the imputed value of all cash and in-kind contributions to the state councils and the recipients of their project support has exceeded the required 50 percent cost-share by approximately $18 million.

The state councils are not unique in this respect; all NEH grantees contribute a share toward the costs of their project that, on average, amounts to $1.30 for each federal dollar of their grant. The potential contributor response to additional federal funding for the humanities is very large in all areas that the Endowment supports. But, the funds now provided through the Federal/State Partnership are sufficient to permit the councils to support more than half of the funding proposals they receive, while NEH must turn away five of six of its grant applicants.

OFFICE OF ENTERPRISE

*Question.* This office was formed in recent years to extend and expand the Endowment's assets and to facilitate its work in a more entrepreneurial manner. It has been given responsibility for seeking new financial resources, as well as sponsoring all projects that cross over divisional lines within the agency.

Can you tell us how successful this office has been in accomplishing its mission to date? What strides have been made since its creation and how is its work stretching available federal dollars?

Answer. The Enterprise Office, in its first full year of operation, has been highly successful. The Enterprise Office developed two major financial partnerships—one with the Mellon Foundation and one with the MCI Foundation. Combining $1.25 million of NEH funding for each of two years with $2.5 million of Mellon Foundation support for each of two years will enable nine research centers throughout the country to support a significant number of fellowships. Funding for research centers and fellowships was cut sharply as a result of the budget reductions in fiscal year 1996, and this renewed commitment will help to continue the critical work of research to create new knowledge in the humanities.

Under the auspices of the Enterprise Office, the MCI Foundation and NEH formed a partnership to create EdSiteMent, a new website designed to help teachers, parents, and students find the best education websites on the Internet. MCI's commitment of $500,000 to this project represents the first corporate partnership for NEH, and we expect to build upon that success in coming years.

In addition, the Enterprise Office has worked with other NEH divisions to extend the reach of Endowment projects. This includes creating new exhibit space in the Old Post Office Pavilion to showcase previously funded NEH exhibits to the more than 3.5 million people who visit the building each year. In addition, the Enterprise Office has provided a modest amount of funding to enable these exhibits to travel to places in the country where the exhibits have not previously been seen. Plans are underway to extend this initiative to major NEH-funded exhibits so that more Americans will have access to the rich historical information embodied in these exhibits.

Finally, the Enterprise Office has provided support for major proposals coming to NEH that do not fit neatly into one particular division, but that would make a major contribution to the advancement of the humanities. This includes the Disaster Recovery Kit, a kit designed to provide critical information to museums, libraries, and educational institutions about the steps that need to be taken immediately to preserve books and other important cultural materials in the wake of natural disasters like floods, fires, and hurricanes.

*Question.* Are new collaborative efforts with partners such as the Mellon Foundation and MCI the result of efforts by this office? Please describe these cooperative arrangements in greater detail for the subcommittee.

Answer. The partnerships formed with Mellon and MCI were the result of a collaborative effort between Enterprise and another NEH division. The Mellon partnership began with discussions between the NEH Chairman and the director of NEH's Division of Research and Education about what could be done to support critical research in the wake of the 60 percent reduction in research funding as a result of the fiscal year 1996 budget cuts. Mellon was encouraged to make a major financial commitment with the assurance that NEH would also make a commitment to support research centers. NEH funds are provided directly to research centers as are Mellon funds.

The MCI project began with an inquiry from MCI to Enterprise about how we might combine the technological expertise of MCI with the education expertise at NEH to improve education in the classroom. As a result of these discussions, NEH put together a proposal for EdSiteMent, a new Website to identify the best education websites on the Internet. The MCI's commitment of $500,000 is being used to support the new website, create teacher guides for use in the classroom, and for partnership efforts with schools to incorporate EdSiteMent into the classroom. As part of its contribution to the partnership, NEH used its rigorous peer panel review system to evaluate the quality of websites and make recommendations for inclusion on EdSiteMent.

*Question.* How much of the $12,416,000 appropriated to the Division of Public Programs and Enterprise in fiscal year 1997 is designated or anticipated to be used specifically for Office of Enterprise activities?

Answer. Including the $1.25 million commitment to the Mellon Foundation partnership, the fiscal year 1997 budget for the Enterprise Office is $2.138 million.

HUMANITIES IN EDUCATION

*Question.* Traditionally, the humanities have been considered part of a core educational curriculum for students. Do you believe this is still the case or has there been a decline of interest in studying the humanities today? How does NEH attempt to convey to students the relevance of a liberal arts education in an increasingly technology-oriented world? Is there greater emphasis now on vocational or pre-professional degrees than in the past?

Answer. The data we have—both empirical and anecdotal—indicate that interest in the humanities among college students is on the rise after a long period of decline. The number of bachelor's degrees conferred in humanities disciplines has rebounded sharply from the low levels seen in the 1970's and 1980's. A similar resurgence of interest is being seen in the nation's graduate schools, where the number of students pursuing advanced degrees in the humanities has been moving upward since the late eighties. Some of the new interest may have been fueled by an expansion of general education (or "core") requirements by a significant number of American institutions of higher education. More often than not, general education includes a healthy dose of humanities subjects.

Through our programs and through our rhetoric, we attempt to convey to students the importance of sustained, thoughtful study of the humanities. Such study is the foundation for understanding important contemporary issues as well as enduring questions of human existence. The humanities raise issues that are central to life in a democratic society and provide resources for engaging issues with intelligence and wisdom. Quite simply, our message is this: While vocational, technological, and pre-professional education help prepare students for their first jobs, a humanities-centered education prepares students for a lifetime of many different jobs.

*Question.* Alternatively, turning to the other side of the desk, what progress has the Endowment made in fostering the development of better teachers, as well as attracting qualified, committed candidates to this important profession?

Answer. Over the course of its history, one of the primary missions of the National Endowment for the Humanities has been to help school and college teachers in the United States improve their teaching of the humanities. Particularly noteworthy are the grants the Endowment makes annually in its summer seminars and institutes program, the country's leading faculty development program in the humanities, which are designed to provide school teachers and college faculty members with opportunities to study fundamental texts and significant topics in the humanities. Each year, the hundreds of humanities teachers who attend NEH-sponsored seminars and institutes return to their home institutions intellectually revitalized and thus more effective instructors of the tens of thousands of students who fill their classrooms.

NEH humanities education grants are not designed, per se, to attract new teachers to the humanities. We suspect, however, that there may be instances where a student becomes interested in pursuing a teaching career in the humanities as a result of having been exposed to an instructor whose teaching had been reinvigorated after attending an NEH seminar or institute.

*Question.* What, if any, role does the U.S. Department of Education assume in serving to encourage and enhance instruction in the humanities in our schools? How much do their funding and programs complement the kinds of work you support for teachers and students?

Answer. The Department of Education provides support for humanities instruction in two main areas: "Goals 2000," which encourages efforts at the state and local level to establish high academic standards in the core academic subjects (the humanities among them); and the Eisenhower Professional Development Program, which assists state and local education agencies with efforts to enhance the professional development of teachers.

NEH's education programs complement but do not overlap with those of the Department of Education (ED). We provide a modest amount of support for materials and curriculum development in humanities subjects (for which there is no ED analog), and we support the professional development of humanities teachers by providing them with opportunities to engage in intensive summer study of important texts and topics in the humanities. Although at first glance it might appear that there is substantial overlap between the two agencies' teacher training programs, they are in fact quite distinct. The Department's Eisenhower program differs from NEH's offerings in two key respects:

(1) Eisenhower is for the most part a formula-grant program that permits significant flexibility among states and localities in the design and execution of teacher training programs. What this means in practice is that professional development opportunities are relatively short in duration (often a week or less) and focused on

pedagogical rather than substantive concerns. NEH's seminars and institutes, on the other hand, offer teachers in-depth study opportunities lasting four to six weeks. Such programs are led by many of the nation's top scholars and are focused on content rather than pedagogy.

(2) Although the Eisenhower program nominally targets all core subject areas, the program's funding mechanism in fact favors math and science education. Eisenhower's enabling legislation includes a trigger mechanism that has the effect of reserving the first $250,000,000 of the annual appropriation for math and science training. For fiscal year 1997, this has meant that a relatively small sum remains for all other subjects. Conversely, all NEH funding is reserved for professional development in humanities subjects.

TEACHING WITH TECHNOLOGY INITIATIVE

*Question.* The initial funding proposal for this three-year initiative was $4 million in the fiscal year 1996 budget request. Congress was unable to fund this increase, but the initiative moved forward without the requested dollars. Was the program scaled back from the original plans when funds were not appropriated, or was the $4 million found from among NEH's existing programs? What other programs were reduced in order to advance this effort? What accomplishments can you point to?

Answer. The fiscal year 1996 NEH budget submission to Congress included a request of $4 million in funding for a "Technology and the Humanities" special initiative. The purpose of this special request was to enhance the Endowment's ability to make humanities resources and programs more available and accessible on the developing digital information superhighway; the initiative was also designed to include all of the agency's major program areas—preservation, education, research, and public programming. However, when Congress ended up slashing NEH's budget by 36 percent below fiscal year 1995, it effectively cut off any possibility of fully implementing the agency-wide "Technology and the Humanities" initiative.

The Endowment was intent on trying to salvage at least one component of the initiative, albeit with considerably scaled down funding, and in fiscal year 1996 we announced that we would support "Teaching with Technology" projects within our humanities education grant programs. At the first "Teaching with Technology" grant deadline, we received more than 300 proposals but were limited, because of severe budget constraints, to making only 12 awards despite the fact that the overall quality of the proposals was so high that we could easily have funded four times this number. Included among these first grants were such "accomplishments" as a project at Northwestern University to develop and deploy a database on the Internet on the history of the U.S. Supreme Court, a project at Miami University in Ohio that is helping teachers of Latin use electronic resources in their classrooms, and a project at the University of Virginia involving the use of CD-ROM's and the Internet to teach the history of the American Civil War.

FOLLOW-UP INITIATIVE

*Question.* The Teaching with Technology initiative has led to the development of another new three-year initiative that will be offered by NEH. This project will help schools and their teachers become competent and comfortable with newly developed electronic materials and the technologies with which to teach with them. Specifically what will this training program do and how much will it cost? To what degree do you anticipate that the emphasis will necessarily be on familiarizing teachers with basic computer technology? How will you assure that the humanities receives an appropriate focus in this initiative?

Answer. The aim of the Endowment's follow-up to the Teaching with Technology initiative—"Schools for a New Millennium"—will be to jump start the process by which schools and their teachers become competent, and comfortable, with new humanities materials and technologies. The extent to which schools and teachers are proficient in using electronic materials and formats will directly affect the level of student learning and achievement. Projects to be supported under this new initiative would: involve a whole school and require commitments from teachers, the principal, and the Parent-Teacher Association; leverage public-private funding partnerships and establish links with parents, local colleges, and universities; focus on challenging substantive questions in the humanities that could be addressed by the use of rigorous interactive educational software; support hands-on training for a school's teachers and provide enough time to develop both confidence with the technology and the materials and to create challenging and engaging classroom uses that would enrich the school's curriculum; and exploit the potential of the Internet not only to link participants in a single project but also to trigger rapid fire, nationwide dissemination and participation. At the Endowment's $136 million fiscal year 1998 re-

quest level, we estimate that about $2 million would be set aside for these types of technology projects.

While the thrust of these projects will be to help teachers and schools integrate rich, high quality humanities materials in digital formats into their classrooms, we anticipate that some projects also may also involve some effort to developing some teachers' computer skills. We are confident, however, that "the humanities" will be the focus of the initiative: Because the Endowment requires all applicants to describe in detail the humanities content and significance of their projects in their grant applications, projects that are not thoroughly grounded in the humanities would not, and could not, receive support from NEH.

*Question.* Is there any broad-based effort that NEH is aware of to assist teachers who are less skilled technologically than the students they teach? Is this a widespread problem?

Answer. We are only aware of one such effort: the 21st Century Teachers initiative, which is part of President Clinton's Call to Action for American Education in the 21st Century. Under this initiative, the National School Boards Association, the National PTA, the National Education Association, the American Federation of Teachers, and many other business and professional organizations are recruiting thousands of teacher volunteers, each of whom will work to improve his or her own understanding of education technology and will then share his or her expertise with at least five colleagues in the coming school year.

Providing state-of-the-art technological training for teachers remains a significant challenge for the nation. A recent survey found that only thirteen percent of public schools required that teachers be trained in advanced telecommunications. And although thirty-one percent of schools reported that incentives were provided to encourage teachers to obtain such training, another fifty-one percent indicated that it was left up to teachers to initiate participation in this kind of training.

*Question.* Approximately one-half of our public schools have computer access, according to a recent estimate, with many more to be added in the near future. For those students who have computer availability, a wide array of information is readily available. In the meantime, is the student population without access to computer technology being left at a significant disadvantage academically? Is this an area of concern? Or, in the case of humanities studies, are traditional methods equally effective in teaching students?

Answer. With technological change occurring at such a rapid pace, and with schools being wired and equipped at an equally vigorous rate, it is difficult to know for how long any one population of students will be disadvantaged by lack of access to a particular kind of technology. For the humanities, however, these issues are secondary—technology will always be a handmaiden to content. The thoughtful teaching of significant texts will remain students' primary access to the humanities' enduring themes.

AMERICAN LEGACY EDITIONS

*Question.* Among the special initiatives included in the budget request is the American Legacy Editions, a special competition designed to help complete more than fifty ongoing scholarly editions of the collected writings of U.S. presidents and other major American historical and literary figures. The Editions projects have been a core part of NEH programs since the Endowment was created. How does this initiative differ from the traditional program?

Answer. The American Legacy Editions initiative is intended to give a chance of survival and completion to a number of scholarly editions projects, the dismantling of which for lack of money would constitute a national tragedy. These include documentary editions of the papers of U.S. presidents, as well as prominent writers and others who influenced the course of our history or the content of our culture. Due to insufficient funds, it now appears likely that the Endowment this year will turn down a number of major editing projects that have been funded for many years. Moreover, to stretch our scarce funding as far as possible, of the editions projects we will be able to support, we have to cut project budgets sharply, to the bone in some cases.

The initiative would provide approximately double the amount of funding we are now able to devote to these projects plus set up innovative financial arrangements to get more bang for our buck: i.e., by making extensive use of offers of matching funds, by building in incentives for technological innovation and speedy progress, and by providing flexible financial arrangements such as depletable endowments, NEH hopes to make possible an alternative to the shameful cultural tragedy that now looms.

*Question.* The Division of Research and Education, through which this initiative would be funded, is proposed to receive a $9 million increase in fiscal year 1998. Current funding for the editions program is approximately $1.5 million. Is a portion of the requested increase targeted for the American Legacy Editions and, if so, how much?

Answer. About $3.5 million would be set aside for ALE projects within the Endowment's fiscal year 1998 request of $136 million.

*Question.* How much support would it require to get these projects on sound financial footing? Without an increase for the editions project in fiscal year 1998, what can be accomplished? Can the program survive as it is currently defined and at current funding levels?

Answer. If the initiative were continued at the proposed requested funding level for the next ten years, we estimate that all current projects could achieve sound financial footing that would significantly reduce their need for continued NEH support.

The initiative is tied to the Endowment's $136 million request level. If the Endowment's budget were held at the current $110 million level or at an amount that is significantly lower than $136 million, we would only be able to provide grants to a small fraction of these projects. Because most projects rely on continued NEH support, many of those that do not receive grants may be forced to curtail their operations dramatically or to close down their projects entirely.

An alternate funding strategy NEH might adopt would be equally untenable: that is, to provide only nominal funding to keep as many projects as possible alive. This approach would mean that many American Legacy Editions would have to cut back on their work, which would significantly slow the completion of their projects.

*Question.* Have other financial resources in addition to the Endowment traditionally been available to support the program and could greater responsibility for program funding be sought there?

Answer. Another traditional source of funding for these projects has been through the National Historical Publications and Records Commission (NHPRC) at the National Archives. Like NEH, however, NHPRC's budget is limited and the program must support other worthy activities and projects in addition to scholarly editions.

CULTURAL TOURISM

*Question.* Cultural tourism has been promoted as a means to provide opportunities for the traveler to experience and learn about the history, culture and the people that give a place its distinctive character. Both the Arts and Humanities Endowments, as well as the Institute of Museum Services, have demonstrated interest in promoting this effort.

NEH has committed staff and invested $50,000 in a broad-based national initiative that is meant to foster cultural heritage tourism partnerships throughout the United States. Would you please describe for the subcommittee the specifics of this program. How does it work and what do you hope to achieve? How do you believe this program will help to advance the humanities? Do you intend to commit additional funds to this initiative in the future?

Answer. Since September 1994, an informal interagency working group, composed of staff members from NEH, NEA, the President's Committee on the Arts and the Humanities, and the Institute of Museum and Library Services, has been exploring means by which cultural organizations might assume a more active and visible presence in the nation's travel and tourism industry. Particular emphasis has been placed on identifying an appropriate role for the federal cultural agencies in this effort. It is our hope that by involving such agencies in the work of the cultural tourism industry, the arts and humanities can become a central and meaningful part of many travelers' experiences.

This effort got underway in earnest in the spring of 1995, when more than thirty humanities, arts, and historic preservation organizations joined with the agencies to plan for a visible presence of cultural tourism at the White House Conference on Travel and Tourism that was to take place later that year. This alliance helped develop and distribute a position paper on cultural tourism for the conference, arranged for Garrison Keillor to speak at one of the main conference luncheons, and planned "Culture and Commerce: Partners in Tourism," a cultural tourism "debriefing" held following the conference.

Largely as a result of the interagency group's efforts, the final report from the White House conference included as its fourth objective, "to preserve our natural historic and cultural resources for future generations ... through a national strategy for fostering environmental and cultural travel and tourism." The report also recommended the convening of "Natural and Cultural Regional Summits" to identify

policy and management strategies to meet the unique needs of each region of the country.

Stemming from the recommendations of this report, and with support provided by the cooperating federal agencies and by interested parties at the national and local levels, a series of regional forums have been conducted at sites across the country. More than sixty organizations and government entities have contributed funds in support of these meetings, ranging from Ford Motor Company to the Western Museum Association. To date the forums have drawn approximately 1,000 participants, whose work has led to the development of specific action plans to advance cultural heritage tourism in nearly every state.

At this point the Endowment has committed no further funding to the cultural tourism effort, as the initiative has now acquired a momentum of its own. We remain ready, however, to provide encouragement and guidance to groups agents who seek to extend the reach of cultural tourism.

*Question.* According to your brochure on the economic impact of NEH, the U.S. travel market is experiencing a dramatic growth in cultural tourism, fueled in part by the Endowment. Is the travel market itself contributing to these projects? Are state and local governments?

Answer. As mentioned in the answer to the previous question, a variety of public and private entities are contributing to the cultural tourism initiative. The regional summits, for example, drew substantial support from corporations (among them BellSouth, Ford Motor Company, and Ameritech), state and local tourism offices (including Maryland, Indiana, Colorado, Texas, and Wyoming), cultural organizations (among them the Historic Landmarks Foundation and the Colorado Historical Society), and the travel industry itself (United Airlines and Travel and Leisure magazine, for example).

OTHER SPECIAL INITIATIVES

*Question.* A good number of special initiatives are listed throughout the 1998 budget request. Given the decline in available dollars, how does the Endowment attempt to strike a balance between crucial support for continuing core programs and new special initiatives? What can be achieved by diverting funds to a special initiative that can not be achieved through the usual grant channels?

Answer. Considering the current budgetary climate, it is indeed difficult to strike a balance between funding core programs and launching new initiatives. Yet despite our funding situation, the Endowment is determined to remain a vital national proponent and leader in the humanities and to continue searching actively for ways we can better serve the American people. The various special initiatives and program emphases detailed in the fiscal year 1998 budget request are designed to address specific needs and new opportunities in the humanities.

PRESERVATION AND ACCESS

*Question.* The Division of Preservation and Access was provided with a funding level of $18,000,000 in fiscal year 1997. Among the functions for which this division has responsibility is a significant effort to preserve brittle books, archival collections, newspapers, and the like, as well as to fund projects that provide the tools for increased access to the humanities—the creation of dictionaries, atlases, encyclopedias, and other reference works, as well as digitization programs.

The effort to microfilm brittle books and the U.S. newspaper microfilm program are both significant undertakings of this division. Approximately how much of the total $18,000,000 appropriation for this division is dedicated to these projects?

Answer. The Preservation and Access division supports a variety of projects that are designed to help address the preservation problem in the United States. Because of variations in the sizes and grant periods of these different kinds of projects, the proportion of the division's funding that is obligated for them tends to fluctuate from year to year. Funding for projects to microfilm brittle books and U.S. newspapers, for example, typically accounts for about 35 percent of the division's funds, but in fiscal year 1997, these projects will receive about 21 percent of the Preservation and Access budget.

*Question.* Are significant inroads being made with this preservation work?

Answer. Yes. Over the years, NEH grants have helped preserve on microfilm more than 750,000 of the projected 3 million important brittle books that are targeted for preservation in American libraries and archives. Substantial progress has also been made in the nationwide effort lead by NEH to identify, catalog, and microfilm historically significant American newspapers: records for approximately 127,500 newspaper titles are now available in a national data base accessible through computer terminals at more than 22,600 institutions in the U.S. and abroad, and 55 million

newspaper pages have been microfilmed that would otherwise have been lost to future generations.

*Question.* Do the state councils place an emphasis on preservation at the local level or is it more of a national effort?

Answer. No, the state humanities councils are concerned primarily with public programming in the humanities in their states; they do not support nationally significant preservation projects like those funded through NEH. In fact, the Endowment is the acknowledged leader in national effort to preserve deteriorating books, documents, periodicals, artifacts, and other materials that collectively make up an essential part of our country's cultural inheritance. Only a truly national entity like NEH can provide the coordinated leadership and the level of funding that are needed to ensure that historically significant materials are identified and preserved and that there is no wasteful duplication of effort, which would occur if a more decentralized mechanism were used.

*Question.* Approximately one-fourth of the funds for this division are dedicated to the National Heritage Preservation Program, which facilitates the preservation of material culture objects. Given the broad range of important activities that comprise this division, this appears to be a significant funding emphasis. Is the interest expressed by applicants for this program larger than other program categories in the division?

Answer. Applicant interest in the NHP program is strong but not necessarily larger that other preservation activities. We believe, however, that the proposed distribution of funds among all the division efforts is the best use of the limited funding available.

*Question.* What types of awards are made to preserve material objects? Do you provide funds to preserve or restore the objects themselves or the environment in which they exist?

Answer. Through the National Heritage Preservation program, the Endowment helps support the efforts of American museums, archives, libraries, and other repositories to stabilize material culture collections that are important to the humanities. This support may include improvements in the housing and storage of the collection; the improvement of environmental conditions; and the installation of security, lighting, and fire-prevention systems. Under this program, NEH does not support the restoration or preservation of the objects themselves.

*Question.* "Slow Fires: On the Preservation of the Human Record" is a documentary film, made with NEH assistance, that focuses on the crisis of preservation. Its purpose is to help raise nonfederal support for substantial costs involved in preserving endangered materials. According to the budget presentation, this film has been viewed by a large audience both here and abroad. Please describe what, if any, impact the film has had on fund raising efforts in this area, to date. In your experience, is the private sector a generous supporter of preservation work, or is this an activity where federal funding is more critical than some others?

Answer. While we cannot document a direct cause and effect relationship between "Slow Fires" and "fund raising efforts," there can be no question that a consequence of increasing public awareness of the preservation crisis is to encourage greater support for preservation.

The Endowment itself has played a direct role in stimulating nonfederal funding for preservation, though. Since the establishment of NEH's Office of Preservation in 1986, projects supported by the Endowment have leveraged over $10.9 million in gifts from private donors and foundations. Moreover, the division's grants in the last three years generated cost-sharing from grantees totalling $41.6 million. Essentially, however, through NEH the federal government is providing vital funding and national leadership in an area where private sector or other nonfederal support is limited.

---

## QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

### BUDGET REQUEST

*Question.* The fiscal year 1998 budget request is almost 24 percent above the fiscal year 1997 allocation. Given the current budgetary climate, how did the Administration determine that $136 million was an appropriate funding level for NEH?

Answer. The NEH budget request for fiscal year 1998 is a modest but forward-looking budget that would permit us to regain about half of the ground we lost in fiscal year 1996 due to Congress's massive 36 percent reduction in our funding. A budget of $136 million is a reasonable amount of public funds to invest in humanities activities that will yield both immediate and long-term returns to the nation.

The request acknowledges the extraordinary pressures the federal government faces in trying to balance the goal of reducing the financial burden on taxpayers with the necessity of maintaining an adequate level of services for the American people. With this budget, we signal our commitment to make sacrifices to help control the overall level of federal spending. At the same time, it is also a budget that would not undermine our fundamental ability and obligation to carry out our legislated mission to advance the humanities in the United States.

*Question.* What does the 24-percent increase buy for the American people?

Answer. Compared to NEH's current funding of $110 million, a budget of $136 million in fiscal year 1998 would enable the Endowment to help advance the nation's educational and cultural life by supporting several special initiatives and by increasing the number of high quality projects that we are able to fund. Specifically, funding at the fiscal year 1998 request level would improve humanities education for America's students, help teachers make better use of new information technologies in their classrooms, preserve documents and other materials vital to the nation's cultural heritage, foster basic research and scholarship that expand our knowledge and understanding of the humanities, provide opportunities for Americans to engage in a lifetime of learning in the humanities, and increase third-party support for humanities projects and institutions.

*Question.* What would be your programmatic priorities at the increased funding level?

Answer. At the request level, our priorities are to try to regain some buying power in our core programs, which were cut substantially in fiscal year 1996, and to proceed with the special program initiatives and emphases we describe in our budget submission, such as American Legacy Editions, Teaching with Technology, "My History is America's History," and special support for small public libraries in the Challenge Grants program.

*Question.* Would your priorities remain the same if funding were to be decreased?

Answer. Yes, we would try to follow-through with our programming priorities even if our budget request were not forthcoming. If that were the case, however, we would need to reassess our programming in light of available resources and the tenets that guided our restructuring efforts in fiscal year 1996. That is, out of any future appropriated sum we will first try to ensure adequate support for those activities that are best done at the national level, have long-term impact, have few other sources of support, strengthen the institutional base of the humanities, and reach broad sectors of the American public.

Much would depend on the magnitude of the reduction. For example, Challenge Grants awarded in prior years would need to be matched during fiscal year 1998 as grantees raise the required gift funds; but at some level of budget reduction we would probably cease awarding any new challenge awards. Because the state councils depend on the federal government for the greater part of their operating support, we have tried to cushion the effect of NEH budget cuts on these unique organizations. But funding for the Federal/State Partnership has already risen from a little over 20 percent of the Endowment's budget to over 30 percent. Further cuts would undoubtedly require progressively steeper reductions in the councils' funding if the Endowment is to continue the national programs that support such important activities as humanities research, the preservation of brittle books, teacher seminars and institutes, and major documentary films for television.

*Question.* Please describe any long term investments or new initiatives that are currently being developed. What effect would new initiatives have on existing grantees if funding is not increased?

Answer. As described in our official fiscal year 1998 appropriation submission, special features and initiative of the NEH budget request include:

—Continuation of the agency's Teaching with Technology special initiative that is helping teachers incorporate new information technologies such as CD-ROMs and the Internet into their classrooms. The fiscal year 1998 request would also enable NEH to build on the successes of this initiative by putting in place a new multi-year special effort to help schools prepare to take better advantage of the new electronic materials and technologies.

—Support for other technology projects that will help to speed the inclusion of humanities materials onto the new information superhighway and provide wider access to these materials for all Americans.

—A new American Legacy Editions special initiative to help ensure the continuation of projects that are compiling documentary editions of the papers and writings of U.S. Presidents and other important literary and historical figures;

—A new special initiative, which we are calling My History is America's History, that will encourage Americans to learn more about the history of their families

and to relate this history to the broad sweep of events and trends in American and world history;

—Fiscal year 1998 will mark the third year of the agency's three-year cooperative partnership with the Andrew W. Mellon Foundation to bolster funding for fellowship programs sponsored by independent centers for advanced study in the humanities; and

—Special challenge grants for public libraries, particularly those that are located in rural areas and inner cities, that will help these institutions build endowments to strengthen their humanities programming.

As noted in the answer to the previous question, if our budget is not increased in fiscal year 1998, we would try to implement as many of our planned initiatives as possible while still maintaining support for our core program activities.

GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

*Question.* Please describe your progress and milestones toward preparing a strategic plan, including consultation with interested parties.

Answer. The first draft of NEH's strategic plan was prepared almost two years ago. Through an iterative process of review and revision, new drafts have been developed in the succeeding months. At various stages these drafts have been circulated to the Office of Management and Budget, to NEH's National Council on the Humanities, and to more than 100 of the agency's "stakeholders."

The latest draft of NEH's strategic plan was recently submitted to our Congressional oversight committees for their review and comment. Feedback we receive from this stage of the process will inform the final submission that is due to Congress in September of this year.

*Question.* Given the current budgetary climate, how are you addressing funding and authorization issues in the development of GPRA goals and the strategic plan?

Answer. Since the Endowment's restructuring in 1995, the agency's budget has remained relatively steady at approximately $110 million. Early indications are that this level of appropriations will again hold for the coming fiscal year, so we have tailored our GPRA goals and objectives to fit this new reality. Should funding or authorization developments warrant a different course of action on the part of the agency, we will amend our five-year strategic plan accordingly.

*Question.* How will the NEH measure the short-term and long-term impact of its programs?

Answer. We are in the process of developing performance goals and indicators for all of our funding programs. The goals will articulate what we hope to achieve through our programs, and the indicators will then describe the measures we will take to determine whether or not we are actually achieving our goals. In developing our indicators we will be looking for ways to determine whether or not our programs are accomplishing their intended purposes (i.e., we will be assessing short-term program outcomes), and we will also seek to develop measures of the indirect effects or consequences of our funded work (a longer-term assessment of program impact).

*Question.* What are the grant-making priorities for the agency in the next year, for the next 5 years?

Answer. In addition to our ongoing programmatic priorities, we will feature the following special emphases in the coming year:

—The beginning of a multi-year special effort to help schools prepare to take better advantage of the new electronic materials and technologies.

—Support for other technology projects that will help to speed the inclusion of humanities materials onto the new information superhighway and provide wider access to these materials for all Americans.

—A new American Legacy Editions special initiative to help ensure the continuation of projects that are compiling documentary editions of the papers and writings of U.S. Presidents and other important literary and historical figures.

—A new special initiative, which we are calling My History is America's History, that will encourage Americans to learn more about the history of their families and to relate this history to the broad sweep of events and trends in American and world history.

Over the next five years, NEH's grant-making priorities will focus on: preserving and increasing the availability of cultural and intellectual resources essential to the people of the United States; strengthening teaching and learning in the humanities in schools and colleges across the nation; facilitating basic research and original scholarship in the humanities; providing opportunities for Americans to engage in lifelong learning in the humanities; strengthening the institutional base of the humanities; maintaining and strengthening partnerships with the state humanities councils; establishing collaborative partnerships with public and private institutions

and organizations in support of the humanities; and creating new programs and initiatives that respond to emerging needs and opportunities in American society.

*Question.* What are the organizational priorities for the agency for the next year, for the next 5 years?

Answer. The Endowment is aggressively supporting the National Performance Review goal of creating a government that works better and costs less. In furtherance of this goal, the agency will focus on the following priorities in the coming years: the installation of a relational data base capable of systematically capturing and reporting on a variety of agency records; the continued refinement of NEH's customer service standards, with the ultimate goal of weaving these standards into the fabric of the agency's daily work; standardizing and clarifying the agency's application guidelines to make them more "user-friendly" to prospective applicants; streamlining the review process for proposals submitted to the Endowment; and developing better systems for monitoring the performance of the agency's funding programs.

GRANT-MAKING

*Question.* Within the request, grant program funding increases by over 26 percent over fiscal year 1997. Yet at the same time the FTE/staffing level remains constant. Will you have enough staff to enable the Endowment to award all of the funds in a timely manner?

Answer. Our FTE level of 170 should provide enough staffing support to administer increased grant funds at the fiscal year 1999 funding level. In fiscal year 1995 we reduced the number of divisions that administer grant programs from 6 to 3, which provided the most effective and efficient organization possible. There is enough flexibility within that structure to process a range of applications; thus applications processed within the increased fiscal year 1999 funding request can be accommodated effectively using our existing staff.

Also, some of the fiscal year 1999 increase is for the Federal/State Partnership program, which should not require any additional staff effort because those funds are distributed on a formula basis, without the need for additional panel reviews.

*Question.* The budget request includes an increase of nearly 100 percent for the Research and Education sub-category of Education Development and Demonstration. Please describe how this increase will be used and what the impact will be.

Answer. The funding increase we are requesting for the Research and Education division for fiscal year 1998 must be placed in proper context. That is, when Congress radically reduced the NEH budget in fiscal year 1996, the program activities represented by this division were devastated: funding dropped precipitously from $51.324 million in fiscal year 1995 to the current fiscal year 1997 funding level of $21.584 million. In fact, this division came into existence as a result of the reorganization of the Endowment that the budget reductions necessitated: In fiscal year 1996, the agency restructured three major program divisions with 24 discrete grant programs into one new Research and Education division containing only four grant programs.

The fiscal year 1998 funding request for the Research and Education division is needed to breathe some life back into these two key components of the Endowment's mission—that is, support for scholarly research and education in the humanities. The Research and Education division is also the home of two major special program initiatives the agency is proposing at our fiscal year 1998 request level of $136 million: the American Legacy Editions initiative, which will help ensure the continuation of projects that are compiling documentary editions of the papers and writings of U.S. presidents and other important literary and historical figures and NEH's "Schools for a New Millennium" special program emphasis, which will extend the Endowment's recent efforts and successes in helping teachers and schools incorporate new information technologies involving the humanities into the nation's classrooms. The funding increase requested for Research and Education for fiscal year 1998 would enable the Endowment to implement fully these initiatives, which are addressing important needs in the humanities.

*Question.* The Special Projects sub-category of Public and Enterprise grants is proposed to increase by nearly 350 percent. Please describe how these funds will be used and what the impact will be.

Answer. The Special Projects category is designed to support activities that encompass a variety of formats and venues not readily accommodated within the guidelines of other programs in the Public Programs and Enterprise division. In fiscal year 1996, Special Programs awarded 2 grants under its regular guidelines and 9 grants as part of a special competition related to the Endowment's national conversation on American Pluralism and Identity. The national conversation initiative concluded in fiscal year 1996, though projects that address the themes of the initia-

tive will continue to be eligible for support throughout the Endowment's regular programs. With the funds we are requesting for fiscal year 1998, we would expect to award 9 grants under the regular Special Projects guidelines.

*Question.* In fiscal year 1996 the Endowment realigned its grant programs from 31 to 9. Describe the manner in which the new categories meet the needs of the Endowment, the applicants, the grantees, and the humanities community.

Answer. In order to adjust to an fiscal year 1996 budget reduction of 36 percent, we reinvented the Endowment as a leaner, more focused, and flexible agency. Getting smaller was certainly not our idea, but getting sleeker was. Our efforts are now more explicitly directed to those activities that are best done at the national level, that have long-term impact, that have few other sources of support, and that strengthen the institutional base of the humanities. Within a greatly simplified organizational structure, NEH staff increasingly work collaboratively, often forming ad hoc project teams. Much as they may be dismayed by the magnitude of the reductions in funding available to the Endowment for awarding grants, members of the humanities community have generally responded favorably to our new, consolidated structure, typically finding it is less confusing and more amenable to "one-stop shopping." Finally, we have accelerated implementation of computer and communications technologies that are making information much more accessible to applicants, grantees, and the public.

*Question.* What changes do you anticipate making in the grant guidelines before the next round of funding?

Answer. We are now in the process of streamlining and standardizing all of our programs' application guidelines. We are developing standard language for those sections of our guidelines that are common to all programs, and we are establishing a common structure for all guidelines booklets. In these ways we hope to make the process of applying for NEH support even simpler.

*Question.* Please describe the peer-review process used to evaluate applications for funding.

Answer. While "peer review" is the most important component of NEH's multi-tiered review system, it is neither the only nor the final determinant of an application's status. Except in the case of Challenge Grants and grants awarded by Federal/State Partnership, the Endowment makes awards for specific projects in the humanities. To apply, an individual or organization submits a proposal for a project to one of the Endowment's funding categories. A final decision on the proposal is normally made about eight months after the application deadline.

Each grant application to the Endowment is evaluated by knowledgeable persons outside the agency who are asked for their judgments about the quality and significance of the proposed project. Hundreds of scholars, humanities professionals, and other experts annually serve on NEH ad hoc panels, which are convened throughout the course of the year. Panelists represent a diversity of disciplinary, institutional, regional, and cultural backgrounds. In some programs, the judgment of panelists is supplemented by individual reviews solicited from specialists who have extensive knowledge of the specific subject area or technical aspects of the application under review.

The advice of evaluators is assembled by the staff of the Endowment who comment on matters of fact or on significant issues that might otherwise be missing from the review. These materials are then presented for consideration to the 26-member National Council on the Humanities, which meets three times each year to advise the Chairman of the agency. The NEH Chairman takes into account the advice provided by this review process and, by law, makes the final decision about funding.

It is the highest priority of NEH to provide sufficient funds to operate an effective review system. Our overriding goal is to ensure that the projects that ultimately receive federal support will be those that are judged to be most likely to make significant contributions to the humanities.

*Question.* When Challenge Grant monies are used to create or augment endowments, how much of the federal funds are permitted to be used for administrative costs of operating the endowments?

Answer. Up to 10 percent of the federal award may be applied toward fund-raising costs specifically related to the purposes to be endowed by the grant.

*Question.* Has the NEH sought a federal endowment for itself?

Answer. NEH does not have legislative authority to solicit and invest private contributions, which would be a pre-requisite to establishing a true "federal endowment." A bill recently introduced by the Senate Labor and Human Resources Committee, S. 1020, would provide such authority. We believe that the humanities would benefit greatly were we to receive this authority. As we have proven with our extensive track record in securing private support for our funded projects, NEH is

capable of leveraging a significant amount of nonfederal funds for humanities activities. We would mention, however, that a huge amount of capital would need to be invested in an endowment over a significant period of time before NEH would be able to support the level of humanities projects and activities that it now provides with annual appropriations from Congress.

*Question.* What kind of technical assistance does the Endowment provide to institutions and individuals in the area of business planning and grant-application preparation?

Answer. NEH challenge grants are designed to strengthen the management of humanities institutions as well as their finances and facilities. As part of their application for a challenge grant, institutions must draft a plan for the long-range future of their humanities programs in light of the history, objectives, and anticipated financial resources of their organization. Then, to meet the Endowment's demanding matching offer, challenge grant recipients typically augment their professional fund-raising capabilities, in some cases developing such resources for the first time.

Applicants to any of the Endowment's programs may take advantage of several kinds of assistance in the preparation of their funding proposal. Prior to submitting a proposal, prospective applicants are invited to get in touch with an NEH program officer in the relevant program (by letter, phone, or e-mail) to discuss their project. At this stage, NEH staff routinely offer suggestions on how to prepare a competitive funding proposal. Applicants may also submit a preliminary proposal for staff comment in advance of the competition deadline. Every year, NEH staff hold public, grant-preparation workshops in various parts of the country, usually in conjunction with a project site visit. Finally, applicants who are unsuccessful in a particular competitive round may request a synopsis of the review panelists' comments on their proposal, which they may revise and resubmit at the next application deadline—and to a newly constituted review panel—without prejudice to their chances of getting a grant.

LEVERAGING FEDERAL FUNDS WITH MATCHING GRANTS

*Question.* Describe the matching requirements for recipients of NEH grants.

Answer. Conventional "matching grants" are awarded in most programs of the Endowment to support discrete humanities projects approved through the normal competitive process. The recipient of a matching grant, usually an institution of sufficient scale and administrative sophistication to undertake fund-raising, is offered a federal award conditioned upon attracting an equivalent amount of third-party, cash contributions from non-federal sources. An offer of matching funds may comprise the entire amount of the Endowment's grant, but more often it is combined with an outright award that enables the project to proceed while fund-raising is getting underway. In fiscal year 1996, the Endowment awarded $10.3 million in matching grants.

Challenge grants are awarded in the program of that name to underwrite long-term institutional needs such as endowment building. First-time challenge grant recipients must raise $3 in cash contributions for each federal dollar of their award, and recipients of a subsequent challenge grant must raise $4. In fiscal year 1998, the Endowment will offer a special challenge grant initiative for public libraries that will require only $2 of fund-raising for each federal dollar. In fiscal year 1996, the Endowment awarded $9.9 million in challenge grants, leveraging approximately $35 million in non-federal contributions.

In addition, most NEH project grants awarded to institutions entail substantial cost-sharing in the form of contributions of cash or in-kind services. Even individual grant recipients, such a NEH fellows, often receive supplementary support from their home institution. In a typical year, project cost-sharing by grant recipients—in addition to matching—averages—about 95 cents for each federal $1 we award.

*Question.* Are the matching requirements a challenge for applicants to meet?

Answer. Matching awards have proven to be a very effective way to leverage non-federal contributions for the humanities. In the 20 years of existence, the Challenge Grants program has generated over $1.15 billion in contributions. Only 2.5 percent of the challenge grant funding on offers during that time has been forfeited for lack of fund-raising success. Since NEH was founded, matching grants for humanities projects have stimulated an additional $333 million in third-party support. Approximately three quarters of these grants that conclude within a given year are completely successful in that they leverage the entire amount of federal funds offered. Project matching awards are usually offered in conjunction with an outright grant and, to some extent, constitute a source of supplementary funding. Nevertheless, well under 10 percent of the recipients of these grants fail to raise at least enough contributions to claim some portion of their matching award.

The high success rate of both challenge grants and project matching grants owes a great deal to the selectivity of the Endowment's award process. A feasible fund-raising plan is an essential part of a successful application for a challenge grant, and the Endowment does not incorporate a matching requirement in a project grant unless our staff are satisfied that the grant recipient will have a high probability of funding-raising success. It is important to realize that most NEH grants do not entail a third-party matching requirement, even if they do usually require cost sharing by the recipient institution. In fiscal year 1996, just 22 percent of the Endowment's grant obligations were for matching. In fiscal year 1998, we hope to extend the challenge grant concept to a category of institutions for whom a 3:1 or 4:1 funding-raising requirement might be an insurmountable hurdle; the Endowment will offer public libraries a chance to receive one federal dollar for each two contributor dollars.

The recent budget cuts are having an adverse effect on the success rate of NEH matching grants, however. In order to allocate the Endowment's scarce funds for matching in a way that is efficient and fair, we have had to deny most requests for an extension of the grant period stipulated for fund-raising. Some institutional recipients of a matching grant that in the past might have had better success with more time must now abandon their fund-raising campaign at a point short of completion.

*Question.* Do the matching requirements limit the number of applicants?

Answer. Matching is a requirement only in the Challenge Grants program. Certainly the matching required by a challenge grant, ordinarily three or four contributor dollars for each federal dollar, does limit the number of applicants. Some institutions that do valuable work in the humanities lack the scale, administrative sophistication, or contributor base to conduct the kind of fund-raising campaign a challenge would require. In fiscal year 1988, we hope to reach some of these institutions with a challenge grant initiative for public libraries that will require only $2 in contributions for each $1 in federal support. A matching requirement is not imposed on the recipient of a project grant unless NEH staff are satisfied that the institution is likely to be a successful fund-raiser; and, even then, our matching offer is usually accompanied by an award of outright funding.

*Question.* Must the grantees be able to prove/show in the applications that there is a high likelihood of raising the matching funds needed to secure a grant?

Answer. Applicants proposing large projects are encouraged to request at least partial matching support and to specify potential donors in their application submission to the Endowment. The feasibility of an applicant institution's fund-raising plan is an essential criterion in the review of a proposal for a challenge grant.

*Question.* How do the applicants for grants show the Endowment they can provide the matching funds required?

Answer. Most NEH project grants do not entail a matching requirement. Institutions proposing large and costly projects are expected to discuss fund-raising possibilities in their application submission, however. Applicants for a challenge grant are expected to address such issues as the long-term financial stability of the institution; the feasibility of their fund-raising plan; and the adequacy of staff and other administrative resources to conduct a fund-raising campaign.

FUNDING SOURCES OTHER THAN FEDERAL

*Question.* Does the NEH receive funding for grant-making from private sources?

Answer. The Endowment's Office of Enterprise was established expressly for the purpose of forging partnerships with outside funders. For example, NEH and the Andrew W. Mellon Foundation are collaborating on a three-year, joint-funding effort to ensure that the nation's centers for advanced study in the humanities can continue to support scholarship at an adequate level; and the Endowment, MCI corporation, and the Council of the Great City Schools are collaborating on the development of EDSITEment, a "one-stop-shopping" gateway to educational content on the internet. Neither of these partnerships will entail using private contributions for making grants, however. NEH and its private partners will be working in parallel.

Every year, NEH matching and challenge grants help humanities institutions leverage private sources of support. These contributions go directly to the grantee institutions, not to the Endowment. The only recent instance when an outside funder provided private monies for making NEH grants was the DeWitt-Wallace Readers Digest Foundation's five-year, $2.5 million participation in the Endowment's Teacher-Scholar program.

*Question.* How much did the NEH receive in donations in fiscal year 1996; what is the estimate for fiscal year 1997 and fiscal year 1998?

Answer. The Endowment received nearly $99 thousand in donations in fiscal year 1996. We estimate donations of $100 thousand in fiscal year 1997 and in fiscal year 1998.

(These donations are in addition to the funds generated by our Challenge Grants program and by our matching program for humanities projects. In fiscal year 1996, these two efforts raised almost $46 million.)

*Question.* Does the Endowment anticipate seeking authority to solicit and invest private funds?

Answer. As noted in an answer to a previous question, the Senate Labor and Human Resources Committee has introduced a bill, S. 1020, that would provide "solicit and invest" authority for NEH.

*Question.* What changes in legislative authority would be needed to permit the Endowment to solicit and invest private funds?

Answer. Basically, NEH needs to have express authority to raise and invest nonfederal funds for endowment-building purposes and to use any income that would accrue from this endowment to support projects and programs in the humanities.

*Question.* What dollar amount of private, state, and/or local funds was used to meet the matching requirements for NEH grants? How do these matching funds compare with total funding available for the humanities? How does the amount of federal investment in the humanities compare with the total annual investment made in the humanities by all sources in the United States?

Answer. In fiscal year 1996, NEH matching requirements leveraged approximately $46 million in nonfederal funds. In addition, we estimate that cost-sharing requirements on NEH grants generated another $90 million in nonfederal support. The sum—$136 million—appears to be significantly greater than the amount available for the humanities from all other sources. In 1994 (the most recent year for which data are available), private foundations contributed $35 million to the humanities, representing less than one percent of all of their giving that year. Although similar figures for corporate and individual giving are not available, we know from previous research that neither sector has a strong track record in giving to the humanities.

In sum, NEH grants, together with the nonfederal funding leveraged by those grants, represent a significant share of all funding available for the humanities. As the president of one major foundation once said, "NEH is by far the most important external source of funding for the humanities in the United States. It is no exaggeration to say that the decisions made concerning the budget for the NEH ... have an absolutely decisive impact on the health and character of the humanities in America."

PARTNERSHIPS AND ADMINISTRATION

*Question.* Describe the support that the NEH provides to the Institute for Museum and Library Services.

Answer. An interagency agreement between NEH and IMLS authorizes the Endowment to provide to IMLS certain administrative services. Using its own staff and resources, NEH provides specific accounting, audit, automatic data processing, budget, equal employment opportunity, legal, administrative, and personnel services. This method of providing services is far less expensive than it would otherwise be for a small agency like IMLS to create additional staffing, space, and equipment to perform the same services in-house.

Under the terms of the interagency agreement between the two agencies, IMLS reimburses NEH for the actual cost of services provided.

*Question.* Describe NEH efforts to leverage federal funds through partnerships with other federal agencies.

Answer. In recent years the Endowment has entered into partnerships with a variety of federal agencies [in pursuit of common goals?]:

—In 1996 and again in 1997, NEH joined with the Voice of America to support a national essay contest on themes related to NEH's National Conversation initiative.

—Last year we entered into a short-term working agreement with the Library of Congress to share our expertise on the design and execution of peer-reviewed grant competitions.

—We have recently joined forces with the Federal Emergency Management Agency to produce a Disaster Recovery Kit, which is designed to provide cultural institutions with guidance on the preservation of cultural materials that are susceptible to damage as a result of floods, fires, hurricanes, and other natural disasters.

—For the past twenty years NEH has been joining with other federal agencies to support a number of national data collection projects. Among the projects NEH has funded in this way are the Survey of Earned Doctorates, the National Museum Survey, and the National Study of Postsecondary Faculty.

Although not all of these projects involve the leveraging of additional funds, each represents a concerted effort to advance common goals through mutually beneficial partnership arrangements. In this way the reach of federal dollars is greatly extended.

*Question.* Does the NEH coordinate its materials preservation training with other federal agencies engaged in similar work? Briefly, please describe any interagency training efforts.

Answer. We are not aware of any other preservation education and training programs similar to the type NEH supports. Indeed, the Endowment's support for these activities is intended to address clear needs in the preservation field that are not being met by other federal agencies. In addition, NEH is also unique in providing support to regional field service organizations around the country that offer a rich array of preservation educational training services and information to libraries, museums, and other humanities-oriented institutions in their respective areas.

*Question.* Please describe the Endowment's efforts to generate non-federal support for preservation activities for endangered materials.

Answer. The Endowment has played a direct role in stimulating nonfederal funding for preservation. Since the establishment of NEH's Office of Preservation in 1986, projects supported by the Endowment have leveraged over $10.9 million in gifts from private donors and foundations. Moreover, the division's grants in the last three years generated cost-sharing from grantees totalling $41.6 million. Essentially, however, through NEH the federal government is providing vital funding and national leadership in an area where private sector or other nonfederal support is limited.

*Question.* Do you anticipate starting any new interagency efforts in fiscal year 1998?

Answer. One of the key objectives of the Endowment is to forge new partnerships with public and private institutions in support of the humanities. We do not now, however, have any specific plans to develop new collaborations with other agencies of the federal government in fiscal year 1998.

*Question.* How has the fiscal year 1996 reduction in staffing and reorganization from 6 programming divisions to 3 affected the daily operations of the NEH?

Answer. With dramatically fewer internal administrative divisions, NEH staff are now routinely working collaboratively, often in ad hoc project teams. We believe our new structure is helping us make the most efficient and creative use of our drastically reduced resources for making grants.

*Question.* What lessons have you learned from this streamlining?

Answer. We have learned to be more collaborative, innovative, and flexible. These changes in our procedures and habits of mind probably outweigh the changes in our administrative structure.

*Question.* Do you have further plans to fine-tune the NEH in terms of organizational structure?

Answer. We are conducting a strategic planning exercise in conjunction with our implementation of the Government Performance and Results Act (GPRA). All aspects of the Endowment's operations are being review exhaustively. However, at present we have no immediate plans to alter our current structure.

*Question.* Does the NEH seek to learn from and offer insights to executives and staff of other endowment and philanthropic organizations in the form of details and exchanges?

Answer. For many years the Endowment took advantage of personnel exchange opportunities made possible under the Intergovernmental Personnel Act. Under the IPA we were able to bring the fresh perspectives of outsiders to the work of the agency, while also permitting other organizations to benefit from the Washington-based knowledge of our NEH employees. In recent years we were also able to make several of our best employees available to the National Performance Review for its government-wide review of agency functions and operations. In the wake of the significant down-sizing of the agency in 1995, however, we have not had the resources necessary to continue such exchanges and details.

INTERNET AND THE NEH

*Question.* How does the NEH benefit from its relationship with the Institute of Museum and Library Services? Does this IMLS support include a transfer of knowledge of internet programming and access to the NEH?

Answer. Actually, according to a long-standing arrangement, NEH provides certain computer and internet services to IMLS. More importantly, the programs of NEH and IMLS complement each other in many ways, including their use of the new communications technologies to make the resources of libraries and museums more accessible to the public. For example, IMLS makes grants to state library agencies to support the acquisition of computer systems and telecommunications technologies, the development of electronic linkages among libraries and other cultural institutions, and the provision of information services to underserved communities. All of these activities help NEH reach a wider and more diverse audience with the education software, digitized archival collections, and virtual museum sites on the Internet whose development our grants have sponsored.

*Question.* What do you see as the future of the humanities on the internet?

Answer. We recently released a special report, NEH in the Digital Age, that describes in considerable detail the role we envision for the new information technologies in fostering scholarship and learning in the humanities.

The Endowment has joined a public-private partnership with MCI Communications Corp. and the Council of Great City Schools to create "EDSITEment," a new website that, when it premiers in September 1997, will provide one-stop shopping for teachers, students, and parents who are searching for high quality humanities resources on the Internet. MCI has pledged $500,000 toward the EDSITEment, which will offer the best humanities education websites to anyone with internet access. In addition, the project will target special programs to 800 high schools in 23 Great City School cities, where teachers will receive additional help in integrating the resources on EDSITEment into their classroom instruction.

The Endowment has completed the second year of a three-year Teaching With Technology initiative designed to support the development and implementation in humanities education of a wide array of innovative technological applications, including digital audio, video and imaging, hypertext and hypermedia, video-conferencing, speech processing, and Internet sites. In the first round of grants awarded last year, for example:

—Northwestern University received $185,000 for a multimedia relational database on the history of the United States Supreme Court. Recently made available on the World Wide Web, "Oyez, Oyez, Oyez" enables students anywhere to access summary and full-text versions of the Court's most significant cases, an audio archive of oral arguments in 500 Court cases, audio and video materials about all justices since 1920, and much else.

—The University of Virginia received $215,000 to develop CD-ROM and Internet versions of "In the Valley of the Shadow," an interactive program that enables students to learn about the lives of ordinary people during the Civil War. An extensive archive of documents—including newspapers, photographs, census and tax records, letters, diaries, photographs, and music—will enable students to research daily life during the Civil War in two Shenandoah Valley counties located on either side of Mason-Dixon Line.

—Tufts University received $215,000 to develop a digital library on ancient Roman culture that will be available both on CD-ROM and on the World Wide Web. High school Latin students and undergraduates will be able to access texts of all major Roman authors up through the death of Augustus either in the original or in translation, as well as a virtual museum of maps and objects.

In fiscal year 1998, the Endowment will launch a successor initiative to Teaching with Technology. Called "Schools for a New Millennium," it will support efforts to help humanities teachers become proficient in the use of the new electronic materials and formats.

The Endowment has long been at the forefront of the national effort to bring humanities scholarship into the digital age, sponsoring, among other things, the development of technical standards for digitally encoding texts and the conversion of invaluable research resources into digital form accessible on CD-ROM's and the Internet. For example, NEH support helped launch the University of California's monumental Thesaurus Linguae Graecea project, which has produced a CD-ROM that contains the entire extant corpus of ancient Greek texts. Through the use of infrared scanning technology, the Ancient Biblical Manuscript Center in Claremont, California, is creating digitized images of the Dead Sea Scrolls. Because of this NEH-sponsored project, these rarest and fragilest of texts will soon be accessible to scholars world-wide via CD-ROM and the Internet. Another project recently funded by the Endowment is creating a complete facsimile edition of the legal papers of Abraham Lincoln on CD-ROM.

Increasingly, NEH-sponsored programs for the general public are reaching bigger audiences in a more engaging and accessible way through the use of such rapidly evolving technological innovations as virtual museums on the Internet, interactive

computer displays, CD-ROM's, and videodisks. The Denver Public Library, with NEH support, has digitized 35,000 photographs from its Western American Collection. This unique photo archive is currently accessible on computer workstations at the library; but it will one day be available to the whole nation, and to world, via the Internet. The Montana Community Foundation recently received an NEH grant to plan development of a multimedia CD-ROM on the Lewis and Clark expedition. Intended for use either by individuals or by museums and libraries, "Discovering Lewis and Clark" will incorporate selections from The Journals of Lewis and Clark, moving pictures, topographical animations, and audio material.

*Question.* Are any funds in the Department of Education used for this purpose?

Answer. The Department of Education supports some activities that are complimentary to what NEH is doing.

The Department's Technology Literacy Challenge Fund (fiscal year 1997, $200 million), which provides formula grants to state education agencies, and Technology Innovation Challenge Grants (fiscal year 1997, $75 million), which provide matching grants to locally based public-private consortia, both support the acquisition of computers and telecommunications technologies and the development of technology-based curricula. In one such example, the Technology Innovation Challenge Grants program has already helped an urban school system on the Great Plains to connect its classrooms via the Internet to major museums across the country and to develop networked learning content that integrates the arts with core subjects including, history, mathematics, science, reading, and writing. A variety of other Department of Education programs are also contributing to the technology challenge grant initiative, including Title I of the Improving America's Schools Act, the Eisenhower Professional Development Program, School-to-Work Opportunities, Star Schools, the Regional Technology for Education Consortia, and the Regional Educational Laboratories.

*Question.* Is the internet used by the NEH or its grantees as a way to reach underserved communities?

Answer. Communities that are separated by location or economics from the nation's educational and research resources and its cultural amenities probably stand to gain the most from the encyclopedic, distance-annihilating potential of the Internet. For example, "EDSITEment", which the Endowment is developing in a partnership with MCI, will make the latest and best in history, literature, and foreign language sites available to any school, parent, or student with access to an Internet connection. MCI is helping to connect 800 schools in 23 cities as part of this project. In fiscal year 1998, our "NEH Cyberschools" program will help humanities teachers become proficient in the use of the new electronic materials and formats. This initiative is explicitly designed to exploit the potential of the Internet not only to link participating teachers in a single project but also to trigger rapid fire, nationwide dissemination and participation.

INITIATIVES

*Question.* Describe the My History is America's History project and the projected impact it will have in terms of numbers of participants.

Answer. NEH is planning an initiative that will encourage Americans of all ages to explore their family history and its relationship to the larger pattern of community life, migration, settlement, and interaction that together make up the nation's history. The role NEH will play in this initiative is a new one. Under the auspices of the Endowment's Enterprise Office, we will act primarily as a broker of partnerships among public and private entities to achieve shared goals rather than as a funder of individual projects. Our plans are to join with historical societies, archives, libraries, genealogical societies, and other repositories of historical information to create national Partnerships for America's Story. At a minimum, we would expect to contribute $200,000 toward a total project cost of at least $1 million. At the same time, we will continue to support humanities research, scholarship, education, and public programs on American history through our regular grant programs.

The dimensions of this effort are potentially very large. For example, we plan to publish and distribute a family history "kit" along the lines of our National Conversation Kit, which reached nearly 10,000 community-based organizations. We will know more about the likely audience impact of this effort when we have assembled a roster of participating organizations and funders.

*Question.* Within the funding category of Research and Education, you have proposed increasing the funding for American Legacy Editions by greater than double its current level of funding. What are some of the projects planned for this increase in funding? Are there enough projects in the pipeline that all of the funds would be able to be used in fiscal year 1998?

Answer. The American Legacy Editions initiative is designed to ensure the survival of some of the most important projects now being conducted across the country that are preserving and making available cultural and intellectual resources essential to the people of the United States. Among the projects that would be included under the American Legacy Editionsrubric are: the papers and writings of several U.S. presidents, including Washington, Jefferson, Madison, Grant, and Eisenhower, as well as the papers and writings of other important figures in American history, including Franklin, Twain, Thoreau, Elizabeth Cady Stanton and Susan B. Anthony, and Martin Luther King, Jr. Other significant documentary editions that would fall within the initiative's scope include documents on the ratification of the U.S. Constitution and the Bill of Rights, the records of the First Federal Congress, the journals of the Lewis and Clark expedition, and documents relating to the history of emancipation. Considering that there are approximately 50 ongoing documentary editing projects that the Endowment has supported in recent years, which would make up the corpus of American Legacy Editions, there are indeed enough projects "in the pipeline" to use all of the funding requested for this initiative in fiscal year 1998.

*Question.* Is the Teaching with Technology program coordinated with the Department of Education?

Answer. Because NEH's Teaching with Technology program—which provides grants for discrete, content-rich projects that help teachers use new electronic technologies to enhance students' understanding of the humanities—is distinct from the types of education programs supported by the Department of Education, there is really no need to "coordinate" the program with DOE. Staff at NEH and DOE do, however, often exchange information about various programs and projects, which helps to insure that there is no duplication of effort in the federal government's humanities education programming.

*Question.* How will the report on A National Conversation on American Pluralism and Identity be made available to the public?

Answer. The report on the National Conversation—One America, Indivisible—was published in July and is available from NEH free of charge. News of the report's publication was circulated widely, ranging from the Chairman's nationally broadcast speech at the National Press Club to a feature on the NEH website. Interested listeners and readers are invited to call, write, or e-mail their requests for complimentary copies.

SUBCOMMITTEE RECESS

Senator GORTON. The subcommittee will stand in recess until 9 a.m., Thursday, May 1, when we will receive testimony on the fiscal year 1998 budget from the Secretary of the Interior, Hon. Bruce Babbitt.

[Whereupon, at 11:20 a.m., Thursday, April 24, the subcommittee was recessed, to reconvene at 9 a.m., Thursday, May 1.]

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

**TUESDAY, MAY 20, 1997**

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

The subcommittee met at 9:02 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Slade Gorton (chairman) presiding.

Present: Senators Gorton, Stevens, Cochran, Domenici, Burns, Bennett, Campbell, Byrd, Leahy, Bumpers, Reid, and Dorgan.

Also present: Senator Bond.

## DEPARTMENT OF THE INTERIOR

### OFFICE OF THE SECRETARY

**STATEMENT OF HON. BRUCE BABBITT, SECRETARY OF THE INTERIOR**

BUDGET REQUEST

Senator GORTON. The subcommittee will come to order.

We are here today to hear testimony in support of the 1998 budget request of the Department of the Interior, the principal department funded by the subcommittee. We are delighted that the Secretary has been able to be with us here today, and I would just like for him and for members of the subcommittee once again to refer to the chart there on my left.

[The information follows:]

*Interior programs fiscal year 1997 enacted*

| | |
|---|---|
| Land management programs: | |
| Forest Service | $2,361,000,000 |
| National Park Service | 1,414,000,000 |
| Bureau of Land Management | 1,090,000,000 |
| Fish and Wildlife Service | 653,000,000 |
| Total | 5,517,000,000 |
| Indian programs: | |
| Indian Health Service | 2,054,000,000 |
| Bureau of Indian Affairs | 1,606,000,000 |
| Navajo-Hopi/IAIA/special trustee/Indian gaming/Indian education | 119,000,000 |
| Total | 3,779,000,000 |
| Science and minerals management programs: | |
| Geological Survey | 739,000,000 |

*Interior programs fiscal year 1997 enacted—Continued*

| | |
|---|---|
| Office of Surface Mining [OSM] | 272,000,000 |
| Minerals Management Service [MMS] | 163,000,000 |
| Total | 1,174,000,000 |
| Energy programs: | |
| Energy consrvation R&D | 570,000,000 |
| Fossil energy R&D | 365,000,000 |
| Naval petroleum NPR/reserves | 144,000,000 |
| Energy information administration/economic regulation | 69,000,000 |
| Alternative fuels production | −4,000,000 |
| Clean coal technology | −123,000,000 |
| Total | 1,020,000,000 |
| Cultural programs: | |
| Smithsonian Institution | 370,000,000 |
| National Endowment for the Humanities | 110,000,000 |
| National Endowment for the Arts | 99,000,000 |
| National Gallery of Art | 60,000,000 |
| Holocust Memorial | 31,000,000 |
| Institute of Museum Services | 22,000,000 |
| Memorials | 41,000,000 |
| Total | 733,000,000 |
| Interior departmental offices: | |
| Interior affairs | 88,000,000 |
| Departmental management | 58,000,000 |
| Solicitor | 35,000,000 |
| Inspector general | 25,000,000 |
| Total | 207,000,000 |
| Total | 12,430,000,000 |

COMMITTEE FUNDING

Senator GORTON. It shows where we are for the current 1997 fiscal year, about $12.5 billion, just over one-half of which goes to the Department of the Interior itself. The largest part of our money, of course, that green line, goes to the four land management agencies, three of which are under the Secretary's jurisdiction, and the Forest Service that is not.

Another very large portion, the second-largest portion, is comprised of programs for the benefit of Native Americans, primarily the Indian Health Service and the Bureau of Indian Affairs. The Indian Health Service is a particularly demanding responsibility of the subcommittee because the cost of simply maintaining existing levels of medical services increases at a rate that is in excess of inflation by a substantial amount.

The third major grouping of agencies are the cultural agencies, the Smithsonian, the National Gallery of Art, the Kennedy Center, and the two Endowments. While these agencies account for a smaller portion of the total funds appropriated in the Interior bill, they are in most cases the agencies responsible for the care and protection of our Nation's heritage. These programs get very vocal support from across the country and from many Senators on both sides. In fact, when we had our hearing on the National Endow-

ment for the Arts, I did not hear a single Senator on either side of the aisle who objected to continued funding of those agencies.

The fourth group includes agencies that regulate minerals development out of our Nation's lands and those that produce the science and support management of those lands.

The fifth grouping is programs within the Department of Energy, including energy conservation, research and development programs that are a high priority of the administration.

So, Mr. Secretary, you are up with very, very tough competition. We have now agreed on an overall budget agreement through the year 2002. The Senate just last night passed a budget resolution that reflects that agreement. The increase in request on the part of the President is for just over 6 percent above the 1997 levels. The budget resolution will allow for an increase, but not an increase of that amount. So some reductions are going to have to be made, and we are going to need your help in setting priorities within your areas.

You have got a wide range of responsibilities, some of which are multiagency such as the everglades restoration project and my own Interior Columbia basin ecosystem management project, not to mention the results of storm damage in Yosemite and elsewhere, and I understand you were there just in the course of the last couple of days.

Some of the priority elements in the budget agreement do relate to programs under this subcommittee's jurisdiction. There are some of them that I am not completely in sympathy with. But I am a strong supporter of the bipartisan budget, and as far as I am concerned this subcommittee will meet the obligations that have been agreed to between the President and the congressional leadership in that connection. That leaves many other areas in this appropriations bill unprotected, and those priorities will have to be determined by the committee with, we hope, your help.

With that, I would like to turn to my friend and guide in many of these things, Senator Byrd.

OPENING REMARKS OF SENATOR BYRD

Senator BYRD. Mr. Chairman, you will not proceed with questions until the Secretary has made his statement?

Senator GORTON. We will let the Secretary make his statement.

Senator BYRD. Well, I just share your sentiments in most of what you said. I am not onboard with respect to the so-called bipartisan budget agreement because I did not have anything to do with it. I did not have any voice in it, and so I am not buying onto it yet. But aside from that, the Senator has done yeoman's work on it in the budget committee, and I compliment him on that.

I am glad to be here this morning with Secretary Babbitt, who has done a fine, fine job as Secretary. He has had limitations on appropriations and this has certainly been a problem for him and the people in his department. I compliment him on his good work, and I am delighted to be here, Mr. Secretary, this morning with you, and I look forward to hearing your statement.

Senator GORTON. Senator Stevens, do you have an opening statement?

Senator STEVENS. No; I share Senator Byrd's statement. I will have some questions later, but I have no opening statement.

Senator GORTON. Thank you.

Senator Reid.

Senator REID. I will save my time for questions.

Senator GORTON. Thank you.

Senator Bond.

OPENING REMARKS OF SENATOR BOND

Senator BOND. Thank you, Mr. Chairman, for allowing me to join you today. We have in Missouri an ongoing interest in the Forest Service, the National Park Service, and the Fish and Wildlife Service, but I am here today to talk with the Secretary briefly about an area in which the State of Missouri has been drawn into a matter with the Interior Department against their will. And that is the filing of the petition by the Eastern Shawnee Tribe of Oklahoma to take land in southwest Missouri that they have purchased into Federal trust for the stated purpose of class III gaming.

The application is now pending before the Secretary. I have had very productive discussions with the Secretary about it. The people of southwest Missouri are overwhelmingly opposed. The Missouri General Assembly has overwhelmingly adopted resolutions opposing it, State officials are opposed to it, in straw votes or opinion votes taken in the area they are opposed to it, and I just want to explore with the Secretary briefly the protections a State may have against the imposition of this kind of an activity in an area where it is totally inappropriate.

Thank you for giving me the chance to be with you.

Senator GORTON. Welcome to the club, Senator Bond.

Senator Burns.

Senator BURNS. That was my line.

Thank you, Mr. Chairman with your permission I will forgo my statement. It focuses mostly with the Park Service, and I will await the Secretary. I will await his statement, and I will do mine in the form of questions. Thank you very much.

Senator GORTON. Senator Campbell.

Senator CAMPBELL. Thanks, Mr. Chairman. I have no opening statement. I do have maybe a couple of questions relating to parks and several other things, but the Secretary will be pleased to know that I am not going to ask him anything or buttonhole him about the Animas La Plata today.

Secretary BABBITT. I do not believe it. [Laughter.]

Senator GORTON. Mr. Secretary, it is up to you to give us your opening statement now.

Senator REID. I am going to ask the questions for him.

Senator GORTON. I will say for my members here we have got a good attendance here, and I know that many of the members of this subcommittee have other duties, so I will defer my own questions until last, and allow my colleagues to ask theirs as soon as you have completed your opening statement.

So please, Mr. Secretary, go forward.

SUMMARY STATEMENT OF SECRETARY BABBITT

Secretary BABBITT. Senator and committee members, thank you very much. In the spirit of this waiving of statements, I propose simply to summarize my opening statement.

Senator GORTON. Your full statement will be included in the record.

Secretary BABBITT. Thank you.

I am pleased to come before the committee today in the spirit of the budget agreement which has been reached between the Congress and the administration, and I am optimistic that we are now, in terms of the Department of the Interior and these committees, way beyond the divisions of 2 years ago when we spent a lot of time in very antagonistic positions debating riders and debating fundamental differences over funding priorities. I am hopeful that we can work these issues out in a spirit of cooperation and bipartisanship, as indeed I think we for the most part succeeded in doing last year, to the substantial benefit of the Department and our various programs.

I would at the outset, just briefly once again, underline the fundamental operative fact of our budget and operations in the Interior Department, and that is that our budget is about personnel and salaries. We have the highest percentage of personnel costs relative to total budget of any agency in the U.S. Government with the exception of the military and the Justice Department. And that, of course, means that as we begin the budget process each year we swallow 3 to 4 percent of fixed costs in terms of salaries, retirement, and benefits. That, in turn, has led us to substantial personnel reductions. During my tenure as Secretary we have reduced the payroll of the Interior Department by 12 percent, including a 15-percent cut in overhead in Washington and in other management positions. That is the largest percentage cut in personnel of any of the domestic cabinet agencies.

INTERIOR PROGRAM DIRECTION

Now, just a brief word about the nature of the program evolution in the Department. At the beginning of this second Clinton administration it might be helpful, very briefly, to suggest what the year-to-year additions, changes, and subtractions add up to in terms of overall direction. What we have been doing, I think consistently and with considerable success, is recognizing that in the West and elsewhere, in areas of our jurisdiction, we solve problems best by looking at the large picture, by looking beyond boundaries, by looking beyond the boundaries of agencies, by recognizing that increasingly in this complex interrelated world it is very difficult to solve problems one at a time. We, in fact, provide more conservation values and more resource development possibilities by looking across the landscape, bringing in all of the stakeholders, many of the Federal agencies, and attempting to craft larger solutions.

That, of course, explains the emerging success in evolution of the Florida Everglades ecosystem restoration efforts. It is the theory that motivated the President's forest plan in an attempt to find an appropriate balance on the landscapes of the Pacific Northwest. It is being worked out now in the context of the issues in the Califor-

nia bay delta, where we are dealing with resource use, fish and wildlife, agriculture, the urban water supplies of California communities from San Francisco down to the Mexican border.

There are a number of other efforts under way which have received less attention but I think are equally promising in their possibilities. I would mention just three. There is a large interstate effort under way in the Colorado River Basin now, designed to adjust and maximize the water supply resources for all of the conflicting claimants in the seven States that are covered by that basin. Senator Reid is well aware of the implications of that for Nevada. There are major changes under way in southern California involving urban users, agriculture with major impacts in Colorado and the upper basin States. But the important thing is that those efforts involve a comprehensive attempt to deal with ground water resources for the city of Albuquerque, fish and wildlife issues in Colorado, agricultural needs of the Navajo Indians, the administration of parks, the Endangered Species Act, water supply, as I mentioned, in Nevada, California, and Arizona.

We will be in Denver probably in the next couple of weeks to join with the Governors of Colorado, Wyoming, and Nebraska for a major settlement involving the administration of the water resources of the entire Platte River basin. Senator Gorton mentioned the East Side Columbia environmental impact statement process. The two environmental impact statements relating to the Columbia River basin will be released within the next few weeks. They will begin a year-long process, a very public process involving all of the stakeholders of State and local governments, in an attempt to see if we can find the right management prescription for the Federal lands in the Columbia River basin. This will have large implications for timber harvest, grazing, the protection of fish, the development of lands, and the economies in all of the rural areas that are impacted. I have been carefully through the studies in the preliminary environmental impact statements. I believe we have a major opportunity to reach an important consensus about the future of the Federal lands in the four States that are impacted in the Pacific Northwest.

LAND MANAGEMENT AGENCIES

Next, I would like to just say a word specifically about the budgets of the land management agencies. We have worked well with you in past years on these budgets, and I anticipate a productive year again this year. With respect to the National Park Service I would like to say three things.

FEE DEMONSTRATION PROJECT

First of all, the fee demonstration program that was authorized by this committee, and indeed pressed upon me with considerable vigor by Senator Gorton, who in months leading up to the 1996 election called me regularly saying: "why have you not raised fees in national parks on the eve of this election?"

Well, the happy bottom line is that we have raised fees, and the public response has been overwhelmingly positive. We have had virtually no negative feedback, because I think the public under-

stands that these fee increases are going to bring tangible improvements in the National Park System. The cause and effect relationship makes a lot of sense, and that is exactly what we are seeing. That program is now being expanded pursuant to the direction of this committee, and I am very pleased at your willingness to support that, and indeed to move us along at a rapid pace.

YOSEMITE FLOOD DAMAGE

Senator Gorton mentioned the Yosemite flood, the destruction in the valley and our response in the form of the supplemental. Let me just say that the Park Service has done a splendid job in getting that park back open. As of the end of this week, all of the major access routes into Yosemite, from Fresno, Merced, and the northern communities, will be open. We still have a major reconstruction task. You can see it in the park, and you can see on the roads going in, and in all of the infrastructure.

TRANSPORTATION IN PARKS

Third, with respect to the parks, I think it is important that we seize the next 4-year period to deal with transportation issues as much as we possibly can. Yosemite, Grand Canyon, Zion, many of the parks are simply jamming up, and the problem is not too many people, it is too many cars. That is leading us to a series of management proposals for Yosemite, and for Grand Canyon, which I will take briefly as an example.

The Grand Canyon management plan will be out shortly with a proposal that visitors will park their cars at the entrance to Grand Canyon National Park and move from the entrance into Grand Canyon Village on a mass transit system, possibly a light rail system. The economics look pretty good. It looks like we could actually put out a concession contract and finance that kind of system using a combination of the authority we now have for entrance fees and financing proposals of that nature.

ENDANGERED SPECIES ACT

Let me say a brief word about the Fish and Wildlife Service. The major issue of the Fish and Wildlife Service obviously is the Endangered Species Act. There are discussions going on under the leadership of Senator Kempthorne and Senator Chafee that have made considerable progress. I do not know where that will end. I would simply say that we are aggressively involved in those discussions, and I think that the possibility there reflects the success that we have had in diffusing most of the issues—not all of them, but certainly most of the issues—relating to the Endangered Species Act through the use of habitat conservation plans, the evolution of the no surprises policy, and the innovations that we have put on the ground administratively using the Endangered Species Act are reflected in the budget proposals. I would urge you to look carefully at those proposals, because the budget requests are crucial to keeping the momentum going to resolve these problems rather than letting them drift into the courts, and ultimately to keep the successes going which I believe provide the framework for finding consensus on reauthorization.

NATIONAL WILDLIFE REFUGES

There has been a considerable discussion increasingly in the national press about the issues in the national wildlife refuges. Those issues are reflected in a budget increase of approximately 6 or 7 percent. It is an important issue just to keep the refuge system moving.

BUREAU OF LAND MANAGEMENT

A word about BLM. There is, Senator Bennett, an increase of approximately $5 million for the administration of the Grand Staircase-Escalante National Monument, and it has components which involve participation by the local communities and the play-out of a very intensive 3-year management plan.

The budget has provisions relating to our efforts with the Forest Service to step up our treatment of forest lands through the use of thinning and prescribed fire. I will not get into that except to say that I believe it represents a major departure, and remarkably, an area of emerging consensus that has brought together the environmental community, the resource users, and the local communities, and I would direct your attention to that.

INDIAN PROGRAMS

Last, a word about the Indian programs. I would make just two or three points. First of all, we ought to recognize that we have together made genuine progress in reshaping the Bureau of Indian Affairs. It is not widely acknowledged, but the fact is that we have downsized the Bureau of Indian Affairs more than any other agency in the Department. We have reduced the personnel in the BIA by 20 percent—20 percent—in the last 4 years in the nonpolice and nonteacher categories. As a result of that, 91 percent of the funding in the Interior Department for Indian Affairs flows through directly to the Tribes themselves, teachers, and policemen. The administrative overhead of the Bureau of Indian Affairs has now been reduced to 9 percent. The process is working.

PREPARED STATEMENT

The request for Tribal priority allocation is earmarked, I believe, in the budget agreement as a reflection of our concern for those issues. The remaining issue is the role of the special trustee. I would, rather than going through that in detail, be happy to respond to questions. I have expressed publicly my concerns about the direction that some of the trustee's efforts are taking. I have laid those out in writing. I would be happy to provide the committee with a copy of that. It is an urgent issue. It needs attention, and I think that it absolutely requires the close involvement of this committee, because the trustee has a statutory charge that is in some degree independent of my oversight. That is the reason that I want to very emphatically flag it, because I think we are jointly responsible for the outcome of this exercise and that it needs a great deal of very careful oversight and supervision.

Mr. Chairman, committee members, thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. BRUCE BABBITT

I am pleased to again appear before the Subcommittee on Interior and Related Agencies. As the Chairman and senior members know, this is my fifth annual appearance before the Subcommittee as Secretary.

I testify today in support of the fiscal year 1998 budget request for the Department of the Interior with cautious optimism. Two years ago we were deeply divided over funding priorities and over the inclusion of controversial legislative riders in the Interior Appropriations bill. Last year, at the end, we were able to come together on a bill that was satisfactory in most respects to all of us. At the same time, agreement was reached on the authorizing side on the important 1996 Omnibus Parks Act and on other natural resource legislation, including the California Bay-Delta Environmental Enhancement and Water Security Act.

In the context of an overall budget that reaches balance by 2002, the President's 1998 request for the Department builds on the foundation of our 1997 agreement. The President's request seeks a total of $7.5 billion for the Department in funds subject to annual appropriation by the Congress. An additional $2.3 billion will be provided by permanent appropriations.

For Department programs under the jurisdiction of this Subcommittee, the request for annual appropriations is $6.6 billion for 1998. This is an increase of $389 million in current budget authority over the regular appropriations provided in the 1997 Interior and Related Agencies Appropriations Act. It is an increase of $290 million in current authority over total 1997 appropriations available to date, including emergency funding released by the President.

Within these totals, we propose the funding necessary for our operational and on-the-ground requirements to ensure that we meet our continuing commitments:

—to the restoration of America's natural and cultural heritage through regional partnerships with other Federal agencies, State and local governments, community groups, and the private sector;

—to the millions of Americans who use the National Parks, National Wildlife Refuges, and public lands every year, and to an Endangered Species Act that works;

—to protecting and encouraging Indian self-determination and meeting Federal trust responsibilities to American Indians; and

—to a program of scientific research that contributes to describing and resolving the Nation's resource and environmental issues.

Our ability to propose a budget that protects these priorities is due to the President's commitment to the environment and programs for Native Americans and to our aggressive efforts over the last three years to streamline the Department, reducing headquarters staffs and management layers, and to reengineer our processes and improve the efficiency and effectiveness of our customer services.

As of the end of fiscal 1996, we had reduced our overall employment level by nearly 12 percent below 1993. The largest reductions have been in headquarters and overhead staffs, so that Interior employment in the Washington, D.C. area has been reduced by 15 percent. Our Department-wide reduction is second only to the Defense Department among large cabinet agencies.

*Partnerships for restoration.*—As I look back across the budgets I have presented to the Subcommittee, the most striking trend is the increasing recognition that natural resource issues cannot be resolved on the basis of jurisdictional boundaries or by the work of single levels of government, let alone individual agencies. For decades, the tendency was to think of natural resources in terms of a conservation approach: set aside the "back forty" as a nature preserve and it will take care of itself. Modern science and modern ecology have taught us that the natural world does not work that way. Landscapes are complex, living, and integrated systems.

Three principles must guide our approach to the most pressing natural resource problems. First, we cannot solve these problems by treating individual symptoms. We must treat them on a landscape scale. Second, in seeking solutions we must look across, and beyond, agency boundaries. We need to involve all the relevant Federal agencies, as well as States, local and tribal governments, industry, non-profit groups, and concerned ordinary citizens. Third, our goal should be restoration, so as to ensure the long term ecological and economic health of communities.

These three principles are reflected in some of our most important 1998 proposals:

—Congress authorized the Everglades National Park to preserve the sawgrass prairies, mangrove forests, and abundant wildlife of the largest remaining subtropical wilderness in the coterminous United States. The Park has since been complemented by the establishment of the Big Cypress National Preserve and several national wildlife refuges. But this "back forty" is not thriving. Man-made changes have profoundly altered the flow of water from the Kissimmee

River to Florida Bay. Water quality has been degraded, wading bird populations in Everglades National Park have declined by nearly 90 percent, commercial fisheries in Florida Bay have collapsed, and non-native and exotic plants and animals have proliferated, overwhelming some indigenous species.

Four years ago, we joined together with a broad group of Federal, State, tribal, county, municipal, and special purpose agencies to save the Everglades. This group is motivated by a consensus that restoration of natural hydrologic functions in South Florida is essential not only for the parks and refuges in the region, but also for the continued health and vibrancy of the economy of South Florida.

The State of Florida has committed major resources to restoration of the Everglades. In this budget, we again propose to establish an Everglades Restoration Fund. Funding of $100 million is sought in 1998, with advance appropriations of the same amount that would become available in 1999, 2000, and 2001 for a total of $400 million. These amounts, together with the $200 million plus provided by the 1996 Farm Bill, will provide an assured funding stream for critical elements of watershed restoration, including land acquisition, construction of the Modified Water Delivery project for Everglades National Park, and scientific research.

—On the other side of the country in the California Bay-Delta, our budget addresses another, very similar problem of a stressed landscape. Although not within the jurisdiction of this Subcommittee, our request for the Bay-Delta demonstrates the necessity for comprehensive, long-term approaches to the complex and interrelated problems of an entire landscape.

The region where the Sacramento and San Joaquin Rivers meet the San Francisco Bay once sheltered a stunning variety of fish and wildlife and still provides habitat for 120 species, including some listed as threatened or endangered. The region is also critical to California's economy, providing water to two-thirds of all homes and businesses in the State and irrigating more than four million acres of farmland where, among other crops, 45 percent of the Nation's fruits and vegetables grow.

For the past 150 years, dredging and channelization, flood control, unscreened diversions, pollution, and large-scale water exports have contributed to the degradation of the Bay-Delta ecosystem. As a result, the Bay-Delta has reached the point where it cannot reliably meet the water needs of California residents, businesses, and agriculture while protecting environmental resources.

In 1994, Federal and State officials signed the historic Bay-Delta Accord. The Accord recognizes that a comprehensive package of actions is required to strike a fair balance among competing uses, restoring and protecting the Bay-Delta ecosystem while strengthening the State's long-term economic health. Last September, the President signed the California Bay-Delta Environmental Enhancement and Water Security Act, which authorizes $143.3 million a year for three years in additional Federal spending for Bay-Delta ecosystem restoration. The authorization became effective in November 1996 when California voters approved a $995 million bond issue to cover State cost sharing for activities to restore the Bay-Delta ecosystem and for other water resources activities in California.

Our request for the Bureau of Reclamation in the Energy and Water Development Appropriations bill seeks the $143.3 million authorized for 1998 in the Bay-Delta Act. The requested funds will be distributed among participating agencies based on plans to be developed by the CALFED group, a consortium of the Federal and State agencies with management and regulatory responsibilities in the Bay-Delta. These funds will match non-Federal funding under the terms of a cost sharing agreement now being developed.

—In the Pacific Northwest, the budget proposes to continue the funding for the President's Forest Plan, the first of our major partnerships for restoration.

At the beginning of this decade the northern spotted owl triggered a crisis in the old growth forests of the Pacific Northwest. Yet, like a sneeze, the owl was only a symptom warning us that the entire Northwest forest system was sick, over stressed, and in need of treatment. Science told us that we needed to prescribe treatment for the whole forest, providing unbroken corridors textured by a mixed canopy of trees varied by age, size, and species, and maintaining wide stream buffers along fish bearing streams, from headwater to tidewater.

The Plan is not just about owls, salmon, and other wildlife. It directly addresses the economic issue: Healthy forests are important for a healthy, forest-based economy. If we destroy our old growth forest, we will lose jobs in salmon fishing and tourism and eventually in our timber industry as well.

Under the Plan, logging has been scaled back from the unsustainable levels of the 1980's. At those cut levels, the forests (and the forest economy) would be destroyed within a generation, just as they were in earlier times in New England and the upper Midwest. By scaling back to a sustainable level, we ensure a steady, predictable supply of timber for loggers and mills in the century ahead. And we ensure that the forest towns will continue to diversify, with new people and new industries seeking the quality of life and the health of the natural landscape.

The Plan is working, with the help of funding provided by the Subcommittee to the Bureau of Land Management and Fish and Wildlife Service. Unemployment in the Northwest forest communities has hit the lowest level in generations. We didn't lose 100,000 jobs, as some critics predicted, we created jobs.

For 1998, we request $71.1 million, an increase of $2.9 million over the 1997 enacted level. This level will allow the Bureau of Land Management to meet its 1998 timber target of 211 million board feet, as part of the Plan's overall annual sustainable harvest target of 1.1 billion board feet. It will also allow the Fish and Wildlife Service to continue a streamlined Endangered Species Act consultation process, to negotiate additional habitat conservation plans, and to implement the 4(d) rule, which will relieve spotted owl prohibitions for 30,000 owners of small tracts of land.

In addition to these major initiatives, the budget supports numerous other partnerships across the country, including support for numerous habitat conservation plans outside of the Pacific Northwest, increased funding for partnerships to clean up mine drainage in the Appalachian States, and start-up funding for the nine new heritage areas partnerships authorized by the Omnibus Parks bill. An increase of $1 million in the Park Service will fund technical assistance partnerships with communities to assess and restore watersheds affected by non-point source pollution and wetlands loss.

*Managing fire.*—Last year, fires burned over six million acres, including almost five million acres in the public land states of the West and Alaska. As has been the trend in recent years, the wildland fires in forests and on ranges burned hotter, bigger, and faster—growing ever more lethal, destructive, and expensive to fight. Two decades ago, we spent an average of $100 million each year to put out wildfires; last year we spent $1 billion.

This explosion of fire—and cost—is in large measure the ironic product of our success over the past 90 years in suppressing fire. Healthy, low-intensity natural fires that once burned across the forest floor have, as a matter of policy, been "out by 10 a.m."

Last February, Secretary Glickman and I released the Wildland Fire Policy Review directing managers to place greater emphasis on fuels reduction as a tool for protecting forest and rangeland resources. Our 1998 budget addresses the practical problem of implementing this policy. In the Interior wildland fire account, the budget proposes an increase of $4.8 million for a combination of prescribed fire and mechanical treatment to reduce fuels. This will bring the total Department of the Interior hazardous fuels reduction program to $12.8 million, which will treat half a million acres. The Forest Service program for 1998 is proposed to total $30 million and treat at least 800,000 acres. This proposal establishes the foundation for a long-term effort to address our fuels management needs through the budget.

*Land management operations.*—As has each of our budgets during this Administration, the 1998 budget proposes the funding we believe necessary to adequately operate the National Park Service, Fish and Wildlife Service, and Bureau of Land Management and to preserve our parks, refuges, and public lands so that future generations may have the same opportunity to experience our natural and cultural heritage that we have had.

The increases requested in the budget reflect the continuing popularity of national park and wildlife refuge systems, as well as the public lands in the West; park visitation is projected at over 275 million people in 1998, and hunting, recreation, and other visits to the public lands and wildlife refuges will continue to increase. The increases also reflect the personnel intensive nature of operating and maintaining 374 parks, 509 wildlife refuges, and 200 BLM districts and resource management units. The costs for the staffing necessary to provide services to the public and properly maintain natural and cultural resources range between 50 and 60 percent of land management bureau operational costs, five to six times the average for all Federal agencies.

The budget proposes an increase of $65.7 million for the Operation of the National Park System account. This increase includes across-the-board increases so that all parks can maintain their current level of services and targeted increases for 63 parks to cover new responsibilities and previously unfunded needs. Among the 63

parks are the five new areas added to the National Park System by the Omnibus Parks Act.

An area of emphasis in the Park Service's operations budget is additional funding to maintain irreplaceable cultural and historic resources of the Park System. Increases are proposed for historic structures stabilization, cultural cyclic maintenance, and museum cataloguing, as well as for a Vanishing Treasures initiative. This initiative recognizes the highly specialized maintenance needs of the Anasazi and other Native American sites in the arid southwest, over 60 percent of which have been severely impacted by weathering and erosion. It will provide $3.5 million to bring these resources to a point where they can be sustained by routine preservation treatment programs. As part of the initiative, the Park Service will train a new generation of specialists to take over the task of preserving this unique cultural heritage as many of the current specialists retire over the next few years.

For the Fish and Wildlife Service, proposed increases in the Resource Management account include $13.2 million over 1997 for operation and maintenance of the highest priority units of the National Wildlife Refuge system. This will allow greater opportunities for compatible, wildlife-dependent recreation, reduce operational backlogs, and provide additional habitat restoration. Specific projects have been selected using a ranking system, the Refuge Management Information System, which will ensure the most efficient distribution of limited resources to meet the highest priority refuge needs.

An increase of $11.8 million in BLM's Management of Land and Resources account emphasizes improvements in recreational programs at highly visited sites such as Red Rock, Nevada, where visitation has grown 13 percent a year for five years, and the strengthening of BLM's resource protection capabilities, including an additional $3 million for the cleanup of abandoned hardrock mine sites in Montana and Colorado, and an additional $1 million to combat invasive weed species that threaten the health and productivity of public lands. Funding for the new Grand Staircase-Escalante National Monument is proposed at $6.4 million, an increase of $5 million over 1996 base funding for the area, to ensure a planning process that fully involves the people of Utah and other stakeholders, and to provide services for an expected increase in visitors.

Increases in the MLR account are partially offset by decreases in other MLR programs, primarily the Automated Land and Mineral Records System, which is moving from the development phase to the operation and maintenance phase. We intend to give ALMRS its operational test in New Mexico this Spring and are currently planning to bring on-line all of the BLM States over the next 20 months. We have put in place a seasoned management team at this critical juncture, including the appointment of BLM's first chief information officer. The system holds great promise for providing land and mineral information to State and local governments, industry, and the public.

*Recreation fees.*—In an era of constrained budgets, we cannot expect the general Treasury to meet all of the needs of our public lands. In 1996, the Subcommittee supported in authorizing a demonstration program to test fee collection levels and methods at parks, refuges, and public land sites. We are in the process of implementing that authority. Demonstration fee programs are in place at over 100 sites and an additional 50 sites are in the process of being designated. In 1998, we expect to collect over $50 million to supplement regular appropriations.

This new revenue will be applied to maintenance and infrastructure needs to improve the quality of the visitor's experience. At the largest parks with the highest visitation, we will be able to achieve dramatic results. At the Grand Canyon, visitors on the busiest days can wait as many as two hours for a parking space. The experience at the Rim of the Canyon is one of urban traffic, not majestic solitude. With demonstration fee revenue, we will help provide a new inter modal transportation hub away from the Rim, along with a light-rail system or a fleet of clean, quiet shuttle buses for visitors.

The President's budget proposes legislation for a permanent fee program based on the demonstration program. The budget also commits the Administration to work with the Congress to reform Park Service concession fees.

*Endangered species.*—The President's budget proposes $78.8 million to continue our efforts to administer the Endangered Species Act to provide effective protection for species while minimizing economic effects, assuring fair treatment for landowners, and reducing delay and uncertainty for States, local governments, private industry, and individuals. This is an increase of $11.4 million from 1997.

With the requested level of funding, the Fish and Wildlife Service will be able to pay for 292 projects to keep declining species off of the endangered and threatened lists and work on 100 habitat conservation plans. The Service will also be able to manage an increasing Section 7 consultation workload, including 38,000 technical

assistance consultations (up nine percent from 1997), 900 formal consultations (up six percent), and 1,500 programmatic consultations (up 76 percent).

*Bureau of Indian Affairs Programs.*—My biggest disappointment in the otherwise sound compromise on 1997 appropriations was that we were unable to agree on a higher level of funding for programs that support tribal self-determination. The claim of Native Americans to a fair share of attention and resources is very great, and I do not believe that claim was met over the past two years.

The budget requests an increase of $114.4 million for the Bureau of Indian Affairs. Of this total, $76.5 million or 67 percent, is for the Tribal Priority Allocations budget activity, the part of the budget that Tribes allocate according to their own locally-based priorities. Among other things, this increase will allow Tribes to maintain an additional 1,250 miles of reservation roads; to hire another 400 law enforcement staff; and to fund an additional 220 child welfare cases each month. However, even with the increase, the overall level of TPA funding will be only two percent higher than it was in 1995.

An increase of $16.8 million is proposed for elementary and secondary school operations to provide funds for an anticipated three percent increase in enrollment to a total of 52,400 and for statutorily mandated pay increases.

In the President's budget, TPA and education programs together comprise 82 percent of the BIA operating budget. Other reservation-based programs account for nine percent. Only nine percent of the operating budget pays for administration of the Bureau. In 1998, Central and Area Offices and other support functions are funded at a level about $26 million lower than three years ago, a reduction of more than 20 percent. The BIA's staffing level will continue at its current level, the lowest in 15 years.

*Office of the Special Trustee.*—The budget proposes to continue efforts to ensure that the Federal Government fulfills its Indian trust management responsibilities. The 1998 request for the Office of the Special Trustee is $39.3 million, a $5.2 million increase over the 1997 enacted level. With funds appropriated in 1997, the Special Trustee should initiate reform efforts and begin to make critically needed improvements to Individual Indian Money accounting systems, policies, practices, and procedures. In 1998, a total of $16.7 million will be available for continued implementation of Indian trust management systems improvements.

The Special Trustee recently submitted his Strategic Plan to reform Indian trust management to the Administration and the Congress for consideration. The plan represents his views, independent from the Department and the Administration. I have significant concerns regarding the plan. Most importantly, it seems to lack a fundamental understanding of the relationship of sovereign tribal governments and Federal trust responsibilities. I am also concerned that the plan expands the Federal Government's investment functions and that it identifies large, new budget outlays without the identification of alternative courses of action and analysis of the cost, benefits, advantages, and disadvantages of alternatives.

While I have concerns regarding the Special Trustee's plan, I do not want these concerns to slow our progress in improving trust systems. The Administration has allocated what we believe to be substantial resources for implementation of trust systems improvements during fiscal year 1997 and 1998. I intend to hold the Special Trustee accountable for implementing improvements. I feel confident that, through careful priority setting, we will be able to make the most critically needed reform efforts.

The work of the Office of the Special Trustee is directed towards improving systems for the present and future. The question of past account deficiencies continues to be addressed separately. The Administration will shortly be sending a comprehensive report outlining our recommendations on settling tribal claims, and within the next few months, it is my expectation that we will submit a legislative proposal to the Congress that would establish a comprehensive process to provide for a fair settlement of these claims. The proposed legislation is a direct outcome of the five-year tribal reconciliation project initiated, funded, and overseen by the Subcommittee. As you know, the reconciliation effort did not extend to Individual Indian Money Accounts. In this area, we are working closely with the Justice Department to see if we can reach a settlement of a class action suit involving the management of these individual accounts.

*Science.*—At the beginning of the current fiscal year, we successfully completed consolidation of the former National Biological Service into the U.S. Geological Survey. Over the years, the Department's earth science and biological research have provided the critical science needed for sound resource management. I am confident that the synergy between biological and earth sciences in the "new" USGS will build on and expand this tradition.

The 1998 budget for USGS is a net increase of $5.3 million over the 1997 level. Within this total, we propose a $9 million increase in the National Water Quality Assessment program that will use the NAWQA model to provide information on water quality conditions for streams and acquifers of 75 of the Nation's key metropolitan areas, including the largest city in each State, as part of the President's initiative to provide the public information about toxics. Increases are also proposed for better operation and maintenance of the USGS portion of the Global Seismographic Network and for enhanced technical assistance to address priority biological research needs identified by the Department's land managing bureaus. The USGS and its research partners will also refocus $1.2 million in 1998 to a program to establish historic mapping and modeling databases for the New York, Chicago, Philadelphia, and Portland, Oregon metropolitan regions.

The increases in USGS are partially offset by programmatic decreases resulting from Reinventing Government II initiatives and from scaling back other programs, including the Water Resource Institute program.

CONCLUSION

I believe that the 1998 budget for the Department of the Interior supports priorities on which we can reach consensus. I hope that over the next several months we can have a dialogue to achieve that consensus.

This concludes my statement. I will be happy to answer any questions you may have.

INTERIOR HISTORY

Senator GORTON. Senator Stevens, as chairman of the overall committee, I will defer to you first.

Senator STEVENS. Thank you very much, Mr. Chairman.

Would someone please give the Secretary that one piece of paper?

Mr. Secretary, I must tell you that the last few months have been sort of traumatic, because this is your fifth year, is it not?

Secretary BABBITT. That is correct.

Senator STEVENS. I spent 5 years in the Interior Department.

Secretary BABBITT. And you had the good sense to move on.

Senator STEVENS. No; Mr. Nixon lost an election. [Laughter.]

But while there, I worked on Mission 66, 10-year improvement of the Park Service. I drafted the Fish and Wildlife Coordination Act of 1958, which really opened up the conservation movement for that period of time. I lost an election in 1962 because I was called to be too green. Now I find myself trying to find some way to deal with the issues that affect the future of my State. So I want to show you something.

REVISED STATUTE 2477

This is a map that we had prepared with regard to the State and native lands of Alaska based upon the Revised Statute 2477 problem. The shaded areas are the areas that were withdrawn in 1980 and added to the Park System and the Fish and Wildlife System. The green are the rights-of-way that were identified prior to 1969, when your predecessor Secretary Udall withdrew the whole State and there could be no further rights created after that day under this law.

In 1976, Congress passed an act, the FLPMA Act, that repealed the Revised Statutes. When we did, we added a provision three places in the bill that said valid existing rights were preserved.

In 1994, I was informed that your office had promulgated a new regulation dealing with Revised Statute 2477, and I have asked them to give to you a sheet of paper, and I hope each member of

the committee has one, that shows this. We put a moratorium in the National Highway System Act. It was placed in 1994, but actually it did not become law until 1995. It was a prohibition prohibiting a regulation addressing rights-of-way pursuant to section 2477 as such act was in effect before 1976, October 1976 and that was sunsetted on September 30.

Then we had a general provision in the 1996—September 30, 1996. We had a general provision in the 1996 bill prohibiting use of funds, that is the Interior bill of this committee, and then we had in an omnibus bill that we passed last year, the omnibus consolidated appropriations bill for 1997, there was a general provision with no sunset which said no final rule or regulation of any agency of the Federal Government pertaining to recognition or management or validity of rights-of-way pursuant to Revised Statute 2477 shall take effect unless expressly authorized by act of Congress subsequent to the date of the enactment of this act.

Now, you have not submitted any legislation, have you?

Secretary BABBITT. I have not.

Senator STEVENS. And we have had some up for consideration, but we have not been able to get that out of committee, as I understand it.

The problem now is that, as I understand it, you have now announced a new policy of revision of a 1998 policy that would state that on any of these rights-of-way they are valid only if they were created by vehicular traffic, is that correct?

Secretary BABBITT. Senator, that is not correct.

Senator STEVENS. That is my understanding. What is the difference?

Secretary BABBITT. The only action that I have taken in this respect was to write a letter withdrawing a letter which had been written by Secretary Hodel with which I disagreed and which did not reflect my views on this matter.

Now, if I may clarify, there is, as you well know, a proposed set of regulations which have been prepared in considerable detail and circulated and which have been put on hold by this language. The regulations are currently in limbo pending direction or money or authorization from this committee.

Senator STEVENS. This is a direction to your agency. It is in a letter dated January 1997.

The agency shall evaluate whether the alleged right-of-way constitutes a highway. A highway is a thoroughfare used prior to October 21, 1976, by the public passage of vehicles carrying people or goods from place to place. If the agency determines that the alleged right-of-way does not constitute a highway, the agency will recommend that the Secretary deny the claim.

RIGHTS-OF-WAY

Now, that puts us into a conflicting position, as I see it. We have several rights-of-way that were used by railroads that are now extinct. The Kennicott Railroad, for instance, I take it that we could rebuild it, the Kennicott Railroad, under your letter, but we could not build—let me have those little charts, please.

One of these rights-of-way is out to Hooper Bay, which is out on the west coast of Alaska.

This is Hooper Bay. I have been there several times. It is a very interesting little community. It is not totally ethnic. It is native and non-native. It is basically a fishing community. All of their access is by a road which is across Federal land.

This shows even more how the airport is out here [indicating], and this [indicating] is their road. We want to improve that road. It is a Revised Statute 2477 road. It was created by dogsleds.

We have a whole series of other roads that were created by dogsleds, particularly down in Paminto Flats area. All of these roads that are in here were dogsled trails. As a matter of fact, one of them is the historic Iditarod trail.

Mr. Secretary, the policy that you have announced is guiding upon your land agencies, and accomplishes even more than you would by the regulation. Because it in effect creates a Federal position on a matter that historically has been determined by State law.

The next paragraph of your letter says role of State law: In making its recommendation, the Secretary shall apply State law in effect on October 21, 1976, to the extent it is consistent with Federal law. The agency in no case will recommend approval of claims that do not comply with requirements of applicable State law. But, Mr. Secretary, there is no Federal law.

Secretary BABBITT. Senator, there most certainly is. It is Revised Statute 2477.

Senator STEVENS. Well, Revised Statute 2477 was repealed in 1976.

FEDERAL RIGHTS

Secretary BABBITT. Well, but the rights that vested under it are Federal rights which have accrued and are in effect today pursuant to that law.

Senator STEVENS. But those were only determined by State law up till 1976. There was no Federal law in 1976 other than one sentence which was Revised Statute 2477. It did not have the word vehicular in it. You are now stating in your letter you are only going to recognize vehicular traffic created rights-of-way. That certainly was never involved prior to 1976.

Secretary BABBITT. Well, Senator, I disagree with your interpretation of the Federal law. It is a stand alone Federal law. It does not reflect a Federal policy of deferring to State law. That does not appear in Revised Statute 2477, it does not appear in FLPMA, and it is, in my judgment, not the law as it stands today.

Senator STEVENS. Well, let me ask you this: Let us go back to my first statement. Having spent 5 years in your agency, I find myself now spending years combating with the agency that I really enjoyed serving at. Why is it we cannot get a proposal from you for review by Congress to establish a Federal law, if that is what you want?

Secretary BABBITT. Senator, I believe that our proposal is set out in considerable detail in the proposed regulations.

I would be ready and willing to do either one of two things, get the leave of this committee to promulgate the regulations, or, in the alternative, to use them as the basis for drafting a law to be

passed by the Congress. I am ready and willing to do either one of those.

ROADS IN NATIONAL PARKS

I do not accept the position, and would never support a Federal law which simply deferred this issue to the States. For example, the State of Alaska passed a statute saying there will be rights-of-way under State law along every section line in the State of Alaska. That would create 950,000 miles of roads, including 150,000 miles of new roads in the National Park System. I cannot support that.

Senator STEVENS. Now, Mr. Secretary, you have said that before. No national park in Alaska is surveyed. There are no section lines in any park in the State of Alaska. Did you know that?

Secretary BABBITT. Well, Revised Statute 2477 and the Alaska statute does not turn on that issue. The Alaska claim is section lines, including 150,000 miles in national parks.

Senator STEVENS. But by definition, there are no section lines in national parks because you have never approved surveys in national parks in Alaska.

Secretary BABBITT. Well, Senator, there are section lines. They have not been surveyed in many parks, as indeed they have not been in many parts of Alaska.

Senator STEVENS. There has never been a Revised Statute 2477 right-of-way across a line that was not surveyed. Now, I am an ex-solicitor. You had better check with your solicitor. That is the fact. So I think we are arguing about something, and I would hope you would not accuse me of trying to build 900,000 miles—do you know that all of the U.S. Federal Highway System is 960,000 miles?

Secretary BABBITT. That is precisely my point. That is the reason we oppose Alaska's claims.

Senator STEVENS. Do you believe these gentleman are going to give us money for that? There are Federal highways in Alaska, but do you think we are going to get money for 900,000 miles of road? Mr. Secretary, that is the kind of rhetoric that throws me up a tree. How can I explain to my people at home that I am not bringing home that kind of money? [Laughter.]

Secretary BABBITT. Well, if that constitutes a waiver of Alaska's claim to rights-of-way on unsurveyed section lines, I certainly accept that.

Senator STEVENS. You had better hope, Mr. Secretary, that that State law is upheld. Because if you look at this, you will see that the rights-of-way to get into the national parks are, in fact, Revised Statute 2477 rights-of-way across State and native lands. The Federal Government will own 67 percent of our State when all of the selections are over, and the access to all the Federal lands requires access across the State and native lands. The statute was passed by the State of Alaska to assure that as lands went out of Federal ownership the concept of these lands—they are surveyed when they come out of Federal ownership, and the section lines are created then, and they give you and the people who use Federal lands rights-of-way across State and native lands. As a matter of fact, the Native people are now objecting because they seem to think that

we are creating new rights-of-way across their lands. We are merely preserving rights-of-way.

SUPPLEMENTAL APPROPRIATIONS VETO PROPOSAL

But, Mr. Secretary, here is the problem, and I am taking a lot of time of this committee, I am now chairman of this committee, and I have got a provision that is in this bill which is no different really from the three that were already negotiated. And, as a matter of fact, the only difference is it applies to a statement of policy instead of a rule or regulation. You have informed me by letter that this will be vetoed, that our bill will be vetoed if it stays in there. But it is there because your Department has not proposed, as Congress has directed now since 1995, to create a law with regard to section—to Revised Statute 2477 throughout the West. Not just Alaska, but throughout the West.

RIGHTS-OF-WAY LEGISLATION

I am here this morning to try to see if we can find some way to get, and I use this word advisedly, a commitment from you that you will not pursue that policy, but you will pursue what you have just stated, and that is submitting legislation so that we can review it. It will go through the legislative committees and our committee will not have to be involved in this on a year-to-year basis in order to try to protect the rights of the West, as they see them, from an administrative determination of what is Federal law as compared with what would come. I believe, that we would pass a law which would state very clearly that we are not going to allow national parks to have roads built through them, wildlife refugees to have roads built through them, except to this extent, that they are needed for access to airports, to hospitals, to rivers, to the people who live in rural Alaska and rural America, and that there is no other right-of-way available.

Now, I am perfectly willing to go forward and help support such a law. But I am not willing to go forward and allow an administrative letter to establish a new body of Federal law which, as far as I am concerned, does not exist. Now, would you give us a commitment that if we proceed that you will not pursue this policy administratively until Congress has had a reasonable time to review it? If we cannot get bills through, obviously you are going to have to do something sometime along the line, I am aware of that. That is why we have had these provisions. But that last provision is general law. You cannot issue the rule or regulation. You may be able to issue the policy statement, but I think that would lead to interminable legislation in every State of the West, particularly mine.

Incidentally, Mr. Secretary, we have 1,900 rights-of-way, the State tells me, and the State tells me that 560 of them would probably be pursued by the State. So my State has already eliminated almost three-fourths of the rights-of-way that would qualify under Revised Statute 2477's existing right provision. Now, that may or may not be—you might not even accept the final 560, but we are talking about basic rights of rural people. We do not need these to get to Anchorage or Fairbanks or the airport in Juneau or

Ketchican. We need to get to them so that we can consolidate four or five villages up there.

There are 50 villages up there in what I call the cusp of the Yukon fan, a separate airport for each one. We could consolidate those with roads, we could have one school instead of four schools, we are forced into a lot of economic changes now in our State. But if you insist that we can only have a road where there was vehicular traffic, we will not have those highways created.

Now, I would like to secure a way right here to, on the basis of a commitment from you not to pursue this policy stated in your letter and to work with us to create a bill—if you draft a bill I will even introduce it, I will tell you that. I will introduce the bill. I may not support it all, but I will introduce it and see that it comes before the Congress and see that we try to get this resolved for the whole West. But I cannot, in due conscience, hold up a bill that has got so many things for people who are disaster victims in the West. You know we have more disasters than any State in the Union. On the other hand, I cannot in good conscience, as Senator from Alaska, take it out until we get some kind of an understanding how we are going to proceed from here.

Secretary BABBITT. Senator, I would be happy to deliver to you today a draft bill. It will consist of the final proposed regulations. I believe it would be an appropriate piece of legislation. I will deliver it to you today.

Senator STEVENS. And if I introduce that today or tomorrow, will you not pursue on your administrative letter and enforce that policy until we have had a reasonable time to consider it?

RIGHTS-OF-WAY POLICY

Secretary BABBITT. Senator, let me explain the purpose of this letter, if I may. It has become a sort of symbolic flashpoint for a lot of abstract disputation. The only significance of this letter is what should I do by way of response to a specific, urgent, we have got to do it now, application. This is not 560 applications from Alaska or 1,000 from Utah. This is a specific we have got to have a right-of-way right now in this township or this county. I need a policy by which to make those judgments. I have not been asked to make any, and my guess is that there will be relatively few.

The reason that I rescinded the Hodel letter is because it said the policy was to pass on those applications by reference to State law. That is not my position.

If I get an application, I will use this policy as an interim guide.

Now, let me just say that if there is a railroad right-of-way or a sled track or whatever in Alaska in the interim that needs my attention as a question not of abstract policy but specific need, I will consider that and I view myself as free to be reasonable. These guidelines talk about recommendations from my agencies. If you have a specific problem with a railroad in Alaska or something like that, I will be happy to respond to you in a spirit of reason designed to solve the problem.

Senator STEVENS. I am not sure I really got an answer yet, Mr. Secretary. We have only had 1 mile—1 mile—of road approved in Alaska as a Revised Statute 2477 application since 1976. Did you

know that? 1 mile. They are all staggered in the Department somewhere seeking approval.

Now, if in the interim your people start denying our applications—and, by the way, most people understand that they are applications of my State for rights-of-way to proceed under the Federal Highway System. Now, I would hope that we—I see here—no, I do not want to get into that. I do not have time for that right now. That is another process. That is a problem with NEPA and all of the rest of it that goes in here, and that is another thing.

But if in the interim your people deny my State's—any of my State's applications based upon this determination, then we have lost. Now, I want an assurance you are not going to deny any State application under Revised Statute 2477 while Congress tries to work out a new Federal law dealing with the subject. If you will give us that, I will introduce the bill today.

Secretary BABBITT. Senator, I cannot give you that. But I think that is an abstract request, because what I am saying is if in the applications submitted by Alaska there are action items that need my attention, I am prepared to personally sit down with you and go through each and every one of them and get a reasonable result.

Senator STEVENS. Mr. Secretary, I was in the Department too long. You have got hundreds of people out there handling these applications. They are out there, out in the BLM office in Nak-Nak or in Fairbanks or down in Utah somewhere, and they have got your letter. And you say you have rescinded that.

By the way, the Hodel letter was prepared by all the agencies. He just signed the letter approving it. You have disapproved a basic memorandum of all the land agencies of Interior that was approved by Secretary Hodel. You did not get something to take its place. What you did was issue a new statement of a Secretary which said none of these old rights-of-way have any validity under State law. That is the way it is being interpreted out there. Now, I understand you are saying that is not what you're saying, but your agencies are turning these down now.

Secretary BABBITT. Senator, I would be happy to straighten out my agencies. No. 1, these issues are not determined pursuant to State law. They are determined pursuant to Federal law. We are ready and willing to pass on them under Federal law, and what I am telling you is I think the policy is reasonable.

Now, if there are specific problems, I am willing to get into them, because if you have legitimate rights-of-way issues my job is to get them out.

Senator STEVENS. Mr. Secretary, I am sorry to say we have wasted our time. And I thank you very much.

Thank you, Mr. Chairman.

Senator GORTON. Senator Byrd.

RIGHTS OF CONGRESS

Senator BYRD. Mr. Chairman, Alexander Pope said—I think he asked a very appropriate question: Who shall decide when doctors disagree? Now, here we have two of my best friends in Government disagreeing, one in the executive branch, one in the legislative, one a Republican and one a Democrat. What am I supposed to do?

Senator STEVENS. You had better protect the rights of the Congress, Senator, however you do that.

NATIONAL CONSERVATION TRAINING CENTER

Senator BYRD. However you do that, to the best of my ability.

Mr. Secretary, rapid progress is being made toward completion of a National Conservation Training Center in Shepherdstown, WV. This is a state-of-the-art training facility that will benefit natural resource professionals of the Fish and Wildlife Service, as well as other resource managers of the Interior Department, and our conservation partners. It is my understanding that the facility will be completed this fall, and I am looking forward to the time when you and I both may be able to dedicate this training center. Is everything still on track with respect to the completion of the facility?

Secretary BABBITT. Senator, I anticipate that the facility will be ready for use in the full sense of the word in September. We have scheduled a dedication, I believe, in early December. I intend to be there, and I can tell you that the staffing is going along well. We are offering courses right now. We will have a full menu of courses.

Senator BYRD. And you have sufficient funds to equip the facility?

Secretary BABBITT. Senator, we have a small additional request in the President's budget. I can give you the detail. I think it is approximately $4 million for the operational side.

Senator BYRD. And you will be able to award a contract for construction of the third dorm?

Secretary BABBITT. Senator, we anticipate awarding that contract probably about the end of the summer, and that would lead to completion about 1 year from then, in about September 1998.

Senator BYRD. To what extent is the Fish and Wildlife Service already signing up participants to undergo training at the facility once it is opened?

Secretary BABBITT. Senator, I think that is a key question, because the full utilization of this center really depends upon a strong interagency commitment from the Corps of Engineers and the Department of Defense, Forest Service, and marine fisheries. The Forest Service has a full-time program officer now assigned to the center, and that is reflected in the training courses. Obviously, we have high hopes that courses will continue to develop—I believe they will—on a reimbursable basis.

Senator BYRD. I understand that it is already booked to full capacity for fiscal year 1998, for the 100 dorm rooms that will be available. Is that true?

Secretary BABBITT. Senator, I am not absolutely certain, but I will check that out and get back to you. I am satisfied that we have a strong menu of programs and reservations. I am not sure of the exact number.

[The information follows:]

NATIONAL CONSERVATION TRAINING CENTER

The total number of participants scheduled for classes at the National Conservation Training Center (NCTC) in fiscal year 1998 at the present time is approximately 5,064. This translates into approximately 25,320 student days. The NCTC housing capacity for fiscal year 1998 is 100 rooms, which translates into 25,000 student days. Overflow students will be lodged at hotels in Shepherdstown, WV and

will travel to NCTC during the day for courses. Approximately 500 NCTC participants have booked offsite accommodations in fiscal year 1998 at this time.

The NCTC has additional classroom space available, and continues to discuss facility usage opportunities with interested parties, with the understanding that these participants would use offsite lodging. The addition of a third lodging unit will increase the use of these additional facilities. As students begin to arrive in September, we are confident that word of the facility will quickly spread, and customer demands will increase rapidly.

TRAINING

Senator BYRD. You mentioned some of the agencies with which the Fish and Wildlife Service have been working in order to ensure that the training center will be used fully. Will these agencies cover their costs when they use the facility?

Secretary BABBITT. Senator, that is our intention, to, in effect, operate this on a cost-sharing basis, with the agencies reimbursing their proportionate share of room, board, and tuition, if you will.

Senator BYRD. To what extent has the Service already begun outreach and conducted training with the parties that will be using the center once it is completed?

Secretary BABBITT. Well, we are under way with the training curriculum. I might also add that we have had a good response in the nongovernmental community. We have been working with the Conservation Foundation and others to see if we can put up a nongovernmental set of programs. We actually have some of those courses and some utilization under way right now. I think it is an important component.

Senator BYRD. What kind of feedback are you getting from the participants?

Secretary BABBITT. Senator, it is very positive. It is an extraordinary facility, and it is really working very well. One reason is that we actually can get people to the training resources but keep them out of Washington, which is a major benefit. What it means is you can really have a training program rather than people hanging around. There is no where to go when class is over except back to your dorm and to the dining hall, and it is perfect for training, perfect.

Senator BYRD. Mr. Secretary, you are preaching the sermon I have been making for many years here, in the face of some obstinate critics. And I think you and I are both right, as we will prove it at Terrapins Neck in Shepherdstown, which is the oldest city in the State of West Virginia.

CANAAN VALLEY NATIONAL WILDLIFE REFUGE

Let us shift just a moment now to Canaan Valley. In recent years Congress has provided funding at a rate of about $2 million annually to allow for continued land acquisition in support of this, which is our Nation's 500th national wildlife refuge, located at Canaan Valley. This year there is no funding requested to continue the acquisition program. Has all of the land within the designated boundaries of the refuge been acquired? If not, how many acres remain to be acquired?

Secretary BABBITT. Senator, there is a substantial amount of land to be acquired. I think about 20,000 acres. But as you know, the land acquisition budget is a complex issue. The priorities are

fought over internally, externally, in the appropriation process, and the rank ordering this year does not include acquisition funds. We need, I think, probably about $40 million to complete the process over the coming years.

Senator BYRD. And at the rate we have been going, that would require 20 years, $2 million a year. Are there willing sellers interested in selling their land for inclusion in the refuge?

Secretary BABBITT. Yes; there is no problem on that score.

Senator BYRD. If additional funds were provided, then, to continue with the acquisition program, would the Department be able to expend these dollars to acquire additional land for the refuge?

Secretary BABBITT. Yes.

Senator BYRD. An increase of $85,000 is proposed in the budget to begin habitat evaluation and monitoring. Will the increased funds proposed in the 1998 budget be sufficient to allow a custodial level of refuge operations to be established?

Secretary BABBITT. Senator, that is a difficult question, because we have that question at every single unit of the national wildlife system. The levels of supervision and management at most refuges are premised on a relatively low visitor demand. What we are finding, of course, is that the visitation to refuge units is bumping up very rapidly and we are kind of behind the curve. So I think the answer is we think at the proposed level that we can protect the resource. It is not ideal.

Senator BYRD. What level of funding would be necessary to establish a base staff located closer to the refuge and begin the necessary activities associated with managing a refuge, habitat protection, monitoring of fish and wildlife populations, visitor contacts, and development of partnerships, and so on.

Secretary BABBITT. Senator, I would have to answer that in writing, which I would be happy to do.

[The information follows:]

CANAAN VALLEY NATIONAL WILDLIFE REFUGE

New refuges progress through different activity levels as staff, land, and facilities are acquired over time. New refuges start at a custodial level of operation, providing protection and preservation of a limited number of public trust resources as directed by the station's establishing legislation. Staff initially focus on habitat stabilization, biological inventories, and development of partnership activities with the local communities to support public use and biological management goals. A custodial station has up to three staff, a refuge manager, maintenance worker, and an administrative assistant and may operate from local rented space, or a remodeled building purchased in the course of land acquisition.

Initial start up costs include funds to develop a Comprehensive Management Plan, with full public involvement, baseline biological and Archaeological Resources Protection Act (1979) surveys, as well as office furnishings and refuge signs.

Base funding for Canaan Valley NWR was created by leaving positions vacant at other refuges. Delayed hires at most stations have "spread the pain out," primarily having an impact on public use and habitat restoration programs. Base funds cover only the Refuge Manager's salary and other small office expenses. The office is co-located with the West Virginia Field Office, 35 miles from the refuge in Elkins, WV.

The Service has identified $500,000 as the level of funding needed for Canaan Valley NWR to operate at full capacity. This level of funding would enable the refuge to hire a maintenance worker, a refuge operations specialist, an administrative assistant, and an outdoor recreation planner. It would provide basic biological equipment, vehicles and office furniture. With these funds the refuge staff would gather basic biological data necessary for the development of a Comprehensive Management Plan, and archaeologists would conduct an initial Archaeological Resources Protection Act survey. The funds would also provide information kiosks and des-

ignated parking areas for hikers, wildlife watchers, and hunters. The funding would enable the Service, with assistance from the State, to establish a more fully functioning refuge by protecting unique natural resources, providing for appropriate public use, and educating the local community and tourists alike about the wetland and wildlife values of Canaan Valley.

CANAAN VALLEY FUNDING

Senator BYRD. If the budget deal provides additional resources but directs them to land acquisition only, how would the Department manage the additional responsibilities that accompany the owning of land if increased operational dollars are not forthcoming in the next several years?

Secretary BABBITT. Senator, it depends on the nature of the land acquisition. To the extent that we are acquiring in-holdings in existing units, it does not necessarily translate into additional administrative expense. To the extent that we deal with the New World Mine issue at Yellowstone, that gets folded into the base of administration in the Gallatin National Forest. To the extent that we do the headwaters deal in California, well, I do not know. That would probably be an additional expense. I think it depends very much on the nature of the land acquisition and whether or not you are creating a new unit or simply folding into an existing one.

HARPER'S FERRY NATIONAL PARK

Senator BYRD. What is the status of the recovery efforts at Harper's Ferry?

Secretary BABBITT. Senator, we are moving along pretty well. I was up there with Mr. Stanton some months ago, and it is by no means finished. But I believe we have sufficient appropriations to in fact finish the job.

GEORGE WASHINGTON PARKWAY

Senator BYRD. In response to concerns about safety along the George Washington Parkway, and I drive it every day, twice, the National Park Service announced a plan to proceed with a number of improvements intended to improve safety, and they are certainly needed. What is the status of the Park Service's efforts to make some of these safety improvements, and have the necessary concurrences been obtained so that the work can proceed?

Secretary BABBITT. Senator, I believe we are under way with the median modifications—that is the barriers. I do not know whether they are jersey barriers. I am not sure it will be nice stonework.

Senator BYRD. Yes; that work is under way.

Secretary BABBITT. That is under way. I think we are OK on that front. We are also stepping up patrols out there, because for reasons I do not fully understand it is a little out of hand. I do not know why that situation developed, but we are attempting to do both things, get the median barriers up and increase the patrols.

Senator BYRD. What funding is necessary to address the safety concerns in a more permanent manner?

Secretary BABBITT. Senator, I cannot answer that. I would be happy to do that in writing.

Senator BYRD. Very well, if you please.

[The information follows:]

GEORGE WASHINGTON MEMORIAL PARKWAY SAFETY IMPROVEMENTS

The George Washington Memorial Parkway needs approximately $90 million to complete all safety and rehabilitation improvements. This estimate is based on an engineering study of the George Washington Memorial Parkway completed by the Federal Highway Administration in 1989. The estimated cost for improvements in that study totaled $95,443,832. This figure includes the cost to make improvements between Spout Run and Theodore Roosevelt Bridge at $6.2 million dollars and permanent safety improvements to the roadway from Spout Run to Route 123 ($16 million), the area where most of the accidents have occurred. The 1989 study will be updated soon to more accurately reflect the needs and costs since it has been almost 10 years since the study was last completed.

The 1989 study recommended a variety of improvements and rehabilitation that is too lengthy to include. The study is three volumes long and upon request a copy can be made available in a matter of days.

Finally, additional operations funding in the amount of $650,000 is also needed to increase law enforcement patrols by U.S. Park Police from three patrol units to five. This will enable the Park Police to hire an additional 10 officers to fill critical personnel needs which currently exist at the George Washington Memorial Parkway station. A more consistent police presence would be maintained and monitoring and response to incidents will be increased.

EASTERN SHAWNEE TRIBE TRUST PETITION

Senator BYRD. Mr. Secretary, thank you, and I want to thank the chairman for yielding to other members. It goes to show how much of a responsibility the chairman really has when he stays and listens to all the other members and then has to pose his questions at the last. Thank you very much.

Senator GORTON. Thank you.

Senator Bond.

Senator BOND. Thank you very much, Mr. Chairman.

Mr. Secretary, what is the current status of the trust petition of the Eastern Shawnee Tribe with respect to the land in Missouri?

Secretary BABBITT. Senator, it is under consideration in the Bureau of Indian Affairs.

Senator BOND. Now, what does that mean? Are you going to have—is the decision going to be made there, or are you going to make the decision at your level?

Secretary BABBITT. Senator, let me say the decision will not be made without my careful attention in the device and input.

Senator BOND. What are the key factors that you as Secretary must take into consideration in acting on a petition such as this one?

Secretary BABBITT. Senator, the key factor, of course, is the applicable laws enacted by this Congress. I know you do not take much consolation in that because the laws are not entirely consistent, and they are fairly vague.

The real issue here, it seems to me, is of a law that relates to the acquisition of land to be taken in trust for gaming purposes. If those acquisitions are made after a cutoff date in the law, I believe that gubernatorial concurrence is required.

Senator BOND. Does it also require reference to the views of other public officials and the constituents in the area?

Secretary BABBITT. Senator, there is a series of regulations that the Bureau uses in assessing it, and I believe that is in fact one of the written criteria in the regulations, yes.

Senator BOND. Is it of significance that there are no recognized Indian tribes in Missouri, no land-based casinos in Missouri, and

the Missouri constitution does not allow land-based casinos? Is that a relevant consideration?

Secretary BABBITT. There is not a specific criterion of the nature you describe, but I think it all falls into the Bureau's obligation to assess the opinions of the affected community.

Senator BOND. In our prior discussion, we talked about the desire of the Missouri congressional delegation, particularly my colleague Senator Ashcroft, and the Congressman from the area, Congressman Roy Blunt, to meet with appropriate people in the Department of the Interior prior to a final decision. Can you give us some idea when would be the appropriate time for such a meeting? When will the matter ripen to the stage that we could present our case to the Department?

Secretary BABBITT. Senator, you are speaking to the appropriate official to meet with, and I have committed to you that I will do that. I will get back to you in writing about timelines. This issue is not at the front of the pipeline right now, but I will give you plenty of notice, and we will have a chance to discuss this.

Senator BOND. Good.

Mr. Secretary, I understand after all the discussions we have had, the many, many diverse issues that you have to deal with. And frankly, having talked with several of my colleagues both who serve on this subcommittee and elsewhere, I realize how serious a question this is in many States. And I can tell you that having visited the area concerned around Seneca, MO, and areas around Nixa and Christian County where there have been other purchases by Indian tribes, the fear, the concern, and the outright opposition of the people in those areas to what they view as a real and serious threat to the quality of their life makes this a top priority for me. And from what you have said, and I understand that the statute is vague and not consistent, I look forward to an opportunity to work with my colleagues to draft an improvement to that statue so that with all of the other challenges you face you will not be forced to apply what may be a vague or inconsistent statute in matters where the whole lifestyle of the community, the well being of the community, is at risk.

I think legislation clarifying, tightening up, and making clear the rights of the people to be free of casino gambling is something that we should seek to achieve. We would welcome your input and your guidance on doing it, but I think this is so serious that we also must pursue a legislative solution, based on what you have said.

Secretary BABBITT. Senator, I would only add that you should also be working closely with the Governor, because he does have a veto power under the statute.

Senator BOND. I have no doubt that he will use that.

Thank you very much, Mr. Chairman and members of the committee, I appreciate the time.

Senator GORTON. Senator Reid.

Senator REID. Mr. Chairman, I would also just give a word of advice to my friend, Senator Bond, before he leaves. Good luck with the legislation. We have been trying that for a lot of years.

NEVADA LAND

Mr. Secretary, I say to everyone here Senator Stevens lamented the fact that he would wind up with 63 percent of his State owned by the Federal Government. Of course, as you know, 87 percent of the State of Nevada is now owned by the Federal Government.

Mr. Secretary, I am not going to go into the many things that I think have occurred during your tenure as Secretary of Interior that have been helpful to the State of Nevada. You have been very good to the State of Nevada, and I acknowledge that and appreciate it. I have enjoyed working with you. But I do say that my concern, and I would like to direct your attention and the committee's attention to this, is that we have some things that we need to look at on a funding level.

NEVADA BUREAU OF LAND MANAGEMENT

I am very concerned about the Bureau of Land Management in the State of Nevada. I am concerned because we have the land and realty fund on a national level being reduced, and as you know, with the rapidly growing area of Las Vegas, we simply have not been able to meet the demands of the people in southern Nevada who need things done by the Bureau of Land Management. It is overwhelming, and if there is one negative, I get more complaints about the Bureau of Land Management in Las Vegas than I do the Internal Revenue Service, and the big complaint is they do not have people to do the work.

Processing is behind in not a matter of weeks, months, but years, and I have tried to work with the State office about the understaffing, and this is a quote, "they just do not have enough funds for additional people." But I would direct the Secretary's attention to the fact that there the State office, the office 500 miles from Las Vegas, has been increased by $2 million, while Las Vegas has not been.

So I would ask that you would personally take a look at the misapplication of funding of the Bureau of Land Management in Las Vegas. Would you do that?

Secretary BABBITT. Certainly.

[The information follows:]

FUNDING ALLOCATIONS TO SOUTHERN NEVADA

Recognizing the importance of being responsive to the increasing demands for services in southern Nevada, the Bureau of Land Management has taken a number of positive steps outlined below:

*Organization and Budget.*—Through the Nevada reorganization in 1996, the administration of about 4.3 million acres of public land in what was formerly the Caliente Resource Area of the Las Vegas Field Office was transferred to the Ely Field Office. This had a very positive effect on the Las Vegas Field Office in that there were no reductions in Las Vegas personnel as a result of that change, and the Las Vegas Field Office could then focus its efforts on urban issues. Between fiscal year 1995 and fiscal year 1997, the appropriated budget for the Las Vegas Field Office was increased by 22 percent. An additional $2 million in contributed funding was also utilized to support the Las Vegas Field Office during that timeframe.

*Recreation Program.*—Las Vegas is initiating fee collection at the Red Rock National Conservation Area. One hundred percent of the revenue that is generated at the fee site will be returned to the Las Vegas District to augment its resources for management of the recreation program.

In fiscal year 1997, $539,000 was appropriated for the remodeling and upgrading of facilities at the Red Rock Visitor Center. Some of this work being completed with

this funding includes remodeling of the visitor exhibit, audio tour replacement, access road enhancement, gates and new signing, and computer system upgrade. The existing restroom will be remodeled and a new restroom facility added in 1998. Design work has been completed and a plan approved for the phased construction of a new Visitor Center that will enable BLM to accommodate the increasing public use of the facility. Initial work on that facility is expected to begin in 1998 pending the availability of construction funding.

Partnerships continue to play a key role in the public services provided at Red Rock. A partnership with the Clark County School District has allowed BLM to utilize local teachers in providing interpretive programs for area students. The Friends of Red Rock volunteer organization provides valuable assistance to BLM in areas such as signing and trail maintenance and construction. The Red Rock Interpretive Association, which is working with BLM to develop a new visitor's exhibit, continues to play a very important role in providing quality visitor information. Improvement of the space for the Interpretive Association is a very high priority for BLM at the Visitor Center.

*Lands Program.*—The Las Vegas Field Office has one of the BLM's most complex land and realty programs, given the pressures resulting from the rapid growth in population and associated demands for public land. Much of the casework involves complicated legal issues which frequently require close coordination with the regional solicitor's office.

Seven new positions have been added to the lands staff in the Las Vegas Field Office. Four of those positions have recently been filled, and selection is pending on the remaining three. In addition, Nevada Power has placed an individual in the Las Vegas office full time to assist in the processing of right-of-way applications. Las Vegas will be looking to extend this opportunity to other entities that have numerous applications pending and who may want to assist us in expediting the processing of those actions. Las Vegas also continues to work with its major clients to prioritize pending workloads, so that BLM can be responsive to their individual needs.

Significant progress continues to be made in the processing of lands transactions such as exchanges and Recreation and Public Purposes leases to meet the growing demand for land for community development, schools, and parks. A moratorium was placed on new land exchanges in fiscal year 1997 to enable Las Vegas to concentrate its efforts on six pending high priority exchanges. One major land exchange has been completed, as have the first phases of two others. Close work with Clark County and the other local governments has resulted in increased coordination on land tenure adjustments, data sharing for GIS, flood control and other right-of-way needs.

In anticipation of continuing demands for the disposal of lands in the Las Vegas valley, all lands identified for disposal in the land use plan have been segregated from mineral entry. Similar action is being taken for public lands in the Laughlin and Mesquite areas. The Las Vegas office is also working hard to meet the increasing needs of the local government and the public for sand and gravel for construction purposes.

Process improvements (e.g., programmatic environmental assessment, cultural resource agreement, desert tortoise agreement) continue to be developed within the lands program to expedite case processing and meet customer demands. Increased emphasis is being placed on the use of outside consultants in the preparation of environmental work. In addition, other agencies such as the Forest Service and Fish and Wildlife Service are being tasked with some of the work required to process lands transactions such as exchanges where they are the beneficiary.

Las Vegas expects to have achieved a 50-percent reduction in right-of-way case backlog by the end of this year. This has been accomplished through the diligence of the current staff as well as the efforts of several individuals who were temporarily detailed from other BLM offices to assist. In addition, a GS–13 employee with extensive realty experience was assigned to the Las Vegas for about a year. During fiscal year 1996, $200,000 was added to Las Vegas' budget to fund these details. State Director priorities for fiscal year 1998 provide for continued assistance from other offices as necessary to further reduce the backlog of realty actions.

## WILD HORSES PROGRAM FUNDING VERSUS PARKS FUNDING

Senator REID. I would also say that one of the things, Mr. Secretary, that just—I do not know how else to say it other than we spend $17 million a year, and I say that to the committee, $17 million a year on wild horses; over 10 years, $170 million. We have

problems throughout government dealing—and I understand the importance of wild horses and how difficult the problem is to work with, and I am not diminishing the importance, but we have people—people—that are suffering. We have problems in our national park in Nevada, in our recreation areas, people do not have places to go to the toilet in our recreation areas and our national parks.

I have been trying to get a few dollars each year out of this committee so that we can put in new toilets. I hate to harp on this subject, but when you have an area that is growing by 7,000 people a month and they are going up into Mount Charles and Red Rock and these other recreation areas that we have a responsibility to take care of, and I explained to them we are spending $17 million a year on horses, wild horses, and we cannot provide money for people to take care of their basic needs, something is wrong with the process.

I do not know what we are going to do. I have devoted tremendous amounts of my time to this wild horse program. We tried these sanctuaries for them. That was a big flop. We have tried doing something on birth control of horses, and that was also a flop. And so for $17 million a year, we have got to take a look at this program. It just simply is a failure. It is not working. And I know we are now trying to auction the horses, and that may work a little better, but without going into a lot of detail here today, we need you, this Interior Department, to give us some relief on this horse problem.

The reason I am so concerned is the vast majority of the horses, maybe as many as 80 percent of the horses, are in Nevada. And we did not get nearly that much of the $17 million spent there. I think frankly a lot of the $17 million goes to other programs than for the wild horses.

So I would hope that we would take a look at the inequality of the distribution of moneys we passed with this committee last year and ask you to come back with a report as to why the inequality was so pronounced. That was knocked out in conference, but I think in fairness you still should have come back to this committee with that information.

I have asked a series of questions, rambling in nature, as much as I hate to acknowledge it, but these are concerns that I have that really need your personal focus.

Secretary BABBITT. Senator, I will do my best to respond. The wild horse and burro issue is very simple. These are very prolific creatures. The fertility rate among the horses in your home State of Nevada is approximately 18 percent.

Senator REID. We have some people that are prolific, too, and they need some money, too.

Secretary BABBITT. Well, the horse issue is very impressive.

There are only two ways of dealing with this issue that have proven to be acceptable to the public, adoption, which is a very complex and very expensive process, and contraception which we are struggling with. I mean, surely, we ought to be able to find an effective contraceptive agent. I will do my best to personally see if I can have a look at these issues. They are complex.

[The information follows:]

WILD HORSE AND BURRO PROGRAM

The Bureau of Land Management places a high priority on ensuring that appropriated funds for the wild horse and burro program be expended in direct support of the program. In February 1997, the Office of the Inspector General (OIG) released its report on "Expenditures Charged to the Wild Horse and Burro Program, Bureau of Land Management" (No. 97–I–375). The purpose of the report was to review and determine whether the BLM expenditures charged to the wild horse and burro program were spent for activities related to the program. In that report, the OIG concluded that BLM had recorded and generally spent funds for program purposes in accordance with its accounting procedures.

In fiscal year 1997, the rangeland management; soil, water and air; and riparian programs provided financial support to facilitate wild horse and burro management. These funds were used to implement gatherings which will aid in restoring rangeland health.

Nevada currently provides habitat for approximately, 56 percent of the wild horses and burros living on public lands (1996 national population: 42,138; 1996 Nevada population: 23,483). This percentage has decreased during the past five years as Nevada makes progress on reducing wild horse and burro populations to within appropriate management levels. Nevada typically is funded to remove 66 percent of the total excess animals removed each year Bureauwide. In all states except Nevada, the wild horse and burro funding covers the cost of field management, gathering, preparing the animals for adoption, and adoption. Nevada receives funding for the management of wild horses and burros on the ground and for gathering of excess animals. The costs for preparing Nevada wild horses and burro for adoption and adopting them are born by other offices. In particular, the Eastern States Office adopts virtually all of the excess animals removed from Nevada rangeland.

Because of the large population of wild horses and burros, Nevada has been and will continue to be the focal point of the program. During the past five years, all BLM funded research on fertility management, development of a population model and studies of birth and mortality rates have been conducted in Nevada.

FUNDING PROBLEM

Senator REID. Without airing all of our linen here before the committee, I also would ask you to take a look at this funding problem we have in the State. It is just simply unfair, unfair to the business community and southern Nevada, and I think unfair to the Federal Government to get so much bad feeling as a result of I think a misapplication of funding.

Senator GORTON. Thank you.

Senator Campbell.

Senator CAMPBELL. Thank you, Mr. Chairman. I have a couple of questions, but time is running on. I would like to submit them to the Secretary, concerning PILT and MMS.

Senator REID. Would the gentleman yield? I also ask permission to submit a number of questions in writing to the Secretary.

Senator GORTON. Each member will have that right.

Senator CAMPBELL. I would like to associate myself with the comments of Senator Reid, and later on with Senator Bond, too.

WILD HORSES

Mr. Secretary, you come from the West, and I do not think anybody needs to tell you how bad the wild horse problem can get. We have sort of a national love affair with the horses. Heck, we raise them on our ranch. I am sure you did, too. And I do not think anyone supports the kind of mistreatment that we have heard about or read about in newspapers, the horse roundups and the abuse of them when they are going to the killers and so on. But by the same token, you go out in that western country, and you said yourself, 18 percent growth rate per year, it is just tearing up a lot of coun-

try, and those wild horses, particularly stallions, can do an awful lot of damage, as you know.

About 5 or 6 years ago, we recommended to the BLM that they initiate a process of neutering at least the stallions. And I do not know if that was ever even implemented, frankly, but my gosh, we do it on our ranch when we are raising horses, and it is not that big of a deal. I cannot understand the amount of money we are spending, $17 million a year, on this horse problem and it is getting bigger all the time, why we cannot implement that. But I just wanted to throw that in, since Senator Reid had brought that up.

TRIBAL SELF DETERMINATION

I would like to say that I certainly appreciate your mentioning the BIA, and would hope that through your efforts that we prioritize those programs which help tribes become more self sufficient through economic enterprises. And I know that many tribes are doing that, with the help of the Bureau. Some are doing it in spite of the Bureau. But I think that is the new direction that they want.

INDIAN GAMING

I also would like to maybe mention a couple of things concerning Senator Bond's comments, I guess because I chair the Indian Affairs Committee. I am obviously a big supporter of self determination. But the issue Senator Bond is talking about, I really worry about it setting a bad precedent, ending up pitting tribes against tribes, and I think that it really makes the 1988 Indian Gaming Act somewhat unstable. That act required compacts between States and tribes, and it seems to me that the issue that Senator Bond was talking about is the equivalent of one State acquiring land in another State, and then annexing it for the purpose of starting a casino, and there is just something wrong with that, and I hope you take a very careful look at that and recognize it could create some real problems of tribes trying to leapfrog over each other, strictly buying land or getting it in whatever way, putting it in trust for the purpose of starting a casino in downtown Minneapolis or somewhere else. I think that that could create more problems than we want to deal with.

RIM ROCK RUN

I know you are involved all the time in some very, very difficult issues that require an awful lot of study and a lot of difficult decisionmaking. But I had one that is not really probably specific or urgent on your list, but it is on ours. Senator Allard and I are going to have a meeting with the interim head of the Park Service this Wednesday concerning it, but I would like to make you aware of it and see if I could get your help on it.

In Colorado, in the Colorado National Monument, every year for over the last 10 years there has been a marathon run called the Rim Rock Run, and it is similar to the ones that are done in many other places. Here in the District of Columbia we have the Marine Corps Marathon and in Hawaii they have the Iron Man Marathon,

and these things are not really uncommon. The Park Service has lent themselves to these things a number of times.

Well, just this year, rather unexpectedly, the Superintendent decided that this run was not within the mission of the Park Service, and denied the application to the runners that put this run on. This is in Colorado National Monument near Grand Junction. It has been done many, many times, has terrific support by the community, and is a great attraction. It does not damage or degrade the area at all, as near as I can tell, and what we are going to ask is to try to find a solution to this. We do not want to do something that is not in keeping with the Park Service, but since this is done very often we are going to ask the head of the Park Service if he would give them a 1-year conditional approval to run it this year, and on the condition that the runners come up with some kind of a plan, submit a plan, that is compatible with the Park Service for any succeeding permits to run it. Is that something you could support in giving us conditional 1-year interim approval?

Secretary BABBITT. Senator, that seems like an entirely reasonable approach. I think you are correct that this is not an issue of degrading the park resources. As I understand it, this marathon is being run on the main road outside of Grand Junction.

Senator CAMPBELL. On the pavement, that is correct.

Secretary BABBITT. And I think what the Superintendent was concerned about was simply shutting down the access to the public for the time that the marathon was run. I concede that that is the only issue.

Senator CAMPBELL. And that may be true. It might for a few hours. In that country it is great for runners and cyclists. As you might guess, the State of Colorado, as an example, just about 100 miles from there, going from Durango over the top of the Red Mountain Pass, they close the State highway for a half a day for a bicycle marathon. It does not seem to upset many people. I mean, the number of people that are attracted to it and are enjoying it far outweigh the few people that might have been discomforted.

Secretary BABBITT. As long as they are not doing it for motorcycle marathons.

Senator CAMPBELL. Unfortunately, they are not given the same kind of consideration, but bicycles and running seem to get it. But I did want to ask you that, and I wanted you to know that this is not a permanent thing, it would be just a 1-year conditional access to it so we can get this thing done this year and then sit down when we have more time to try and find a solution that is compatible with both the Park Service's mission and to see if we could keep that run going.

Secretary BABBITT. Senator, that is a reasonable request. I would be happy to join you in petitioning the independent sovereign nation of the National Park Service. [Laughter.]

Senator CAMPBELL. Thank you very much, Mr. Secretary.

Thank you, Mr. Chairman. That is the only question I had.

Senator GORTON. Senator Bumpers.

Senator BUMPERS. Thank you, Mr. Chairman.

REVISED STATUTE 2477 HISTORY

Mr. Secretary, first of all, let me say that I regret being late this morning. I understand I missed a very interesting question and answer session. And I just want to say that you are on the side of the angels. I know that the administration does not intend to back away from their opposition to the Revised Statute 2477 concept, and to remind you that we came within two votes of taking that position in the U.S. Senate. Because of extrinsic matters that had nothing to do with that, we lost by two votes. As I say, I know you are going to hang tough on that.

BUDGET RESOLUTION

On another matter, the budget committee has reported out a budget. This budget does not make any reference to what so-called corporate welfare programs, or corporate loopholes, are going to be closed to offset $50 billion of the gross tax cuts. To rephrase it so the record will be clear, it is my understanding we are going to cut taxes by $115 billion gross.

Senator GORTON. $135 billion.

Senator BUMPERS. Oh, that is right, $135 and a net of $85, and the difference is going to be made up by reinstating the airline ticket tax and another $20 billion from somewhere. There is no reference in the budget as to what those might be, not even the airline ticket tax.

MINING ROYALTIES

I assume that during the negotiations between Senator Domenici and some of his colleagues with the President, at some point you were called upon for your input into that whole process. I am curious as to whether or not, if you know, reclamation fees, mining royalties, elimination of the depletion allowance, maintenance fees, I wonder if any of those things were discussed, and where we are going to find this $50 billion.

Secretary BABBITT. Senator, I really do not know the answer to that question. We have had, obviously, continuing discussions with the Office of Management and Budget about the fiscal implications of reforming the Mining Act of 1872. I am not entirely clear how that translates into the so-called razors in the budget agreement.

Senator BUMPERS. The President's budget requested a 5-percent net smelter royalty on unpatented land which is worth $175 million. The President also asked for an extension of the claim in maintenance fees, which is worth $135 million, and elimination of depletion allowance which is worth $468 million. Now, if the President asked for those things in his budget, it seems only reasonable he would want those items to be used when determining where the $50 billion in loopholes were going to be closed. Would you agree with that?

Secretary BABBITT. Absolutely.

Senator BUMPERS. And you agree with it?

Secretary BABBITT. The time is surely at hand for dealing with the necessary changes of the Mining Law of 1872.

Senator BUMPERS. In all fairness, Mr. Secretary, a number of Senators from Western States have told me, and hopefully we are

going to meet this week or possibly next week to sit down and see if we can reach some sort of an accommodation on that. I do not want to be derogatory or anything, but they seem really genuinely concerned about trying to work out a solution to this, and certainly I am going to operate in good faith, and I trust that they are, too, and perhaps we will be able to resolve something.

Now, my bill, as you know, adds a reclamation fee which you did not ask for. That is worth $750 million over the next 5 years.

Well, Mr. Secretary, I am not going to belabor this. I think you are doing an outstanding job. Your tenacity on Revised Statute 2477 lands, on mining, on mining fees, royalties, reclamation, all of those things, is most admirable. And I hear comments around here, well, I do not trust the Secretary. I trust you implicitly and I think you are doing a fine job.

Secretary BABBITT. Thank you.

HOT SPRINGS NATIONAL PARK

Senator BUMPERS. And finally, let me just say, Mr. Chairman, that I have about three parochial questions.

Senator LEAHY. What? What? In this committee? A parochial question. [Laughter.]

Senator BUMPERS. Do not go blabbing that. [Laughter.]

Hot Springs National Park is, I think, the oldest national park in America. They have approximately 55 buildings there. They have had no significant increase in operations funding in the past 10 years, and I am asking the chairman in his mark to give us some small assistance on that.

LOWER MISSISSIPPI DELTA REGION HERITAGE CENTER

I am also asking the chairman to help us do a feasibility study on something that will benefit the lower Mississippi delta region, and at the same time use a facility, Eaker Air Force Base, which was closed by the last BRAC Commission, and that is a small $65,000 request, to do a feasibility study on a possible archeological heritage center, at the site.

FORT SMITH NATIONAL HISTORIC SITE

And finally, we have begun finally to do a rehabilitation project at the Fort Smith National Historic Site, the site of old Judge Parker's court house and old Fort Smith. It is a magnificent place. It is really surprising to people who see that for the first time how historical it is and how well kept it is. But we have started the first phase of that, and of course, the second phase we hope to begin. We hope to get the money in 1998 to do the second phase at $3.4 million.

I will submit questions on those three items to you in writing, and ask for your comments.

Secretary BABBITT. I would be happy to respond.

Senator BUMPERS. I will copy you also with a letter, Mr. Chairman.

Senator Domenici.

Senator DOMENICI. I think it is Senator Burns' turn.

Senator BURNS. You go ahead. You are a busier man than I. I will not be done before about 3:30 or 4 p.m. [Laughter.]

Senator DOMENICI. Thank you.

First, I want to welcome the Secretary. Mr. Chairman, I also want to join Senator Byrd in commending you on the handling of the committee, permitting Senator Stevens, our chairman, to proceed first, as he did. I think we on this side, I hope on that side also, are rather thrilled to have Ted Stevens as our chairman. I would suggest that there may be a new era upon us with reference to the appropriators, and in particular our chairman, all of which I think will be for the better for the committee and the country.

BUDGET RESOLUTION—USER FEES

Mr. Secretary, let me answer Senator Bumpers' question, if you would not mind.

Senator Bumpers, just by way of a quick comment regarding budget negotiations and negotiations with reference to user fees. Some of the items you talked about were user fees; those were handled completely separately from the issue of how do we get to the $135 billion for the gross tax cut. Some user fees are found in the proposal. Many of those recommended by the administration are not found in the proposal. Very few are found in the reconciliation instructions, because most of those not in the reclamation area that were asked for have been proposed for 8, 10, or 12 years and have never been accomplished. So we did not believe we ought to try them again.

The issue of where the committees will find the money within the Tax Code to fill that additional amount beyond the $85 billion net tax cut is left totally up to the tax-writing committees of jurisdiction. The administration has a long list, and the committees have short lists, but no item was negotiated between the committees and the administration with reference to specific ways to fund that $50 billion shortfall other than $30 billion of it would probably come from the extension of the airline ticket tax, which is an event that has already occurred for the rest of this fiscal year.

INDIAN RELATIONSHIP WITH FEDERAL GOVERNMENT

Now, Mr. Secretary, I want to, as quickly as I can, go through three or four things. In the first part, and I hope you will take this as constructive on my part, but I frequently think I represent 21 States because I have my State of New Mexico, and then I have within my State 18 Indian Pueblos who govern themselves and three large Indian reservations, a portion of Navajo being in my State. I respect their governance authority and their relationship directly to the national government.

I believe the Indian relationship with the Federal Government is the worst I have seen in my 25 years in the Senate. I am not laying blame, but it is in a state of chaos, in my opinion. Any notion that the Bureau of Indian Affairs is doing a better job, is false. I tell you, I just met Saturday for 3 hours, Senators, with 15 of these Indian groups. There is a unanimous absolute—everybody agrees that the Bureau of Indian Affairs is in shambles.

I am not going to go beyond these general statements other than to urge that you do a couple of things: Mr. Secretary, you and the President desperately, desperately need an Assistant Secretary in charge of Indian Affairs. You need to send us somebody quickly. If you need help from Republicans, you might ask for suggestions. I told the tribes it probably has to be a Democrat. They raised their hand and said why? We need a manager, they said, of high, high repute in that job.

They are even talking about whether the Department is so big that BIA gets the appropriate attention, and whether the Secretary could even give BIA the kind of attention it deserves. Vacancies are all the way up and down the Bureau of Indian Affairs. I do not know, Mr. Chairman, if you are now aware that the rules of the Bureau of Indian Affairs are found in 43 volumes of Bureau interpretations, by number, and they would probably stretch from you to the end of this table if you put them side by side.

Now, these people that run the Indians' business can find anything to satisfy anything, or to say the opposite, within these 43 volumes. In fact, the Indians are so confused they have asked us to repeal them all—just pass a bill and repeal them all.

I do think we did a couple of things in the budget agreement, Mr. Secretary, that are helpful. I do not know whether our chairman likes it, but we did. If anybody is wondering at whose suggestion, I will tell you, at my suggestion we made the $757 million in tribal priority funds an absolute priority that the leadership says, Mr. Chairman, you have to fund in your allocation—out of your allocation.

When we told that to the Indian people, they said that is not interesting. If we were to ask the Bureau of Indian Affairs what our share of it is and what we are supposed to get, they told me, Mr. Secretary, that nobody would be able to tell them, or come even close to telling them what they are going to get out of this $75 million increase in this fund.

I can drop the subject at this point and say I was pleased to tell you this. I hope I did not tell it to you in a way that is intended to fall disproportionately on your shoulders. I did not intend it that way. The whole process has got to be fixed. It will not be fixed until somebody in the administration, perhaps your new Assistant Secretary, just decides that they have got to take on reform, really do something with it, and take a lead.

INDIAN SCHOOLS

I will give you examples of some things you would be embarrassed about—the status, physical status of the schools we run, which serve only about 14 percent of the Indian kids. The backlog of facilities needs is enormous, and the condition of many of the schools are so inferior that if public school kids went there, they would close them down. Somebody has got to grab the attention of the country and the Congress and get something done in these areas.

SOUTHWEST WILLOW FLYCATCHER

I want to ask you if you would do me a favor on another issue. In the State of New Mexico under the Endangered Species Act we have a threatened or endangered songbird called the, Southwest Willow Flycatcher. What has actually happened is that the Fish and Wildlife Service has no specific recommendations about this songbird, in response to BLM's section 7 consultation. The Bureau of Land Management is negotiating with one active group, Sam Hih in New Mexico, whom you know, and his group. They are negotiating with them, and nobody else is in the negotiations. This group is suggesting at least 5 miles around every songbird nest—I see some people nodding incredibly in the audience who know something about it.

I would merely ask if it is possible that BLM would also bring in the other interested parties as they talk about this particular songbird. Would you give that some consideration, Mr. Secretary?

Secretary BABBITT. Certainly.

Senator DOMENICI. I would very much appreciate that.

U.S. GEOLOGICAL SURVEY

With reference to other things in my State, I want to thank you and the USGS. You alluded to that when you were speaking of the macro things that you try to help with, and we are cooperating in putting up our money. USGS is adding to its reputation by going down into this huge basin that supplies water to Albuquerque to try to tell us and everybody what its real nature is. I thank the chairman for helping us with that. U.S. Geological Survey deserves my highest accolades; and they are very professional.

PETROGLYPHS NATIONAL MONUMENT

I have a couple of things that worry me: Petroglyphs National Monument, and I will not talk about the road legislation. We will do that at another time. This park unit has been pending for a long time in terms of land acquisition, and you asked for nothing in this budget. The chairman will give me some money, but maybe your Department could work with OMB. Maybe they leave me out, because nothing in New Mexico got funded in the budget. I do not know, it is very interesting.

Senator GORTON. Except by the chairman.

Senator DOMENICI. Except by the chairman. Maybe it is because I am not your favorite Senator or you are not my favorite cabinet member, I do not know.

Secretary BABBITT. Senator, you are tied for my favorite Senator with 99 others. [Laughter.]

Senator DOMENICI. That is what I figured, and that means I could very well be 100. I understand that. I will not say it is mutual, because I do not feel that way about anybody. But such things as the petroglyphs, when we get not a single administration request when Congress has funded it 2 or 3 years in a row. We have to buy the rest of that land.

SOUTHWEST FISHERIES CENTER

We also have a Southwestern Fisheries Technology Center. It is 85 percent completed. You asked for no money for it. Maybe, again, whoever is putting the budget together, because they do not like it, maybe they figure our good friend the chairman will fund it anyway. This has not been a good year for funding projects in New Mexico.

Nevertheless, I thank you, and I just want you to know that we are getting along pretty well in spite of it. We are coming out of this appropriations process pretty well, even without the recommendations finding themselves in your budget.

SECRETARIAL ACCOLADES

I am going to leave on a positive note, Mr. Secretary. You feel very strongly and have certain philosophies on governance. I do want to say to you, I believe, considering that that is how you feel, that you have become much better at managing those kinds of events. I think you have been more inclusive as you progress through this tenure. I thank you for that—everything from range management to other things that you and I do not see eye to eye on. I think it has come to the point where everybody understands that there is not just one group of Americans that is interested in solving these problems.

Thank you very much, Mr. Chairman.

Senator GORTON. Senator Leahy.

Senator LEAHY. I will try to follow the example of my friend from New Mexico, and I will try not to use the full 5 minutes allotted for the questions. But I found the first 20 minutes of it very instructive, Pete, and I appreciate it. I learned a lot. I will know what to do with our Indian problem now in Vermont.

Senator DOMENICI. Well, you barely made it, so do not complain. [Laughter.]

CONNECTICUT RIVER PARTNERSHIP

Senator LEAHY. I understand that I missed some of the excitement before. We do not have those problems in Vermont. And I want to thank the Secretary for a lot of the attention he has given to States in the Northeast, and some of the areas important to us, especially your help in ensuring the Connecticut River Partnership has continued to receive support from the National Park Service. That has been important to a lot of us. Vermont has only one national park, but the rivers and trails program and the partnership it supports are essential for protecting our special areas, and it improves access to Vermont's trails, lakes, and rivers.

The Connecticut River Partnership demonstrates the commitment that local communities have to protecting the Connecticut River watershed. In fact, I believe the river has been nominated for recognition as an American heritage river under the President's new initiative. I want you to know I wholeheartedly endorse that. The Connecticut River, as you know, comes down and divides between Vermont and that eastern State, New Hampshire. It keeps our western State of Vermont safe. But I think you will find that both New Hampshire and Vermont would support it.

LAND AND WATER CONSERVATION FUND

You have recognized the importance of the two acid deposition monitoring stations in Vermont, and I appreciate that very much, and the funding for the National Atmospheric Deposition Program. The land and water conservation fund is one I have long supported. And I see the budget agreement includes—or I am told—includes increased use of the fund. In the Northeast, we are at a significant disadvantage tapping into it, because we have so little public land. But when it was operational, the State side of the fund was critical in helping. And so I would urge the administration to restart the State side of the land and water conservation fund as part of an effort to bolster the fund, because it helps us protect our streams and our parks and our lakes and so on.

SUPPLEMENTAL APPROPRIATIONS

Now, we are going to pass a supplemental appropriations bill. I am sure there is going to be allocations for Fish and Wildlife Service facilities that were lost or damaged during the floods, and the Department is going to now start moving those out of flood plains. That is a policy that should be implemented nationwide, not just where the most recent floods were.

MISSISQUOI NATIONAL WILDLIFE REFUGE

We have only one national wildlife refuge headquarters sited in our State of Vermont, but it is located in the flood plain of the Missisquoi River—that is M-i-s-s-i-s-q-u-o-i. I know the reporter, the official recorder of these things, would like that.

The facility floods regularly, has no insulation and provides minimal office space.

In fact they have started, the two-person staff, have started holding environmental education programs in a boat shed, because the regular facility is in such poor shape. Now, last year, you included one-quarter of a million dollars for the highest priority operations and maintenance needs to address what is a $3.3 million backlog. So we have a $3.3 million backlog; $250,000 was included to help out on it. By the time it got done, only $50,000 showed up. Can we get some kind of similar funding in the fiscal year 1998 budget for the Missisquoi?

[The information follows:]

MISSISQUOI NATIONAL WILDLIFE REFUGE

The proposed fiscal year 1998 operations and maintenance budget for Missisquoi National Wildlife Refuge is $258,000, an increase of $6,000 over fiscal year 1997. Of this total, approximately $50,000 will be spent directly on maintenance staff salaries or supplies and materials to perform routine maintenance. Missisquoi NWR, like many other refuges throughout the Nation, has had a shortfall in operations and maintenance funding which is gradually creating a substantial backlog in both areas. The Service plans to continue to address the need for maintenance and improved operational capability at all refuges throughout the Nation by prioritizing the needs of all refuges, selecting those with the greatest need for the earlier funding.

FLOODS

Secretary BABBITT. Senator, I will certainly have a look at it and respond to you. I am not familiar with that particular line item in the request. But I would be happy to look at it.

Senator LEAHY. I do not expect you to know all those line items, Mr. Secretary. I do not know how you keep up with all the things you do. But I had a feeling that if it was mentioned at this hearing, that it might somewhere pop out. I know in the Senate, Senators are merely constitutional impediments to their staffs, and so often we will mention something that the staff will actually look at. So I would hope that yours might on this.

INVASIVE SPECIES

We also have the problem of invasive species into our waters. The U.S. Geological Survey has set aside $750,000 to address this. In our Lake Champlain, that magnificent lake that goes from Canada, straight down through, and separates Vermont from New York—you know, Vermont likes these waterways that kind of define who we are—we have had the problems of zebra mussels, which is now becoming a serious problem, because it is growing there, not just in the Great Lakes. We also face the spread of sea lamprey and water mill foil. We reauthorized the National Invasive Species Act to address these problems.

Do you know offhand the amount allocated in the USGS budget that would go to fighting aquatic invasive species?

Secretary BABBITT. Senator, it is a very modest amount. I think it is one-half million dollars or something like that. And that is not to deny the seriousness of the problem. I mean you have got purple loosestrife running wild across New England. The zebra mussel you have mentioned, and a whole variety of others. But that is the reality.

Senator LEAHY. I would mention, on Lake Champlain, if you could look carefully at this, outside of the Great Lakes, it is the largest body of fresh water in the United States. That is a very, very significant lake. It has one of the most remarkable biological systems in the lake, with all the different things, but we are being hurt by these particular areas. And if you could have your folks look at it. And I would be glad to meet with anybody from your office that might be doing that.

And my other questions, Mr. Chairman, I will submit for the record.

Senator GORTON. Thank you, Senator Leahy.

Senator LEAHY. Thank you very much. But if we could follow up on that and the Lake Champlain.

Secretary BABBITT. Senator, I will. Thank you.

Senator LEAHY. And I am delighted you are here.

Secretary BABBITT. Thank you.

Senator GORTON. Senator Burns.

Senator BURNS. Is that zebra mussel an endangered specie? [Laughter.]

[The information follows:]

LAKE CHAMPLAIN INVASIVE SPECIES

The Fish and Wildlife Service is involved in efforts to preserve Lake Champlain, as well as other lakes in the northeastern United States, from nonnative aquatic nuisance species such as the zebra mussels. The zebra mussel explosion has reached a critical stage that is becoming an economic and ecological catastrophe. Zebra mussels can have a devastating impact on all aquatic life, birds and mammals by changing water quality, disrupting the food chain and predator-prey relationships, and altering physical habitat.

Zebra mussels are found throughout Lake Champlain at densities of 60,000 to 109,000 mussels per cubic meter, with some concentrations as high as 134,000 mussels per cubic meter which is nearly as high as populations in the Great Lakes. This invasive species poses a serious risk to the water resources of Vermont and New York. It has caused a serious economic burden not only to the industrial and potable water systems along the lake, but also to the entire ecosystem of Lake Champlain.

The Service, other Federal agencies, Vermont and New York's environmental agencies, and many private organizations have joined in the battle to control zebra mussels in Lake Champlain, and have identified the control of zebra mussel as one of their highest priority actions. Current management actions have focused on controlling the mussel's attachment to surfaces and water intake pipes and preventing further spread. The Service's Lake Champlain Fish and Wildlife Resource Office is working with the public and private sector to develop and implement a Comprehensive Management Program for Nuisance Nonnative Aquatic species in the Lake Champlain Basin. The Management Program will evaluate and demonstrate zebra mussel control strategies in order to halt the mussel's uncontrolled spread and impact on the region's economy and fisheries.

NATIONAL PARK SERVICE MAINTENANCE BACKLOG

Senator BURNS. Mr. Secretary, thank you for coming this morning. And I have a couple of questions that I think will require—you will have to respond to in writing. It has to do with the repair work and the infrastructure of our National Park System. I would like some kind of report of the backlog that you have now, as far as infrastructure.

I was in Glacier National Park on Saturday. We dedicated, or recognized, the partnership that has been formed between the local group and Flathead County in the restoration of the chalets in Glacier National Park. It was a very nice affair. We see that when local partnerships are formed, we can do some very positive things about the accommodations of people.

You know we tend to look at parks, and we forgot that we are in the people business. That is just as important as some other things that we do.

If you could supply me with that backlog. I would like to help you with that. Because we have some very serious problems in transportation and roads in Yellowstone Park, and we will try to help you with that situation.

[The information follows:]

## RECAPITALIZATION OF THE NATIONAL PARK SYSTEM

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| Acadia National Park | Upgrade restrooms, water, sewer, power | 5,750,000 | 232 | NAR | 1 | U |
| Acadia NP | Rehabilitate historic structures | 8,500,000 | 320 | NAR | 2 | B |
| Acadia NP | Rehabilitate tour loop roads and bridges | 24,000,000 | 287 | NAR | 2 | R |
| Acadia NP | Replace visitor center and construct park entrance | 16,560,000 | 233 | NAR | 4 | B |
| Acadia NP | Improve McFarland Hill Headquarters | 9,960,000 | 234 | NAR | 3 | B |
| Acadia NP | Alternative transportation modes | 1,320,000 | 2006 | NAR | 5 | R |
| Adams National Historic Site | Rehabilitate Beale Estate | 2,020,000 | 108 | NAR | 2 | B |
| Agate Fossil Beds National Monument | Construct employee housing and recreation facilities | 1,950,000 | 198 | MWR | 5 | H |
| Alaska parks (multiple) | Rehabilitate historic/building New Backcountry cabins | 3,960,000 | 135 | AKR | 2 | B |
| AlibateS Flint Quarry NM | Construct visitor contact station | 4,320,000 | 105 | SWR | 4 | B |
| Allegheny Portage National Historic Site | Staple Bend Tunnel stabilization/development | 3,000,000 | 225 | MAR | 3 | R |
| Allegheny Portage National Historic Site | ALPO/JOFL Development Program | 11,760,000 | 226 | MAR | 5 | L |
| Amistad National Recreation Area | Construct visitor contact stations and boat launch | 3,000,000 | 117 | SWR | 5 | B |
| Amistad NRA | Reconstruct roads | 2,640,000 | 180 | SWR | 3 | R |
| Antietam National Battlefield | Stabilize/restore historic battle structures | 2,400,000 | 315 | NCR | 2 | B |
| Antietam NB | Construct new roads for scene restoration | 2,886,000 | 271 | NCR | 2 | R |
| Apostle Islands National Lakeshore | Protect lightstation from shoreline erosion | 4,642,400 | 839 | MWR | 2 | L |
| Apostle Islands NL | Renovate employee quarters in historic lightstations | 1,440,000 | 248 | MWR | 3 | H |
| Arkansas Post NM | Construct maintenance/storage facility | 1,200,000 | 116 | SWR | 5 | B |
| Assateague Island National Seashore | Rehabilitate historic structures/stabilize national resources | 9,000,000 | 263 | MAR | 2 | L |
| Assateague NS | Reconstruct roads and parking, MD and VA | 6,600,000 | 231 | MAR | 3 | R |
| Assateague NS | Redevelop parking—chnctg | 3,432,000 | 233 | MAR | 3 | R |
| Aztec Ruins NM | Construct administrative ctr./operations complex | 4,680,000 | 133 | SWR | 5 | B |
| Badlands NP | Rehabilitate 30 miles of main road | 24,156,000 | 120 | RMR | 3 | R |
| Baltimore-Washington Memorial Parkway | System completion project | 31,680,000 | 1006 | NCR | 5 | R |
| Bandelier NM | Relocate facilities from Frijoles Canyon | 15,700,000 | 214 | SWR | 2 | B |
| Bandelier NM | Rehabilitate Ponderosa Campground | 1,320,000 | 109 | SWR | 3 | L |
| Bandelier NM | Rehabilitate trails | 3,600,000 | 210 | SWR | 2 | L |
| Bandelier NM | Construct water storage and distribution | 840,000 | 246 | SWR | 3 | U |
| Bering Land Bridge National Preserve | Construct multiagency visitor center | 5,564,000 | 100NO | AKR | 4 | B |
| Big Bend NP | Rehabilitate Chisos Basin Campground | 3,200,000 | 274 | SWR | 3 | L |
| Big Bend NP | Reconstruct major park roads | 19,008,000 | 223 | SWR | 3 | R |
| Big Bend NP | Construct addition to park visitor center | 10,680,000 | 114 | SWR | 5 | B |
| Big Bend NP | Modernize/expand Panther Junction water system | 3,200,000 | 132 | SWR | 1 | U |

| | | | | | | |
|---|---|---|---|---|---|---|
| Big Bend NP | Relocate overhead utility lines | 4,200,000 | 169 | SWR | 3 | U |
| Big Bend NP | Improve/expand Panther Junction maintenance area | 2,400,000 | 160 | SWR | 3 | B |
| Big Bend NP | Rehabilitate/expand campgrounds (RGV–CA) | 2,400,000 | 166 | SWR | 3 | L |
| Big Bend NP | Construct resource management facility | 2,400,000 | 276 | SWR | 5 | B |
| Big Bend NP | Rehabilitate and expand sewage treatment | 3,200,000 | 278 | SWR | 1 | U |
| Big Cypress Nat Preserve | Scenic corridor visitor safety hwy. improvements | 4,800,000 | 1 | SER | 1 | R |
| Big Cypress NPRes | ADditional lands operation facility | 1,720,000 | 2 | SER | 4 | B |
| Big Thicket NPRes | Construct park visitor center/headquarters | 8,280,000 | 107 | SWR | 4 | B |
| Big Thicket NPRes | Construct trails, trailheads, water access | 13,200,000 | 111 | SWR | 2 | L |
| Big Thicket NPRes | Stabilize roads | 2,112,000 | 113 | SWR | 3 | R |
| Bighorn Canyon NRA | Provide safe recreation area at OK–A–BEH | 254,400 | 222 | RMR | 3 | L |
| Blackstone River Valley NHCC | Rehabilitate Slater's Mill Historic Structures and Site | 5,400,000 | 105 | NAR | 2 | B |
| Blue Ridge Parkway | Fisher Peak Mountain Music Center | 4,000,000 | 507 | SER | 5 | B |
| Blue Ridge Parkway | Tunnels-lined | 6,204,000 | 132 | SER | 3 | R |
| Blue Ridge Parkway | Grade separations | 3,564,000 | 521 | SER | 3 | R |
| Blue Ridge Parkway | Resurface 25 miles of parkway | 87,912,000 | 503 | SER | 3 | R |
| Booker T. Washington NM | Construct maintenance. shop and expand visitor center | 1,822,800 | 161 | MAR | 5 | B |
| Boston Afro-American NHS | Complete rehabilitation of Smith School | 1,175,000 | 102 | NAR | 2 | B |
| Boston Nat Historic Park | Charlestown Navy Yard road safety improvements | 3,630,000 | 154 | NAR | 1 | R |
| Boston NHP | Rehabilitate Bunker Hill structure and site | 859,200 | 106 | NAR | 2 | L |
| Boston NHP | Preserve/rehabilitate historic commandant's house | 4,800,000 | 130 | NAR | 2 | B |
| Bryce Canyon NP | Reconstruct roads parkwide | 25,080,000 | 106 | RMR | 3 | R |
| Bryce Canyon NP | Rehabilitate 206 camping sites in park | 1,700,000 | 103 | RMR | 3 | L |
| Bryce Canyon NP | Rehabilitate visitor and education center | 4,400,000 | 125 | RMR | 3 | B |
| Buffalo National River | Construct Tyler Bend employee housing | 2,760,000 | 109 | SWR | 4 | H |
| Buffalo NR | Improve river camp sites, launches, and roads | 12,360,000 | 185 | SWR | 4 | L |
| Buffalo NR | Construct park headquarters and visitor center | 5,520,000 | 240 | SWR | 4 | B |
| Buffalo NR | Develop Pruitt public use/operations facilities | 1,800,000 | 113 | SWR | 4 | B |
| C&O Canal NHP | Restore historic Monocacy aqueduct | 8,000,000 | 100 | NCR | 2 | L |
| C&O Canal NHP | Reconstruct historic wide-water towpath | 630,000 | 01 | NCR | 1 | L |
| C&O Canal NHP | Rehabilitate deteriorating historic complex | 660,000 | 101 | NCR | 2 | B |
| C&O Canal NHP | Restore deteriorated historic tidelock | 1,800,000 | 29 | NCR | 2 | B |
| C&O CANAL NHP | GREAT FALLS ENTRANCE STATION ROAD | 660,000 | 77 | NCR | 3 | R |
| CANAVERAL NS | CONSTRUCT HQ, VC, STORAGE, and EXHIBIT COMPLEX | 4,207,200 | 105 | SER | 5 | B |
| CANYON DE CHELLY NM | REHABILITATE CANYON ROADS | 1,200,000 | 172 | SWR | 3 | R |
| CANYON DE CHELLY NM | REHABILITATE PARK ROADS | 1,980,000 | 169 | SWR | 3 | R |
| CANYONLANDS NP | REPAIR 225.4 MILES ROAD | 16,368,000 | 183 | RMR | 3 | R |
| CAPE COD NS | REHABILITATE EIGHT BEACH FACILITIES | 9,100,000 | 226 | NAR | 1 | B |
| CAPE COD NS | REHABILITATE DORMITORY AND SEASONAL HOUSING UNITS | 11,850,000 | 225 | NAR | 1 | H |
| CAPE COD NS | REHABILITATE SALT POND AND PROVINCELAND VISITOR CENTER | 4,896,000 | 228 | NAR | 2 | B |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| CAPE COD NS | REHABILITATE PARK ROADS AND PARKING | 2,640,000 | 210 | NAR | 3 | R |
| CAPE HATTERAS NS | REPAIR/REPLACE EMPLOYEE HOUSING | 8,400,000 | 801 | SER | 3 | H |
| CAPE HATTERAS NS | CONSTRUCT PROTECTIVE GROIN | 2,000,000 | 301 | SER | 2 | L |
| CAPE HATTERAS NS | RELOCATE LIGHTHOUSE | 10,530,000 | 175 | SER | 2 | L |
| CAPULIN VOLCANO NM | EXPAND/IMPROVE MAINTENANCE AREA | 1,800,000 | 154 | SWR | 5 | B |
| CARLSBAD CAVERNS NP | REHABILITATE/REPLACE ELEVATOR SHAFT STEEL | 2,000,000 | 198 | SWR | 1 | B |
| CARLSBAD CAVERNS NP | PROVIDE CAVE HANDRAIL | 1,200,000 | 199 | SWR | 1 | L |
| CARLSBAD CAVERNS NP | REPLACE WATER TRANSMISSION and STORAGE | 3,600,000 | 191 | SWR | 3 | U |
| CARLSBAD CAVERNS NP | RESURFACE ENTRANCE ROAD AND PARKING | 660,000 | 180 | SWR | 3 | R |
| CASTLE CLINTON NM | REHABILITATE CASTLE CLINTON NATIONAL HISTORIC SITE | 26,040,000 | 105 | NAR | 5 | B |
| CATOCTIN MOUNTAINS PARK | REPLACE FAILING ELECTRICAL SYSTEM | 721,810 | 989 | NCR | 3 | U |
| CEDAR BREAKS NM | RECONSTRUCT PARK ROADS | 3,036,000 | 114 | RMR | 3 | R |
| CHACO CULTURE NHP | CONSTRUCT HOUSING, CAMPGROUND, WATER/SEWER SYS | 11,040,000 | 204 | SWR | 5 | B |
| CHACO CULTURE NHP | CONSTRUCT ADDITION TO MAINTENANCE SHOP | 840,000 | 207 | SWR | 5 | B |
| CHANNEL ISLANDS NP | CONSTRUCT 8 EMPLOYEE HOUSES AT SANTA ROSA | 3,458,400 | 671 | WER | 4 | H |
| CHATTAHOOCHEE NRA | CONSTRUCT DAY USE FACILITIES, TRAILS, COMFORT STATION | 3,885,600 | 101 | SER | 5 | B |
| CHICKAMAUGA and CHATTANOOGA | RELOCATE US HWY 27 WITHIN PARK (GA) | 30,360,000 | 142 | SER | 3 | R |
| CHICKAMAUGA and CHATTANOOGA | IMPROVE PARK ROADS, SHOULDERS, and DRIVEOUTS | 6,732,000 | 102 | SER | 3 | R |
| CHICKAMUAGA and CHATTANOOGA | REPLACE TWO BRIDGES–ALEXANDER BRIDGE ROAD | 2,196,000 | 165 | SER | 1 | R |
| CHICKASAW NRA | IMPROVE CAMPGROUNDS | 11,540,000 | 215 | SWR | 3 | L |
| CHICKASAW NRA | CONSTRUCT VISITOR CTR./HEADQTRS./MTNCE. COMPLEX | 4,560,000 | 208 | SWR | 5 | B |
| CHICKASAW NRA | DEVELOP VETERANS LAKE VISITOR FACILITIES | 2,400,000 | 209 | SWR | 5 | R |
| CHICKASAW NRA | REHABILITATE VETERANS DAM (REPAY BUR. OF RECLAMATION) | 600,000 | 206 | SWR | 3 | L |
| CHIRICAHUA NM | UPGRADE UTILITIES, HEADQUARTERS, and CAMPGROUND | 1,200,000 | 241 | SWR | 3 | B |
| CHIRICAHUA NM | REHABILITATE MAIN PARK ROAD | 9,372,000 | 103 | WER | 3 | R |
| CITY OF ROCKS NM | CONSTRUCT RV CAMPGROUND, ROADS, TRAILS, RESTROOMS | 23,160,000 | 101 | PNR | 2 | B |
| COLONIAL NHP | CONNECT JAMESTOWN WATER SYSTEM TO MUNICIPAL SYSTEM | 959,000 | 400 | MAR | 1 | U |
| COLONIAL NHP | PROTECT JAMESTOWN ISLAND FROM EROSION | 18,000,000 | 248 | MAR | 2 | L |
| COLONIAL NHP | CONSTRUCT JAMESTOWN VIS. CTR. and COLLECTION STORAGE | 14,040,000 | 154 | MAR | 5 | L |
| COLONIAL NHP | BUILD COLONIAL PARKWAY BICYCLE and WALKING TRAIL | 24,000,000 | 249 | MAR | 5 | L |
| COLONIAL NHP | REALIGN PARK PORTION OF HIGHWAY 238 | 3,699,600 | 127 | MAR | 5 | R |
| COLONIAL NHP | YORKTOWN ROADS AND BRIDGES | 4,752,000 | 317 | MAR | 3 | R |
| COLONIAL NHP | REHABILITATE JAMESTOWN ROADS | 1,320,000 | 321 | MAR | 3 | R |
| COLONIAL NHP | REPAIR/REHABILITATE COLONIAL PARKWAY | 13,200,000 | 251 | MAR | 3 | R |

| | | | | | | |
|---|---|---|---|---|---|---|
| COLORADO NM | REHABILITATE 23 MILES OF RIMROCK DRIVE | 7,920,000 | 110 | RMR | 3 | R |
| CONGAREE SWAMP NM | CONSTRUCT PERMANENT FACILITIES | 9,000,000 | 101 | SER | 4 | B |
| COULEE DAM NRA | EXPAND KELLER FERRY CAMPGROUND FACILITIES | 2,400,000 | 203 | PNR | 5 | B |
| COULEE DAM NRA | RESURFACE ROADS AND PARKING—PARKWIDE | 2,040,000 | 266 | PNR | 1 | R |
| COULEE DAM NRA | RESURFACE ROADS AND PARKING | 1,716,000 | 266 | PNR | 1 | R |
| CRATER LAKE NP | CONTRUCT ACTIVITY CENTER, PARKING, AND ROADS | 60,000,000 | 274 | PNR | 2 | B |
| CRATER LAKE NP | CONSTRUCT EMPLOYEE HOUSING AND SUPPORT FACILITIES | 5,800,000 | 275 | PNR | 5 | H |
| CRATER LAKE NP | CORRECT CLEETWOOD COVE PARKING FACILITIES | 1,000,000 | 276 | PNR | 1 | R |
| CRATER LAKE NP | RESURFACE ANNIE SPRINGS TO WEST BOUNDARY ROAD | 5,544,000 | 235 | PNR | 1 | R |
| CRATER LAKE NP | RESURFACE 6.1 MILES OF ROUTE 7—PINNACLES ROAD | 1,452,000 | 253 | PNR | 1 | R |
| CRATER LAKE NP | RESURFACE CLOUDCAP TO HEADQUARTERS ROAD | 3,960,000 | 256 | PNR | 1 | R |
| CRATERS OF THE MOON NM | CONSTRUCT VISITOR CENTER, ROADS, AND UTILITIES | 5,400,000 | 153 | PNR | 5 | B |
| CUMBERLAND GAP NHP | SYSTEM COMPLETION PROJECT | 47,520,000 | 1007 | SER | 5 | R |
| CUMBERLAND ISLAND NS | CONSTRUCT VISITOR CENTER, EXHIBITS, UTILITIES, MTNCE. FACILITIES | 3,494,400 | 112 | SER | 5 | B |
| CURECANTI NRA | REPLACE WATER TREATMENT PLANT AND ADD RESERVOIR | 1,729,200 | 272 | RMR | 3 | U |
| CUYAHOGA NRA | RECONSTRUCT RIVER VIEW RD | 1,320,000 | 203 | MWR | 3 | R |
| CUYAHOGA NRA | RECONSTRUCT WHEATLEY ROAD | 1,848,000 | 206 | MWR | 3 | R |
| CUYAHOGA VALLEY NRA | CONTINUE CLEANUP OF KREJCI DUMP SITE | 5,400,000 | 260 | MWR | 1 | L |
| DAYTON AVIATION HERITAGE NHS | REHABILITATE HISTORIC HOOVER BLOCK | 4,941,600 | 100 | MWR | 2 | B |
| DEATH VALLEY NP | CONSTRUCT EMPLOYEE HOUSING AT DEATH VALLEY | 19,807,200 | 388 | WER | 1 | H |
| DEATH VALLEY NP | REPLACE COW CREEK MAINTENANCE FACILITY | 5,187,600 | 500 | WER | 1 | B |
| DEATH VALLEY NP | REHABILITATE BADWATER ROAD and SPUR ROADS | 14,916,000 | 283 | WER | 3 | R |
| DEATH VALLEY NP | RECONSTRUCT ROUTES 8 and 35 | 19,932,000 | 105 | WER | 3 | R |
| DEATH VALLEY NP | SURFACE 7 MILES OF N ENTRANCE ROAD—ROUTE 8 | 1,848,000 | 257 | WER | 5 | R |
| DEATH VALLEY NP | REHABILITATE MUD CANYON and DAYLIGHT PASS ROADS | 12,144,000 | 348 | WER | 3 | R |
| DEATH VALLEY NP | RECONSTRUCT/REALIGN GRAPEVINE CANYON ROAD | 10,032,000 | 352 | WER | 3 | R |
| DELAWARE WATER GAP NRA | REPAIR/REPLACE NEW JERSEY VISITOR USE FACILITIES | 24,120,000 | 264 | MAR | 3 | B |
| DELAWARE WATER GAP NRA | STABILIZE HISTORIC STRUCTURES AT 40 SITES | 22,320,000 | 111 | MAR | 2 | B |
| DELAWARE WATER GAP NRA | REPAIR/REPLACE PENNSYLVANIA VISITOR USE FACILITIES | 22,476,000 | 263 | MAR | 3 | L |
| DELAWARE WATER GAP NRA | REHABILITATE WEYGADT FACILITIES and BUILD VISITOR CTR | 19,200,000 | 319 | MAR | 4 | B |
| DELAWARE WATER GAP NRA | REHABILITATE/REPAIR ROUTE 209 (22MI) and 6 BRIDGES | 52,800,000 | 292 | MAR | 3 | R |
| DENALI NP | CONSTRUCT FIRE–EMERGENCY SERVICES and HEADQTRS. BLDG | 1,620,000 | 105 | AKR | 5 | B |
| DENALI NP | REHABILITATE ENTRANCE AREA UTILITIES—WATER and SEWER | 3,410,000 | 120 | AKR | 3 | U |
| DENALI NP | RESTORE 77.6 MILES OF GRAVEL ROAD SURFACE | 13,200,000 | 258 | AKR | 1 | R |
| DENALI NP | CONSTRUCT TOKLAT REST STOP FACILITIES | 1,120,000 | 100TO | AKR | 4 | B |
| DENALI NP | REPAIR 77.6 MI GRAVEL RD | 13,200,000 | 258 | AKR | 3 | R |
| DENALI NP | ALTERNATIVE TRANSPORTATION MODES | 1,320,000 | 2007 | AKR | 5 | R |
| DINOSAUR NM | RECONSTRUCT/REHABILITATE 3 FAILING STRUCTURES | 12,000,000 | 216 | RMR | 3 | B |
| DINOSAUR NM | CONSTRUCT MUSEUM COLLECTION/RESEARCH BUILDING | 4,700,000 | 204 | RMR | 5 | B |
| DINOSAUR NM | RECONSTRUCT ROADS PARKWIDE | 9,636,000 | 191 | RMR | 3 | R |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| DRY TORTUGAS NM | REHABILITATE PORTIONS OF FORT JEFFERSON | 14,400,000 | 103 | SER | 2 | L |
| EDISON NHS | DEVELOP EDISON CENTER and REHABILITATE LAB. COMPLEX | 29,600,000 | 170 | NAR | 1 | B |
| EISENHOWER NHS | STABILIZE/REPAIR FARM STRUCTURES | 8,620,000 | 130 | MAR | 2 | B |
| EL MALPAIS NM | DEVELOP MULTIAGENCY VISITOR CENTER (PHASE 2 | 5,520,000 | 105 | SWR | 4 | B |
| EVERGLADES NP | REPLACE 20 PLUS OBSOLETE WATER and SEWER SYSTEMS | 14,600,000 | 191 | SER | 1 | U |
| EVERGLADES NP | MODIFY WATER DELIVERY SYSTEM | 80,000,000 | 193 | SER | 2 | L |
| EVERGLADES NP | REPAVE MAIN PARK ROAD | 7,128,000 | 111 | SER | 3 | R |
| FEDERAL HALL NAT MEMORIAL | REHABILITATE FEDERAL HALL | 10,104,000 | 105 | NAR | 1 | B |
| FIRE ISLAND NS | CONSTRUCT SUSTAINABLE STUDENT DISCOVERY CAMP | 2,800,000 | 1 | NAR | 3 | B |
| FIRE ISLAND NS | CONSTRUCT VISITOR CENTER, MTNCE., and ADMIN. FACILITY | 6,000,000 | 169 | NAR | 4 | B |
| FIRE ISLAND NS | PRESERVE/REHABILITATE HISTORIC FLOYD ESTATE | 3,600,000 | 174 | NAR | 5 | B |
| FLORISSANT FOSSIL BEDS NM | CONSTRUCT INITIAL PARK FACILITIES | 9,500,000 | 103 | RMR | 4 | B |
| FORT DONELSON NB | CONSTRUCT BYPASS ROAD | 1,980,000 | 127 | SER | 5 | R |
| FORT LARNED NHS | CONSTRUCT VISITOR CENTER | 7,291,200 | 198 | MWR | 5 | B |
| FORT MCHENRY NM and HIST SHRINE | COMPLETE HISTORIC SEAWALL REPAIRS | 2,210,000 | 1 | MAR | 2 | L |
| FORT MCHENRY NM and HIST SHRINE | REPLACE UNSAFE VISITOR CENTER | 8,520,000 | 277 | MAR | 5 | B |
| FORT NECESSITY NB | REHAB/DEVELOPMENT OF FORT NECESSITY | 12,024,000 | 230 | MAR | 4 | L |
| FORT POINT NHS | REPAIR EARTHQUAKE DAMAGE and REPOINT BRICKWORK | 2,140,000 | 393 | WER | 2 | B |
| FORT SCOTT NHS | PROVIDE FIRE PROT. SYSTEMS FOR HISTORIC STRUCTURES | 1,244,400 | 227 | MWR | 2 | B |
| FORT SUMTER NM | CONSTRUCT TOUR BOAT FACILITY -- DOCKSIDE II | 7,100,000 | 105 | SER | 5 | B |
| FORT UNION NM | CONSTRUCT CURATORIAL, AUDIO–VISUAL, and OFFICE AREAS | 720,000 | 102 | SWR | 5 | B |
| FREDERICKSBURG N MILITARY PARK | PROTECT PARK BOUNDARY | 800,000 | 106 | MAR | 2 | L |
| FREDERICKSBURG NMP | STABILIZE HISTORIC STRUCTURES, RUINS, and EARTHWORKS | 3,855,600 | 107 | MAR | 2 | L |
| FREDERICKSBURG NMP | ENLARGE VISITOR CENTER/RESTORE HIST. ROAD TRACES | 14,400,000 | 271 | MAR | 3 | L |
| FREDERICKSBURG NMP | REHABILITATE PARK ROADS | 7,128,000 | 230 | MAR | 3 | R |
| GATEWAY NRA | REHABILITATE FLOYD BENNETT FIELD, FT. TILDEN UTILITIES | 12,300,000 | 169 | NAR | 1 | U |
| GATEWAY NRA | COMPLETE REHABILITATION OF JACOB RIIS PARK | 12,100,000 | 147 | NAR | 1 | B |
| GATEWAY NRA | COMPLETE GREAT KILLS PARK REHABILITATION | 2,800,000 | 149 | NAR | 4 | B |
| GATEWAY NRA | REHABILITATE BATTERY WEED SEAWALL and DOCK | 3,280,000 | 219 | NAR | 2 | L |
| GATEWAY NRA | PRESERVE/REHABILITATE FORT HANCOCK STRUCT. and UTIL | 120,000,000 | 123 | NAR | 2 | B |
| GATEWAY NRA | REHABILITATE FORT WADSWORTH FOR VISITOR and NPS USE | 48,000,000 | 191 | NAR | 1 | B |
| GATEWAY NRA | REHABILITATE SANDY HOOK MAIN ROAD | 8,580,000 | 111 | NAR | 1 | R |
| GATEWAY NRA | REHABILITATE MILLER FIELD ROAD AND PARKING | 4,224,000 | 115 | NAR | 3 | R |
| GATEWAY NRA | REHABILITATE PARK ROADS | 21,780,000 | 185 | NAR | 1 | R |

| | | | | | | |
|---|---|---|---|---|---|---|
| GEO. WASHINGTON MEML PKWY | REHABILITATE GLEN ECHO FACILITIES | 2,000,000 | 171 | NCR | 3 | B |
| GEO. WASHINGTON MEML PKWY | RESTORE THEODORE ROOSEVELT MEMORIAL | 1,765,000 | 181 | NCR | 2 | L |
| GEO. WASHINGTON MEML PKWY | CandO VIEWSHED–REMOVE/REHABILITATE STRUCT. and LNDSCP | 19,752,000 | 172 | NCR | 2 | L |
| GEO. WASHINGTON MEML PKWY | RECONSTRUCT SPOUT RUN PARKWAY (PHASE IV) | 7,440,000 | 836 | NCR | 1 | R |
| GEO. WASHINGTON MEML PKWY | PRESERVE ARLINGTON HOUSE HISTORIC FURNISHINGS | 420,000 | 103 | NCR | 2 | B |
| GEO. WASHINGTON MEML PKWY | SPROUT RUN TO 123 | 6,600,000 | 461 | NCR | 1 | R |
| GEO. WASHINGTON MEML PKWY | 123 TO SPROUT RUN | 6,600,000 | 461 | NCR | 1 | R |
| GEORGE WASHINGTON MEML PKWY | REHABILITATE MEMORIAL AVENUE BRIDGE | 3,300,000 | 464 | NCR | 3 | R |
| GEORGE ROGERS CLARK NHP | REHABILITATE HISTORIC MEMORIAL TERRACE | 1,560,000 | 122 | MWR | 2 | B |
| GETTYSBURG NMP | PROTECT HISTORIC STRUCTURES | 2,500,000 | 1 | MAR | 2 | B |
| GETTYSBURG NMP | REPAIR 22 HISTORIC MONUMENTS | 2,012,000 | 2 | MAR | 2 | L |
| GETTYSBURG NMP | REHABILITATE VISITOR CENTER | 4,280,000 | 296 | MAR | 1 | B |
| GETTYSBURG NMP | REHAB PARK ROADS | 8,316,000 | 106 | MAR | 3 | R |
| GLACIER BAY NP | CONSTRUCT MTNCE. FACILITIES/REHABILITATE UTILITY SYS | 1,700,000 | 100BC | AKR | 1 | U |
| GLACIER BAY NP | CONSTRUCT PARK EMPLOYEE HOUSING | 3,100,000 | 130 | AKR | 4 | H |
| GLACIER BAY NP | REHABILITATE MAIN PARK ROAD | 6,204,000 | 170 | AKR | 3 | R |
| GLACIER NP | UPGRADE UNSAFE WATER AND SEWER SYSTEM | 9,500,000 | 165 | RMR | 1 | U |
| GLACIER NP | REHAB GOING TO THE SUN ROAD, 55 MILES | 78,144,000 | 303 | RMR | 3 | R |
| GLACIER NP | REHABILITATE SUBSTANDARD BACKCOUNTRY CHALETS | 2,800,000 | 357 | RMR | 3 | B |
| GLACIER NP | REHABILITATE LAKE MCDONALD/APGAR CONCESS. FACILITIES | 18,673,200 | 264 | RMR | 3 | B |
| GLACIER NP | REPLACE OBSOLETE HOUSING PARKWIDE | 18,765,600 | 399 | RMR | 3 | H |
| GLEN CANYON NRA | CONSTRUCT FEE COLLECTION STATIONS and EMPL. HOUSING | 10,616,400 | 210 | RMR | 4 | B |
| GLEN CANYON NRA | UPGRADE SUBSTANDARD PARK HOUSING | 18,726,000 | 421 | RMR | 3 | H |
| GLEN CANYON NRA | CORRECT MARINA CONSTRUCTION DEFICIENCIES | 1,176,000 | 434 | RMR | 3 | U |
| GLEN CANYON NRA | REHABILITATE STATE LINE ROADS | 3,168,000 | 341 | RMR | 3 | R |
| GLEN CANYON NRA | REHABILITATE BULL FROG ROADS | 5,544,000 | 342 | RMR | 3 | R |
| GLEN CANYON NRA | RECONSTRUCT MARINA ACCESS ROAD | 1,980,000 | 380 | RMR | 3 | R |
| GOLDEN GATE NRA | REHABILITATE/REPAIR FORT MASON PIER | 25,152,000 | 282 | WER | 2 | B |
| GOLDEN GATE NRA | REPLACE RESTROOMS | 3,301,200 | 357 | WER | 5 | B |
| GOLDEN GATE NRA | STABILIZE ALCATRAZ HISTORIC STRUCTURES | 5,030,400 | 167 | WER | 2 | B |
| GOLDEN GATE NRA | REHABILITATE MARIN DISTRICT ROADS | 10,032,000 | 857 | WER | 3 | R |
| GOLDEN GATE NRA | REHABILITATE SAN FRANCISCO DISTRICT ROADS | 4,620,000 | 858 | WER | 3 | R |
| GRAND CANYON NP | CONSTRUCT REPLACEMENT HOUSING | 16,800,000 | 143 | WER | 1 | H |
| GRAND CANYON NP | REPLACE NORTH RIM PIPELINE and TREATMENT SYSTEM | 11,800,000 | 319 | WER | 1 | U |
| GRAND CANYON NP | LANDFILL CLOSURE | 6,300,000 | 190 | WER | 1 | L |
| GRAND CANYON NP | CONSTRUCT SOUTH RIM ORIENTATION | 21,900,000 | 1 | WER | 5 | B |
| GRAND CANYON NP | REHABILITATE SUBSTANDARD HOUSING | 7,545,600 | 348 | WER | 1 | H |
| GRAND CANYON NP | SAFETY RECONSTRUCTION OF WEST RIM DRIVE | 7,388,400 | 196 | WER | 1 | R |
| GRAND CANYON NP | CONSTRUCT PUBLIC RESTROOMS | 3,301,200 | 121 | WER | 5 | B |
| GRAND CANYON NP | REALIGN/REPAIR EAST RIM ROAD | 11,352,000 | 272 | WER | 3 | R |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| GRAND CANYON NP | RECONSTRUCT SOUTH RIM ROADS | 50,160,000 | 110 | WER | 3 | R |
| GRAND CANYON NP | RECONSTRUCT WEST RIM DRIVE | 7,128,000 | 196 | WER | 1 | R |
| GRAND PORTAGE NM | REMOVE HOUSING and MTNCE. ACTIVITIES FROM HIST. RES | 3,240,000 | 106 | MWR | 2 | B |
| GRAND PORTAGE NM | CONSTRUCT VISITOR CENTER/ADMINISTRATIVE FACILITY | 4,380,000 | 105 | MWR | 5 | B |
| GRAND PORTAGE NM | RELOCATE ROADS | 1,716,000 | 108 | MWR | 2 | R |
| GRAND TETON NP | COMPLETE FINAL SURFACE FOR 31.7 MILES OF MAIN ROAD | 14,784,000 | 328 | RMR | 3 | R |
| GRAND TETON NP | REPAIR UTILITY SYSTEMS PARKWIDE | 30,000,000 | 102 | RMR | 3 | U |
| GRAND TETON NP | REPLACE PARK HOUSING TO MEET STANDARDS | 25,836,000 | 148 | RMR | 3 | H |
| GREAT BASIN NP | REPAIR ROAD SURFACE and SHOULDERS | 5,940,000 | 197 | WER | 3 | R |
| GREAT SAND DUNES NM | EXPAND VISITOR CENTER THRU PARTNERSHIP | 1,900,000 | 103 | RMR | 5 | B |
| GREAT SAND DUNES NM | WIDEN and REHABILITATE ROAD | 2,640,000 | 126 | RMR | 3 | R |
| GREAT SMOKY MOUNTAINS NP | CONSTRUCT OCONOLUFTEE VISITOR CENTER | 8,000,000 | 129 | SER | 5 | B |
| GREAT SMOKY MOUNTAINS NP | REPLACE FOUR BRIDGES | 3,696,000 | 319 | SER | 3 | R |
| GREAT SMOKY MOUNTAINS NP | COMPLETE 33.5 MILES OF FOOTHILLS PKWY. and ASSOC. FAC | 34,980,000 | 109 | SER | 4 | R |
| GREAT SMOKY MOUNTAINS NP | CONST INTERP CTR, PICNIC AREA, RDS and UTI | 22,680,000 | 314 | SER | 5 | B |
| GREAT SMOKY MOUNTAINS NP | REHAB ABRAMS, GREENBRIER, BIG CREEK RDS | 1,452,000 | 324 | SER | 3 | R |
| GUADALUPE MOUNTAINS NP | CONSTRUCT TRAIL SYSTEM (PHASE 4 | 1,200,000 | 110 | SWR | 2 | L |
| GUADALUPE MOUNTAINS NP | CONSTRUCT PINE SPRINGS CAMPGROUND | 1,560,000 | 202 | SWR | 4 | L |
| GUADALUPE MOUNTAINS NP | SURFACE DOG CANYON ENTRANCE ROAD | 1,056,000 | 207 | SWR | 3 | R |
| HAGERMAN FOSSIL BEDS NM | CONSTRUCT RESEARCH CENTER/MUSEUM | 16,800,000 | 101 | PNR | 4 | B |
| HALEAKALA NP | REHAB HOUSE OF THE SUN VIS. CTR. and COMFORT STATION | 3,144,000 | 105 | WER | 3 | B |
| HALEAKALA NP | CONSTRUCT KIPAHULA WATER SYS., RESTROOM, ADMIN. FAC | 4,087,200 | 153 | WER | 4 | B |
| HAMILTON GRANGE NAT MEML | REHABILITATE and RELOCATE HAMILTON GRANGE | 13,080,000 | 105 | NAR | 2 | B |
| HAMPTON NHS | RESTORE DETERIORATED HISTORIC STRUCTURES | 9,600,000 | 209 | MAR | 2 | B |
| HARPERS FERRY NHP | STABILIZE HISTORIC STRUCTURES | 2,673,600 | 118 | NCR | 2 | B |
| HARRY S TRUMAN NHS | REHAB TRUMAN AND NOLAND HISTORIC HOUSES | 1,200,000 | 200 | MWR | 2 | B |
| HAWAII VOLCANOES NP | REHABILITATE CRATER RIM DRIVE | 6,996,000 | 211 | WER | 3 | R |
| HERBERT HOOVER NHS | CONSTRUCT FARM ROAD | 1,848,000 | 162 | MWR | 3 | R |
| HERBERT HOOVER NHS | CONSTRUCT MAINTENANCE FACILITY | 840,000 | 743 | MWR | 5 | B |
| HERBERT HOOVER NHS | STABILIZE and ADAPTIVELY RESTORE 8 HISTORIC HOUSES | 2,880,000 | 110 | MWR | 2 | B |
| HOME OF FDR NHS | RESTORE/REHABILITATE FDR HOME AND SITE | 7,042,000 | 137 | NAR | 2 | B |
| HOME OF FDR NHS | REHABILITATE ROADS, BRIDGES, and PARKWAY | 6,204,000 | 138 | NAR | 3 | R |
| HOPEWELL FURNACE NHS | COMPLETE PRESERVATION OF FURNACE RESOURCES | 6,000,000 | 195 | MAR | 2 | L |
| HORACE ALBRIGHT TRAINING CTR | REHABILITATE TRAINING CENTER COMPLEX | 6,241,000 | 1 | WASO | 3 | B |

| | | | | | | |
|---|---|---|---|---|---|---|
| HOT SPRINGS NP | REHABILITATE/RESTORE BATHHOUSE ROW STRUCTURES | 10,100,000 | 145 | SWR | 2 | B |
| HOT SPRINGS NP | UPGRADE GULPHA GORGE CAMPGROUND | 2,400,000 | 245 | SWR | 3 | L |
| HOVENWEEP NM | BUILD VISITOR CENTER/RANGER STATION and SUPPORT FAC | 3,670,000 | 134 | RMR | 4 | B |
| HUBBELL TRADING POST NHS | CONTROL EROSION IN PUEBLO COLORADO WASH | 840,000 | 158 | SWR | 2 | L |
| HUBBELL TRADING POST NHS | IMPROVE VISITOR USE, MTNCE., and CURATORIAL FACILITIES | 3,000,000 | 107 | SWR | 4 | B |
| INDEPENDENCE NHP | IMPROVE/REHABILITATE UTILITIES | 80,000,000 | 412 | MAR | 1 | U |
| INDEPENDENCE NHP | REHABILITATE INDEPENDENCE MALL WALKS AND WALLS | 18,600,000 | 168 | MAR | 1 | L |
| INDIANA DUNES NL | REMOVE ASBESTOS FROM 250 STRUCTURES | 6,960,000 | 510 | MWR | 1 | B |
| INDIANA DUNES NL | CONSTRUCT WEST UNIT ACCESS ROAD | 7,920,000 | 288 | MWR | 5 | R |
| INDIANA DUNES NL | IMPROVE PARK ROADS (INCLUDES PKG 295 | 29,040,000 | 294 | MWR | 3 | R |
| ISLE ROYALE NP | REPLACE ELEVATED WATER TANK | 3,520,000 | 188 | MWR | 1 | U |
| ISLE ROYALE NP | REHABILITATE RANGER III | 2,300,000 | 319 | MWR | 1 | L |
| ISLE ROYALE NP | CONSTRUCT EMPLOYEE HOUSING DUPLEX | 786,000 | 400 | MWR | 1 | H |
| ISLE ROYALE NP | CONSTRUCT 3 EMPLOYEE HOUSING DUPLEXES | 2,280,000 | 117 | MWR | 5 | H |
| JAMES A. GARFIELD NHS | REHABILITATE FIRE and INTRUSION ALARM SYSTEMS | 7,308,000 | 103 | MWR | 2 | B |
| JAMES A. GARFIELD NHS | RECONSTRUCT ROAD and PARKING | 924,000 | 164 | MWR | 3 | R |
| JEAN LAFITTE NHP and PRES | PROVIDE THIBODEAU LANDSCAPING and PARKING | 1,920,000 | 178 | SWR | 4 | L |
| JEFFERSON NAT EXPANSION MEML | REPLACE ARCH HANDICAPPED ACCESS RAMPS | 2,340,000 | 241 | MWR | 1 | B |
| JEFFERSON NAT EXPANSION MEML | CONSTRUCT PARKING GARAGE and GROUNDS MTNCE. FAC | 1,560,000 | 220 | MWR | 5 | B |
| JOHN D. ROCKEFELLER MEM PKWY | DEVELOPMENT OF FLAGG RANCH FACILITIES | 16,300,000 | 131 | RMR | 5 | B |
| JOHN DAY FOSSIL BEDS NM | CONSTRUCT VISITOR/RESEARCH CENTER | 14,400,000 | 105 | PNR | 5 | B |
| JOSHUA TREE NM | RECONSTRUCT ROADS, PARKING, and CAMPGROUND ROADS | 27,720,000 | 173 | WER | 3 | R |
| JOSHUA TREE NM | REHABILITATE OASIS VISITOR CENTER and ADMIN. BLDG | 4,873,200 | 388 | WER | 3 | B |
| JOSHUA TREE NM | RECONSTRUCT/REHABILITATE NARROW UNSAFE ROADS | 17,160,000 | 174 | WER | 3 | R |
| KATMAI NP | CONSTRUCT LAKE CAMP FACILITIES | 1,726,000 | 102 | AKR | 4 | L |
| KATMAI NP | RELOCATE BROOKS CAMP FACILITIES/REPAIR VTS ROAD | 10,600,000 | 100BC | AKR | 2 | B |
| KENAI FJORDS NP | CONSTRUCT VISITOR CENTER/HEADQUARTERS FACILITY | 11,500,000 | 100SW | AKR | 3 | U |
| KENAI FJORDS NP | IMPROVE ACCESS AND VISITOR FACILITIES | 2,800,000 | 100EG | AKR | 3 | B |
| KEWEENAW NHP | STABILIZE CORE BUILDINGS | 4,716,000 | 100 | MWR | 2 | B |
| LAKE CLARK NP and PRES | CONSTRUCT HOUSING and SUPPORT FACILITIES | 6,939,000 | 100PA | AKR | 4 | B |
| LAKE MEAD NRA | UPGRADE WATER TREATMENT AT KATHERINE | 3,095,000 | 69 | WER | 1 | U |
| LAKE MEAD NRA | MITIGATE STRUCTURAL FLOODING PROBLEMS | 29,600,000 | 853 | WER | 1 | L |
| LAKE MEAD NRA | SAFETY RECONSTRUCTION LAKESHORE ROAD | 32,340,000 | 242 | WER | 1 | R |
| LAKE MEAD NRA | REHAB NORTH SHORE ROAD and CONNECT ACCESS | 55,440,000 | 457 | WER | 1 | R |
| LAKE MEAD NRA | ENTRANCE STATION PROGRAM | 15,248,400 | 594 | WER | 5 | B |
| LAKE MEAD NRA | IMPROVE ROAD TO PRINCESS COVE | 2,508,000 | 700 | WER | 3 | R |
| LAKE MEREDITH NRA | RECONSTRUCT/RECONNECT/REPAIR WATER SYSTEM | 4,400,000 | 210 | SWR | 1 | U |
| LAKE MEREDITH NRA | REHABILITATE/CONSTRUCT CAMPGROUNDS and RESTROOMS | 33,480,000 | 110 | SWR | 3 | L |
| LAKE MEREDITH NRA | RECONSTRUCT ACCESS ROADS and PARKINGS | 7,788,000 | 185 | SWR | 3 | R |
| LAKE MEREDITH NRA | CONNECT PARK TO FRITCH WATER SYSTEM | 960,000 | 192 | SWR | 3 | U |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| LASSEN VOLCANIC NM | UPGRADE HEADQUARTERS UTILITY SYSTEMS | 4,244,400 | 325 | WER | 3 | U |
| LASSEN VOLCANIC NM | REPAIR MAIN PARK ROAD | 13,596,000 | 101 | WER | 3 | R |
| LASSEN VOLCANIC NM | PAVE BUTTE LAKE ACCESS and CAMPGROUND | 1,716,000 | 312 | WER | 3 | R |
| LAVA BEDS | RECONSTRUCT SOUTHEAST ENTRANCE ROAD | 5,940,000 | 302 | WER | 3 | R |
| LAVA BEDS NM | RECONSTUCT S.E. ENTRANCE and MEDICINE LAKE ROADS | 5,940,000 | 302 | WER | 3 | R |
| LINCOLN BOYHOOD NM | RELOCATE COUNTY ROADS A and B/UPGRADE PARKING | 2,772,000 | 126 | MWR | 3 | R |
| LINCOLN HOME NHS | STABILIZE/RESTORE STUVE HOUSE | 3,144,000 | 403 | MWR | 2 | B |
| LITTLE BIGHORN NB | CONSTRUCT INDIAN MEMORIAL | 900,000 | 147 | RMR | 5 | L |
| LOWELL NHP | COMPLETE BOOTT MILL | 958,000 | 117 | NAR | 2 | B |
| LOWELL NHP | REHAB VISITOR CENTER PARKING | 660,000 | 101 | NAR | 4 | R |
| LYNDON B. JOHNSON NHP | CONSTRUCT MAINTENANCE/BUS SERVICE AREA | 3,600,000 | 135 | SWR | 5 | B |
| LYNDON B. JOHNSON NHP | REHABILITATE PARK ROADS | 1,980,000 | 193 | SWR | 3 | R |
| LYNDON B. JOHNSON NHP | EXTEND WATER SYSTEM TO JUNCTION SCHOOL | 600,000 | 198 | SWR | 2 | U |
| MAMMOTH CAVE NP | RENOVATE VISITOR CENTER | 5,327,000 | 171 | SER | 3 | B |
| MAMMOTH CAVE NP | CONSTRUCT NEW ADMINISTRATION BUILDING | 9,720,000 | 185 | SER | 5 | B |
| MANASSAS NAT BATTLEFIELD PARK | RESTORE DISTURBED STUART'S HILL BATTLEGROUND | 6,828,000 | 225 | NCR | 2 | L |
| MANASSAS NAT BATTLEFIELD PARK | PRESERVE HISTORIC RESOURCES FOR VISITOR USE | 1,382,000 | 155 | NCR | 2 | L |
| MESA VERDE NP | STABILIZE AND RESTORE PREHISTORIC STRUCTURES | 12,000,000 | 239 | RMR | 2 | B |
| MESA VERDE NP | COMPLETE WATERLINE REPLACEMENT | 4,500,000 | 223 | RMR | 3 | U |
| MESA VERDE NP | CONSTRUCT ENTRANCE STATION and COMPLETE ROAD | 1,542,000 | 120 | RMR | 5 | B |
| MESA VERDE NP | CORRECT ENTRANCE ROAD FAILURE | 9,636,000 | 278 | RMR | 3 | R |
| MESA VERDE NP | RECONSTRUCT WETHERILL ROAD | 7,920,000 | 225 | RMR | 3 | R |
| MINUTE MAN NHP | PRESERVE/REHABILITATE 29 HIST. BATTLE RD. STRUCTURES | 7,200,000 | 171 | NAR | 1 | B |
| MISSISSIPPI NAT RIVERandRECR. AREA | DEVELOP PARTNERSHIP EDUC. FAC. IN SCIENCE MUSEUM | 2,564,000 | 110 | MWR | 4 | B |
| MISSISSIPPI NR&RA | CONSTRUCT PARTNERSHIP EDUCATION CENTER | 4,281,000 | 114 | MWR | 4 | B |
| MONOCACY NB | RESTORE STRUCTURE FOR PRESERVATION TRAINING | 5,940,000 | 337 | NCR | 2 | B |
| MONTEZUMA CASTLE NM | DEVELOP MONTEZUMA WELL INFRASTRUCTURE & FAC | 2,940,000 | 100 | SWR | 4 | B |
| MORRISTOWN NHP | REHABILITATE PARK TOUR ROADS | 7,128,000 | 187 | NAR | 3 | R |
| MOUNT RAINIER NP | REHABILITATE JACKSON VISITOR CENTER | 4,400,000 | 399 | PNR | 3 | B |
| MOUNT RAINIER NP | REPLACE SUNRISE LODGE | 5,400,000 | 315 | PNR | 1 | B |
| MOUNT RAINIER NP | REHABILITATE HIGHWAY 410 | 6,864,000 | 349A | PNR | 1 | R |
| MOUNT RAINIER NP | CONSTRUCT TAHOMA WOODS ENTRANCE/CONTACT STATION | 1,800,000 | 311 | PNR | 5 | B |
| MOUNT RAINIER NP | REHABILITATE PARADISE INN and ANNEX | 8,400,000 | 370 | PNR | 3 | B |
| MOUNT RAINIER NP | REHABILITATE HIGHWAY 123 | 25,080,000 | 349B | PNR | 1 | R |

| | | | | | | |
|---|---|---|---|---|---|---|
| MOUNT RAINIER NP | REHABILITATE CARBON RIVER FACILITIES | 6,000,000 | 316 | PNR | 2 | B |
| MOUNT RAINIER NP | RECONSTRUCT BACKBONE RIDGE VIADUCT | 3,036,000 | 386 | PNR | 1 | R |
| MOUNT RUSHMORE N MEML | REPLACE WASTEWATER TREATMENT SYSTEM | 8,989,000 | 182 | RMR | 3 | U |
| MOUNT RUSHMORE N MEML | CONSTRUCT EXHIBITS and MTNCE. FAC./REHABILITATE STUDIO | 12,000,000 | 182 | RMR | 5 | B |
| NATCHEZ TRACE PARKWAY | CONSTRUCT PARKWAY | 55,440,000 | 300 | SER | 5 | R |
| NATCHEZ TRACE PARKWAY | CONSTRUCT NORTH VISITOR CENTER and MAINTENANCE AREA | 6,000,000 | 300A | SER | 5 | B |
| NATCHEZ TRACE PARKWAY | CONSTRUCT FOUR OVERPASSES | 5,280,000 | 238 | SER | 5 | R |
| NATCHEZ TRACE PARKWAY | REPAIR/REPLACE BRIDGES | 17,556,000 | 264 | SER | 3 | R |
| NATCHEZ TRACE PARKWAY | RESURFACE VARIOUS SECTIONS OF PARKWAY | 99,000,000 | 250 | SER | 3 | R |
| NATIONAL CAPITOL AREA | CONSTRUCT MUSEUM/ARCHEOLOGICAL STORAGE FACILITY | 16,000,000 | 323A | NCR | 5 | B |
| NATIONAL CAPITOL AREA | REHABILITATE and ADD SPACE TO HEADQUARTERS BUILDING | 17,488,800 | 730 | NCR | 3 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | RESTORE LINCOLN AND JEFFERSON MEMORIALS | 15,400,000 | 758 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | STABILIZE AND PRESERVE WASHINGTON MONUMENT | 18,000,000 | 448 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | REPAIR MONUMENT CORES AND SEAWALLS | 78,600,000 | 731 | NCR | 1 | L |
| NATIONAL CAPITOL PARKS–CENTRAL | PROVIDE FORDS THEATRE HANDICAPPED ACCESS | 7,900,000 | 790 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | IMPROVE WASHINGTON MONUMENT ACCESS | 9,690,000 | 430 | NCR | 3 | L |
| NATIONAL CAPITOL PARKS–CENTRAL | MEMORIAL CORE–RECONSTRUCT EAST BASIN DRIVE | 4,356,000 | 450 | NCR | 1 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | REHABILITATE LINCOLN CIRCLE AREA/PROVIDE VIS. ACCESS | 5,502,000 | 825 | NCR | 2 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | REHABILITATE H–1 PARK POLICE STABLE and CORRECT DRAINAGE | 3,000,000 | 827 | NCR | 3 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | MEMORIAL CORE–RECONSTRUCT INDIANA and MAINE AVENUES | 405E | NCR | 1 | R | |
| NATIONAL CAPITOL PARKS–CENTRAL | DC MALL—ALTERNATIVE TRANSPORTATION MODES | 2,640,000 | 2005 | NCR | 5 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT INDIANA and MAINE AVES., EASTBOUND | 29,172,000 | 405 | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT JEFFERSON DRIVE | 2,904,000 | 405B | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT ROADS, EAST POTOMAC PARK | 5,016,000 | 405C | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT LINCOLN MEM. CIRCLE and APPROACHES | 3,960,000 | 405D | NCR | 1 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT CONSTITUTION AVE | 7,128,000 | 405G | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–EAST | RESTORE FORT WASHINGTON | 4,940,000 | 106 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–EAST | REHABILITATE FREDERICK DOUGLASS HOME VISITOR CENTER | 1,800,000 | 738 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–EAST | RECONSTRUCT RENO ROAD OVERPASS (SUITLAND PKWY) | 10,560,000 | 315 | NCR | 3 | R |
| NAVAJO NM | CONSTRUCT PEDESTRIAN TRAIL TUNNEL | 840,000 | 141 | SWR | 3 | L |
| NAVAJO NM | REHABILITATE ENTRANCE AND CAMPGROUND ROADS | 660,000 | 144 | SWR | 3 | R |
| NEW JERSEY COASTAL HER. TRAIL | INITIAL INTERPRETIVE DEVELOPMENTS | 7,800,000 | 102 | NAR | 4 | L |
| NEW RIVER GORGE NR | STABILIZE/PRESERVE/ADAPT THURMOND HIST. STRUCT./SITE | 33,000,000 | 126 | MAR | 4 | L |
| NEW RIVER GORGE NR | DUN GLEN/SOUTHSIDE JUNCTION DEVELOPMENT | 3,240,000 | 155 | MAR | 4 | L |
| NEW RIVER GORGE NR | GRANDVIEW CULTURAL HERITAGE CENTER DEVELOPMENT | 36,000,000 | 158 | MAR | 4 | L |
| NEW RIVER GORGE NR | KAYMOOR DEVELOPMENT | 3,600,000 | 156 | MAR | 4 | L |
| NEW RIVER GORGE NR | HEADQUARTERS DEVELOPMENT (PHASE IV) | 2,700,000 | 108E | MAR | 4 | L |
| NEW RIVER GORGE NR | MIDDLE GORGE ACCESS | 3,100,000 | 154 | MAR | 4 | L |
| NEW RIVER GORGE NR | REHABILITATE PARK ROADS | 2,640,000 | 138 | MAR | 3 | R |
| NEZ PERCE NHS | CONSTRUCT WHITEBIRD INTERP FACILITIES | 960,000 | 160 | PNR | 4 | B |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| NEZ PERCE NHS | REPLACE SPALDING ROADS and PARKING | 1,056,000 | 159 | PNR | 3 | R |
| NORTH CASCADES NP | REPAIR/STABILIZE GOLDEN WEST VISITOR CENTER | 2,486,000 | 107 | PNR | 3 | B |
| NORTH CASCADES NP | REPLACE NEWHALEM and HARLEQUIN BRIDGES | 6,072,000 | 404 | PNR | 1 | R |
| NORTH CASCADES NP | PROVIDE STEHEKIN EMPLOYEE HOUSING | 1,200,000 | 369 | PNR | 5 | H |
| NORTH CASCADES NP | DEVELOP JOINT US/CANADIAN UTILITIES AT HOZOMEEN | 3,000,000 | 391 | PNR | 4 | U |
| NORTH CASCADES NP | DEVELOP/IMPROVE HIGHWAY 20 FACILITIES | 2,160,000 | 388 | PNR | 1 | R |
| NORTH CASCADES NP | RECONSTRUCT CASCADE RIVER ROAD | 792,000 | 343 | PNR | 1 | R |
| NORTH CASCADES NP | REHABILITATE STEHEKIN ROAD | 1,980,000 | 344 | PNR | 1 | R |
| NORTHWEST ALASKA AREAS | CONSTRUCT VISITOR CTR./HEADQTRS. and MTNCE. FACILITIES | 10,510,000 | 100KZ | AKR | 4 | B |
| NORTHWEST ALASKA AREAS | CONSTRUCT KOTZEBUE EMPLOYEE HOUSING | 4,690,000 | 130 | AKR | 4 | B |
| OLYMPIC NP | ELWHA DAM REMOVAL/RESTORATION | 126,600,000 | 404 | PNR | 2 | L |
| OLYMPIC NP | EXPAND VISITOR FACILITIES AT HOH RAINFOREST | 4,080,000 | 405 | PNR | 5 | B |
| OLYMPIC NP | CONSTRUCT KALALOCH VISITOR CENTER | 10,200,000 | 360 | PNR | 5 | B |
| OLYMPIC NP | RECONSTRUCT EAST BEACH and LOG CABIN RESORT ROADS | 4,752,000 | 311 | PNR | 1 | R |
| OLYMPIC NP | CONSTRUCT TWIN CREEK BRIDGE | 924,000 | 406 | PNR | 2 | R |
| OLYMPIC NP | REPLACE FINLEY CREEK BRIDGE | 1,056,000 | 407 | PNR | 3 | R |
| ORGAN PIPE CACTUS NM | REHABILITATE PAVED PUBLIC ROADS | 1,320,000 | 439 | WER | 3 | R |
| OZARK NAT SCENIC RIVER | CONSTRUCT REGIONAL CULTURAL/VIS. CTR./ADMIN. COMPLEX | 9,600,000 | 459 | MWR | 5 | B |
| OZARK NSR | RELOCATE CAMPGROUND and CONC. FAC. FROM FLOODPLAIN | 12,184,800 | 103 | MWR | 2 | B |
| OZARK NSR | REHABILITATE PEAVINE ROAD | 4,356,000 | 506 | MWR | 3 | R |
| PADRE ISLAND NS | CONSTRUCT SEWAGE TREATMENT FACILITIES | 1,046,000 | 215 | SWR | 4 | U |
| PADRE ISLAND NS | REHABILITATE/RELOCATE BIRD ISLAND BASIN ROAD | 1,188,000 | 200 | SWR | 3 | R |
| PADRE ISLAND NS | CONTRUCT MAINTENANCE SHOP and STORAGE AREA | 2,160,000 | 188 | SWR | 5 | B |
| PEA RIDGE NMP | RELOCATE OVERHEAD UTILITY LINES | 900,000 | 134 | SWR | 3 | U |
| PEA RIDGE NMP | CONSTRUCT MAINTENANCE/STORAGE AREA | 1,200,000 | 111 | SWR | 5 | B |
| PEA RIDGE NMP | CONSTRUCT ELKHORN TAVERN COMFORT STATION and PARKING | 1,200,000 | 125 | SWR | 5 | B |
| PECOS NHP | IMPROVE SEWAGE TREATMENT and REHABILITATE RANCH | 3,480,000 | 143 | SWR | 3 | U |
| PECOS NHP | REHABILITATE ENTRANCE ROAD | 660,000 | 137 | SWR | 3 | R |
| PERRY'S VICTORY andINT PEACE MEML | CONSTRUCT VISITOR CENTER | 13,650,000 | 104 | MWR | 5 | B |
| PETERSBURG NB | PRESERVE/PROTECT EARTHWORKS and OTHER PRIMARY RES | 8,400,000 | 249 | MAR | 2 | L |
| PETERSBURG NB | REHABILITATE/DEVELOP INTERPRETIVE/VISITOR FACILITIES | 7,200,000 | 248 | MAR | 4 | L |
| PETERSBURG NB | REHABILITATE MAIN PARK ROAD and BRIDGES | 1,980,000 | 132 | MAR | 3 | R |
| PETRIFIED FOREST NP | REHABILITATE PAINTED DESERT INN and CABINS | 2,851,000 | 109 | SWR | 2 | B |
| PETROGLYPH NM | REHABILITATE/EXPAND VISITOR CENTER | 1,156,000 | 1 | SWR | 4 | B |

| | | | | | | |
|---|---|---|---|---|---|---|
| PETROGLYPH NM | FENCE BOUNDARY/REMOVE DEBRIS | 960,000 | 103 | SWR | 2 | L |
| PETROGLYPH NM | CONSTRUCT NEW VISITOR CENTER | 13,080,000 | 106 | SWR | 4 | B |
| PICTURED ROCKS NL | CONSTRUCT ADMINISTRATION and PUBLIC USE FACILITY | 3,800,000 | 168 | MWR | 5 | B |
| PICTURED ROCKS NL | RESTORE LIGHTHOUSE SEAWALL | 943,200 | 107 | MWR | 2 | L |
| PICTURED ROCKS NL | REHAB 12 MILES BEACH ROUTE 16 | 16,764,000 | 191 | MWR | 5 | R |
| PICTURED ROCKS NL | PAVING—AuSABLE POINT | 660,000 | 200 | MWR | 3 | R |
| PICTURED ROCKS NL | PAVE ROAD and PARKING—MINER'S BEACH | 396,000 | 200 | MWR | 3 | R |
| POINT REYES NS | RECONSTRUCT TOMALES ROAD | 1,320,000 | 261 | WER | 3 | R |
| POINT REYES NS | PAVE PALO MARIN TRAILHEAD ROAD | 924,000 | 262 | WER | 3 | R |
| PRESIDENT'S PARK | ELIMINATE ENV. HAZARD AT WHITE HOUSE GREENHOUSE | 649,000 | 473 | NCR | 1 | B |
| PRESIDENT'S PARK | IMPLEMENT WHITE HOUSE COMPREHENSIVE DESIGN | 90,000,000 | 249 | NCR | 5 | B |
| PRINCE WILLIAM FOREST PARK | REPLACE CAMPGROUND WATER LINES | 7,450,000 | 239 | NCR | 1 | U |
| PRINCE WILLIAM FOREST PARK | CONSTRUCT VISITOR CENTER | 4,200,000 | 152 | NCR | 5 | B |
| PU'UHONUA O HONAUNAU | CONSTRUCT REPLACEMENT OFFICE and MAINTENANCE SHOP | 3,458,400 | 113 | WER | 5 | B |
| PUUKOHOLA HEIAU | RELOCATE VISITOR CTR., ADMIN., and MAINTENANCE SHOP | 1,886,400 | 107 | WER | 3 | B |
| REDWOOD NP | REALIGN DAVISON ROAD | 4,224,000 | 186 | WER | 3 | R |
| RICHMOND NAT BATTLEFIELD PARK | STABILIZE DREWERY'S BLUFF and EARTHWORKS | 14,400,000 | 170 | MAR | 2 | L |
| RICHMOND NBP | REPAIR/REHABILITATE EXISTING VISITOR USE FACILITIES | 10,800,000 | 169 | MAR | 3 | L |
| RICHMOND NBP | REHABILITATE PARK ROADS | 2,772,000 | 129 | MAR | 3 | R |
| ROCK CREEK PARK | RESTORE HISTORIC PIERCE GRIST MILL | 1,223,000 | 227 | NCR | 2 | B |
| ROCK CREEK PARK | REHABILITATE MERIDIAN HILL INFRASTRUCTURE | 10,471,200 | 120 | NCR | 2 | B |
| ROCK CREEK PARK | CORRECT CARTER BARON STRUCTURAL PROBLEMS | 684,000 | 204 | NCR | 2 | B |
| ROCK CREEK PARK | REHABILITATE ROCK CREEK PARKWAY and ADJACENT TRAIL | 34,452,000 | 318 | NCR | 1 | R |
| ROCKY MOUNTAIN NP | CONSTRUCT VEHICLE MAINTENANCE/STORAGE BUILDINGS | 506,400 | 278 | RMR | 3 | B |
| ROCKY MOUNTAIN NP | REPLACE OBSOLETE SEASONAL HOUSING | 28,044,000 | 123 | RMR | 3 | H |
| ROCKY MOUNTAIN NP | UPGRADE FALL RIVER ENTRANCE FACILITIES | 2,443,200 | 104 | RMR | 5 | B |
| ROCKY MOUNTAIN NP | REBUILD BEAR LAKE ROAD | 4,752,000 | 324 | RMR | 3 | R |
| SAGUARO NM | REHABILITATE TUCSON MOUNTAIN ROADS | 9,636,000 | 255 | WER | 3 | R |
| SAINT GAUDENS NHS | CONSTRUCT MAINTENANCE AND EXHIBIT BUILDING | 7,040,000 | 121A | NAR | 5 | B |
| SAINT GAUDENS NHS | PHASE II DEVELOPMENTS | 6,632,400 | 121B | NAR | 1 | L |
| SALINAS PUEBLO MISSIONS NHP | CONSTRUCT ABO VISITOR FACILITIES | 3,120,000 | 179 | SWR | 4 | B |
| SALINAS PUEBLO MISSIONS NHP | REHABILITATE ENTRANCE ROADS | 1,188,000 | 173 | SWR | 3 | R |
| SALINAS PUEBLO MISSIONS NHP | CONSTRUCT GRAN QUIVIRA VISITOR FACILITIES | 3,120,000 | 178 | SWR | 4 | B |
| SAN ANTONIO MISSIONS NHP | IMPROVE HEALTH, SAFETY, VISITOR SERVICES–SAN JUAN | 3,111,000 | 190 | SWR | 3 | B |
| SAN ANTONIO MISSIONS NHP | REHABILITATE SAN JUAN MISSION STRUCTURES | 3,960,000 | 187 | SWR | 2 | B |
| SAN ANTONIO MISSIONS NHP | REHABILITATE PARKING AREAS | 792,000 | 185 | SWR | 3 | R |
| SAN FRANCISCO MARITIME NHS | RESTORE ENDANGERED SHIP C.A. THAYER | 11,004,000 | 643 | WER | 2 | B |
| SAN FRANCISCO MARITIME NHS | REHABILITATE THREATENED HISTORIC MUSEUM BUILDING | 6,602,400 | 518 | WER | 2 | B |
| SAN FRANCISCO MARITIME NHS | COMPLETE RESTORATION OF SAILING SHIP BALCLUTHA | 3,144,000 | 635 | WER | 2 | B |
| SANTA MONICA NRA | REHABILITATE DIAMOND X AREA MAINTENANCE FACILITY | 1,572,000 | 331 | WER | 3 | B |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| SANTA MONICA NRA | RANCHO SIERRA VISTA RD/SATWIWA NAT AR (IN. PKG145 | 1,980,000 | 226 | WER | 3 | R |
| SANTA MONICA NRA | REHABILITATE CIRCLE X CAMPGROUND ROADS | 1,980,000 | 290 | WER | 3 | R |
| SARATOGA NHP | REHABILITATE TOUR ROADS and WAYSIDES | 7,920,000 | 159 | NAR | 2 | R |
| SARATOGA NHP | PRESERVE SARATOGA MONUMENT and SITE | 2,360,000 | 159 | NAR | 2 | L |
| SARATOGA NHP | REHABILITATE ROADS AND PARKING | 396,000 | 160 | NAR | 3 | R |
| SAUGUS IRON WORKS NHS | PRESERVE/REHABILITATE HIST. STRUCTURES and EXHIBITS | 2,400,000 | 154 | NAR | 2 | B |
| SEQUOIA and KINGS CANYON NP | REMOVE FACILITIES AND RESTORE GIANT FOREST | 8,200,000 | 200 | WER | 2 | L |
| SEQUOIA and KINGS CANYON NP | COMPLETE WUKSACHI VILLAGE INFRASTRUCTURE | 13,900,000 | 130 | WER | 2 | U |
| SEQUOIA and KINGS CANYON NP | RECONSTRUCT GENERALS HIGHWAY | 40,920,000 | 840 | WER | 3 | R |
| SEQUOIA and KINGS CANYON NP | CONSTRUCT/REPLACE LODGEPOLE HOUSING | 55,020,000 | 259 | WER | 5 | H |
| SEQUOIA and KINGS CANYON NP | REPLACE CEDAR GROVE BRIDGE | 3,960,000 | 336 | WER | 3 | R |
| SEQUOIA and KINGS CANYON NP | PAVE GRAVEL SECTION AT MINERAL KING | 6,600,000 | 541 | WER | 5 | R |
| SEQUOIA and KINGS CANYON NP | RECONSTRUCT GENERALS HIGHWAY (PHASE II) | 16,500,000 | 841 | WER | 3 | R |
| SHENANDOAH NP | REPLACE TRAILERS/CONSTRUCT EMERGENCY FACILITY | 25,100,000 | 446 | MAR | 1 | H |
| SHENANDOAH NP | REHABILITATE WATER/SEWER/FIRE SYSTEMS | 11,800,000 | 455 | MAR | 1 | U |
| SHENANDOAH NP | REHABILITATE STORM–DAMAGED TRAILS | 12,000,000 | 456 | MAR | 2 | L |
| SHENANDOAH NP | REHABILITATE VISITOR FACILITIES | 4,800,000 | 457 | MAR | 3 | L |
| SHENANDOAH NP | RECONSTRUCT SKYLINE DRIVE | 29,040,000 | 125 | MAR | 3 | R |
| SHILOH NMP | STABILIZE RIVERBANK | 2,600,000 | 134 | SER | 2 | L |
| SHILOH NMP | RESURFACE TOUR ROADS, INCL. SHOULDER and DRAINAGE | 3,300,000 | 138 | SER | 3 | R |
| SLEEPING BEAR DUNES NL | REHABILITATE STOCKING SCENIC DRIVE FACILITIES | 2,215,200 | 210 | MWR | 3 | B |
| SLEEPING BEAR DUNES NL | CONSTRUCT SCENIC ROAD | 23,364,000 | 120 | MWR | 4 | R |
| SOUTHWEST REGION | REHABILITATE HISTORIC OLD SANTA FE TRAIL BUILDING | 2,100,000 | 257 | SWR | 2 | B |
| SOUTHWEST REGION | CONSTRUCT EMPLOYEE HOUSING AT 11 PARKS | 8,600,000 | 279 | SWR | 4 | H |
| STATUE OF LIBERTY NM | COMPLETE HISTORIC SEAWALL REHABILITATION | 2,944,000 | 2 | NAR | 1 | L |
| STATUE OF LIBERTY NM | STABILIZE 23 ELLIS ISLAND BUILDINGS | 12,000,000 | 163 | NAR | 2 | B |
| STATUE OF LIBERTY NM | STABILIZE ELLIS ISLAND HAZARDOUS MATERIALS | 3,600,000 | 161 | NAR | 1 | L |
| STEAMTOWN NHS | REHABILITATE PARK ROADS | 3,960,000 | 900 | MAR | 3 | R |
| STEPHEN MATHER TRAINING CTR | REHABILITATE TRAINING CENTER COMPLEX | 4,462,000 | 1 | WASO | 3 | B |
| SUNSET CRATER VOLCANO NM | CONSTRUCT MAINTENANCE COMPLEX | 1,680,000 | 152 | SWR | 5 | B |
| SUNSET CRATER VOLCANO NM | REHABILITATE PARK ROADS | 4,224,000 | 900 | WER | 3 | R |
| THEODORE ROOSEVELT NP | RECONSTRUCT/RESURFACE PARK ROADS | 11,880,000 | 164 | RMR | 3 | R |
| THEODORE ROOSEVELT NP | CONSTRUCT FLOOD PROTECTION | 607,200 | 108 | RMR | 5 | L |
| THOMAS STONE NHS | FULL SITE DEVELOPMENT AND RESTORATION | 7,080,000 | 108 | MAR | 4 | L |

| | | | | | | |
|---|---|---|---|---|---|---|
| TIMPANOGOS CAVE NM | CONSTRUCT VISITOR/ADMINISTRATIVE CENTER COMPLEX | 7,605,000 | 135 | RMR | 3 | B |
| TIMUCUAN ECOL. and HIST. PRESERVE | CONSTRUCT VISITOR FACILITIES FOR NEW AREA | 9,728,000 | 128 | SER | 4 | B |
| TONTO NM | CONSTRUCT VIS. CTR. RESTROOMS and WASTEWATER PLANT | 1,065,000 | 138 | SWR | 3 | B |
| TONTO NM | RECONSTRUCT ENTRANCE/PICNIC ROADS and PARKING | 1,848,000 | 135 | WER | 3 | R |
| ULYSSES S. GRANT NHS | PRESERVE/RESTORE GRANT HOME AND SITE | 10,900,000 | 100 | MWR | 2 | B |
| UPPER DELAWARE S&RR | DEVELOP INITIAL PARK VISITOR FACILITY | 9,000,000 | 123 | MAR | 4 | L |
| UPPER DELAWARE S&RR | ROEBLING BRIDGE RECONSTRUCTION (PHASE II) | 2,640,000 | 110 | MAR | 5 | R |
| UPPER DELAWARE SCENandREC.RIVER | COMPLETE INITIAL FACILITIES DEVELOPMENT | 5,760,000 | 130 | MAR | 2 | B |
| VALLEY FORGE NHP | REPAIR/REHABILITATE HIST. STRUCT./COLLECTION STORAGE | 13,200,000 | 202 | MAR | 3 | L |
| VANDERBILT MANSION NHS | PRESERVE VANDERBILT MANSION | 8,200,000 | 139 | NAR | 2 | B |
| VIRGIN ISLANDS NP | RECONSTRUCT LAMESHORE ROAD | 1,980,000 | 127B | SER | 3 | R |
| VOYAGEURS NP | CONSTRUCT VISITOR FACILITIES | 3,865,000 | 159 | MWR | 5 | B |
| VOYAGEURS NP | IMPROVE CRANE LAKE ROAD | 13,860,000 | 219 | MWR | 3 | R |
| VOYAGEURS NP | IMPROVE WEST KABETOGAMA ROADS | 660,000 | 220 | MWR | 3 | R |
| WEIR FARM NHS | PRESERVE STRUCT./PROVIDE INITIAL SUPPORT FACILITIES | 14,594,400 | 102 | NAR | 2 | B |
| WEIR FARM NHS | REHAB PARK ROADS AND PARKING | 132,000 | 102 | NAR | 3 | R |
| WHISKEYTOWN–SHASTA–TRINITY NRA | COMPLETE SOUTH SHORE ROAD PAVING | 3,300,000 | 109 | WER | 4 | R |
| WHITE SANDS NM | CONSTRUCT PARK HEADQUARTERS BUILDING | 2,160,000 | 109 | SWR | 5 | B |
| WHITE SANDS NM | CONSTRUCT MAINTENANCE/STORAGE BUILDING | 1,800,000 | 128 | SWR | 5 | B |
| WILSON'S CREEK NB | REPLACE DETERIORATING WASTEWATER PLANT | 1,080,000 | 325 | MWR | 1 | U |
| WILSON'S CREEK NB | REHABILITATE MAIN ENTRANCE ROAD | 660,000 | 173 | MWR | 3 | R |
| WOLF TRAP FARM PARK | ALLEVIATE HAZARDOUS TRAFFIC CONGESTION | 41,184,000 | 208 | NCR | 1 | R |
| WOLF TRAP FARM PARK | EXPAND RESTROOMS and CONCESSIONS | 4,800,000 | 130 | NCR | 5 | B |
| WRANGELL–ST.ELIAS NP and PRES | CONSTRUCT VISITOR CENTER/HEADQUARTERS FACILITY | 7,100,000 | 100GL | AKR | 4 | B |
| WRIGHT BROTHERS NM | CONSTRUCT AUDITORIUM ADDITION TO VISITOR CENTER | 11,400,000 | 115 | SER | 5 | B |
| WUPATKI NM | REHABILITATE MTNCE. AREA—SUNSET CRATER VOLCANO | 1,700,000 | 101 | SWR | 3 | B |
| WUPATKI NM | REHABILITATE SEWER LAGOONS | 2,222,000 | 192 | SWR | 1 | U |
| WUPATKI NM | RECONSTRUCT MAIN LOOP ROAD | 7,920,000 | 103 | SWR | 3 | R |
| YELLOWSTONE NP | REPAIR/REPLACE DETERIORATED HOUSING | 100,000,000 | 817 | RMR | 3 | H |
| YELLOWSTONE NP | REHABILITATE FISHING BRIDGE CAMPGROUND AND MARINA | 36,000,000 | 813 | RMR | 3 | L |
| YELLOWSTONE NP | RECONSTRUCT ROADS PARKWIDE | 250,800,000 | 254 | RMR | 3 | R |
| YELLOWSTONE NP | UPGRADE MADISON and NORRIS UTILITY PLANTS | 4,716,000 | 636 | RMR | 3 | U |
| YELLOWSTONE NP | IMPLEMENT LAKE DEVELOPMENT CONCEPT PLAN | 4,800,000 | 821 | RMR | 3 | L |
| YELLOWSTONE NP | ALTERNATIVE TRANSPORTATION MODES | 1,320,000 | 2008 | RMR | 5 | R |
| YOSEMITE NP | RESTORE VALLEY BY REMOVING/REDESIGNING FACILITIES | 137,900,000 | 504 | WER | 2 | L |
| YOSEMITE NP | UPGRADE FAILING SEWAGE AND WATER SYSTEMS | 10,500,000 | 383 | WER | 1 | U |
| YOSEMITE NP | REHABILITATE FAILING ELECTRICAL SYSTEM | 8,100,000 | 473 | WER | 1 | U |
| YOSEMITE NP | REPLACE LIFE SAFETY COMMUNICATIONS SYSTEM | 5,502,000 | 44 | WER | 1 | U |
| YOSEMITE NP | REPLACE/REHABILIATE OBSOLETE HOUSING | 31,440,000 | 651 | WER | 1 | H |
| YOSEMITE NP | RELOCATE SOUTH ENTRANCE and MARIPOSA GROVE FACILITIES | 31,152,000 | 140 | WER | 2 | L |

## RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| YOSEMITE NP | RECONSTRUCT GLACIER POINT ROAD | 15,840,000 | 843 | WER | 3 | R |
| YOSEMITE NP | RECONSTRUCT EL PORTAL ROAD | 26,796,000 | 505 | WER | 1 | R |
| YOSEMITE NP | REHABILITATE WAWONA ROAD | 27,984,000 | 565 | WER | 3 | R |
| YOSEMITE NP | RELOCATE/REMOVE HOUSING FROM VALLEY | 34,584,000 | 46 | WER | 2 | H |
| YOSEMITE NP | RECONSTRUCT TIOGA ROAD | 46,200,000 | 146 | WER | 3 | R |
| YOSEMITE NP | ALTERNATIVE TRANSPORTATION MODES | 26,400,000 | 2003 | WER | 5 | R |
| YUKON–CHARLEY RIVERS NPRES | REHABILITATE HIST. BLDGS. and CONSTRUCT NEW FACILITIES | 3,181,000 | 100CC | AKR | 3 | B |
| ZION NP | CONSTRUCT EMPLOYEE HOUSING | 8,634,000 | 178 | RMR | 3 | H |
| ZION NP | REBUILD PARK ROUTE 7 | 2,508,000 | 210 | RMR | 3 | R |
| Total | | 5,587,776,410 | | | | |

Objectives:

1 = Health and safety.
2 = Resource preservation.
3 = Repair/rehabilitation of existing facilities.
4 = New facilities in a new/developing park.
5 = Additional facilities in an older/established park.

Work type:

B = Buildings: Visitor, park support, et cetra.
H = Housing: Permanent, seasonal.
L = Landscape work, site restoration, et cetra.
R = Roads: FLHP, Non-FLHP, bridges, et cetra.
U = Utilities: Water and sewer systems, et cetra.

## NATIONAL PARK SERVICE LINE-ITEM CONSTRUCTION PROGRAM

[Servicewide priorities by fund group]

| SWP | Park | Package number | Project title | Field area | Amount |
|---|---|---|---|---|---|
| | | | Small projects—under $4 | | |
| S1 | Longfellow NHS | 01 | Protect/conserve structures and collections | NE | 1,642,001 |
| S2 | Salem Maritme NHS | 202 | Complete rehabilitation of Polish Club for multiple use | NE | 1,042,760 |
| S3 | Gateway NRA | 210 | Rehabilitate Sandy Hook Lighthouse | NE | 884,250 |
| S4 | Great Smoky Mountains NP | 02 | Reconstruct trails | SE | 969,610 |
| S5 | Eisenhower NHS | 01 | Fire protection for historic structures | NE | 975,438 |
| S6 | Natchez NHP | 106 | Restore William Johnson and rehabilitate McCallum Houses | SE | 590,247 |
| S7 | John Muir NHS | 186 | Relocate maintenance building | PW | 1,158,227 |
| S8 | Glen Canyon NRA | 429 | Improve Lake Powell water quality | IM | 1,020,288 |
| S9 | Historic Preservation Trainin | 01 | Historic Preservation Training Center rehabilitation | WASO | 847,570 |
| S10 | Boston African-American NHS | 102 | Rehabilitate African Meeting House | NE | 1,224,850 |
| S11 | Minute Man NHP | 170 | Complete Battle Road Trail | NE | 1,175,175 |
| S12 | Glen Canyon NRA | 234 | Enhance water quality and recreation | IM | 1,020,071 |
| S13 | Grant-Kohrs Ranch NHS | 162 | Construct collections storage facilities | IM | 860,029 |
| S14 | Mammoth Cave NP | 187 | Mitigate pollution of cave from parking lot runoff | SE | 1,119,295 |
| S15 | Antietam NB | 315 | Stabilize and restore Antietam Battleground structures | NC | 1,532,700 |
| S16 | Edison NHS | 170 | Preserve historic buildings and collections | NE | 2,804,207 |
| S17 | Adams NHS | 108 | Repair/rehabilitate Adams Carriage House | NE | 1,735,750 |
| S18 | Minute Man NHP | 170A | Save historic structures and cultural landscape | NE | 2,625,611 |
| S19 | Independence NHP | 417 | Rehabilitate Bishop White House utilities | NE | 854,222 |
| S20 | Sitka NHP | 101 | Rehabilitate historic Priest's Quarters and Old School House | AK | 1,121,360 |
| S21 | Assateague Island NS | 01 | Sustainable bathhouses | NE | 1,038,830 |
| S22 | Crater Lake NP | 274 | Rehabilitate Rim Village historic structures and landscape | PW | 1,845,790 |
| S23 | Shiloh NMP | 128 | Halt loss of prehistoric earth mounds | SE | 1,460,650 |
| S24 | Maggie Walker NHS | 116 | Stabilize/restore historic resources | NE | 1,916,457 |
| S25 | Jimmy Carter NHS | 01 | Restore boyhood farm of Jimmy Carter | SE | 1,301,844 |
| S26 | Kaloko-Honokohau NHP | 157 | Construct entrance/parking, utilities, trails | PW | 1,634,880 |
| S27 | Wind Cave NP | 149 | Rehabilitate leaking utility lines to protect cave | MW | 1,965,000 |
| S28 | Salem Maritime NHS | 203 | Rehabilitate seawall and moorings for accessibility | NE | 772,900 |
| S29 | Morristown NHP | 324 | Rehabilitate historic park buildings | NE | 1,694,608 |
| S30 | Florissant Fossil Beds NM | 145 | Construct stump shelters to protect fossil resource | IM | 1,206,510 |
| S31 | Denali NP and PRES | 105 | Construct fire-emergency services building and headqtrs | AK | 1,616,540 |
| S32 | Ulysses S. Grant NHS | 100A | Restore historic structures and provide visitor facilities, Ph. I | MW | 3,421,720 |

NATIONAL PARK SERVICE LINE-ITEM CONSTRUCTION PROGRAM—Continued

[Servicewide priorities by fund group]

| SWP | Park | Package number | Project title | Field area | Amount |
|---|---|---|---|---|---|
| S33 | Weir Farm NHS | 102 | Rehabilitate Burlingham Complex | NE | 1,323,100 |
| S34 | Fort Point NHS | 393 | Repair earthquake damage and repoint brickwork | PW | 2,136,679 |
| S35 | Upper Deleware S&RR | 110 | Complete site development—Delaware Aqueduct | NE | 901,280 |
| S36 | Independence NHP | 414 | Rehabilitate East Wing and West Wing exhibits | NE | 1,203,024 |
| S37 | Hopewell Furnace NHS | 195 | Stabilization of Anthracite Furnace | NE | 909,140 |
| S38 | Lowell NHP | 117 | Complete Boott Mill | NE | 957,822 |
| S39 | Colonial NHP | 402 | Protect collections | NE | 1,768,500 |
| S40 | Cape Cod NS | 104 | Health, access Salt Pond Visitor Center | NE | 2,836,150 |
| S41 | Golden Gate NRA | 348 | Repair balconies on Alcatraz historic barracks | PW | 1,180,036 |
| S42 | Haleakala NP | 223 | Replace comfort station and wastewater system | PW | 3,240,940 |
| S43 | Delaware Water Gap NRA | 04 | Rehabilitate Dingman Falls site | NE | 2,139,626 |
| S44 | Allegheny Portage NHS | 225 | Staple Bend Tunnel stabilization/development | NE | 3,027,410 |
| S45 | Fort McHenry NM and Shrine | 01 | Complete historic seawall repairs | NE | 2,210,358 |
| S46 | President's Park | 473 | Eliminate environmental hazard, WhiteHouse greenhouse | NC | 648,673 |
| S47 | George Washington MEM PKWY | 181 | Theodore Roosevelt Memorial restoration | NC | 1,764,570 |
| S48 | Katmai NP and PRES | 102 | Lake camp development | AK | 1,726,270 |
| S49 | Lake Mead NRA | 069 | Upgrade water treatment at Katherine to comply with law | PW | 3,094,500 |
| S50 | Gettysburg NMP | 02 | Repair 22 historic monuments | NE | 2,011,868 |
| S51 | Rock Creek Park | 227 | Restore historic Pierce Mill and Waterwheel | NC | 1,223,064 |
| S52 | Booker T. Washington NM | 01 | Rehabilitate visitor center | NE | 1,478,990 |
| S53 | Gettysburg NMP | 01 | Protect historic structures | NE | 2,492,223 |
| S54 | Fredericksburg and Spotsylvania | 107 | Stabilize historic ruins and resources | NE | 2,070,367 |
| S55 | Cape Hatteras NS | 301 | Construct a protective groin | SE | 2,020,712 |
| S56 | Petroglyph NM | 01 | Visitor center rehabilitation and expansion | IM | 1,156,141 |
| S57 | New River Gorge NR | 154 | Visitor facilities—Middle Gorge | NE | 1,841,965 |
| S58 | Hampton NHS | 001 | Reroof mansion and farmhouse | NE | 1,572,000 |
| S59 | Petrified Forest NP | 109 | Rehabilitate Painted Desert Inn and Cabins | IM | 2,850,512 |
| S60 | Fort Scott NHS | 227 | Provide fire protection for historic structures | MW | 1,140,846 |
| S61 | Colonial NHP | 400 | Connect Jamestown water system | NE | 958,920 |
| S62 | Chirichua NM | 241 | Upgrade utilities, headquarters/campground | IM | 1,201,270 |
| S63 | Gateway NRA | 220 | Rehabilitate Ft. Tompkins at Ft. Wadsworth | NE | 2,800,818 |
| S64 | Delaware Water Gap NRA | 01 | Rehabilitate recreation site | NE | 2,689,430 |
| S65 | Wupatki NM | 101 | Rehabilitate maintenance area—Sunset Crater Volcano | IM | 1,700,380 |
| S66 | Acadia NP | 320 | Rehabilitate historic Carriage Road bridges | NE | 3,007,760 |

| | | | | | |
|---|---|---|---|---|---|
| S67 | Mount Rainier NP | 399 | Complete repair of Jackson visitor center roof | PW | 994,602 |
| S68 | Pecos NHS | 160 | Correct/rehabilitate Ranch Unit buildings | IM | 1,989,321 |
| S69 | Padre Island NS | 215 | Construct sewage treatment facilities | IM | 1,046,235 |
| S70 | Kenai Fjords NP | 110 | Improve access and visitor facilities, Exit Glacier | AK | 2,849,888 |
| S71 | San Antonio Missions NHP | 190 | Improve health, safety, visitor services—San Jose Mission | IM | 3,111,250 |
| S72 | Manassas NBP | 155 | Preserve historic resources parkwide—stabilize and restore | NC | 1,388,558 |
| S73 | Mississippi NR and RA | 110 | Develop partnership education facilities in Science Museum | MW | 2,563,690 |
| S74 | Fire Island NS | 01 | Sustainable Student Discovery Camp | NE | 2,841,086 |
| S75 | Eisenhower NHS | 02 | Rehabilitate historic barns | NE | 2,725,826 |
| S76 | Statue of Liberty NM | 02 | Complete historic seawall rehabilitation | NE | 2,943,570 |
| S77 | Wupatki NM | 192 | Rehabilitate sewer lagoons | IM | 2,221,760 |
| S78 | Cape Cod NS | 226 | Replace beach facilities | NE | 2,913,440 |
| S79 | Carlsbad Caverns NP | 198 | Rehabilitate highspeed elevators and shaft | IM | 2,063,250 |
| S80 | Grand Portage NHS | 106 | Remove housing and mtnce. activities from hist. resources | MW | 3,239,500 |
| S81 | Catoctin Mountain Park | 989 | Replace failing electrical system at Catoctin Mtn. Park | NC | 721,810 |
| S82 | Saint-Guadens NHS | 121 | Improve sanitary and visitor facilities | NE | 2,166,740 |
| S83 | Martin Van Buren NHS | 101 | Construct visitor restrooms and park staff facilities | NE | 2,210,358 |
| S84 | Denali NP& PRES | 120 | Rehabilitate Entrance Area utilities, water and sewer | AK | 3,407,310 |
| S85 | Bryce Canyon NP | 103 | Reconstruct North and Sunset Campgrounds | IM | 1,703,000 |
| S86 | Fredericksburg and Spotsylvania | 106 | Protect park boundary | NE | 798,381 |
| S87 | North Cascades NP | 107 | Repair/stabilize Golden West visitor center—adaptive use | PW | 2,485,916 |
| S88 | Gateway NRA | 219 | Rehabilitate Battery Weed seawall and dock | NE | 3,278,697 |
| S89 | Denali NP and PRES | 100RC | Rehabilitate Entrance Area utilities, electrical | AK | 2,416,950 |
| S90 | Katmai NP and PRES | 103 | Maintenance and curation building | AK | 3,333,950 |
| S91 | Montezuma Castle NM | 100 | Develop Montezuma Well infrastructure and facilities | IM | 2,936,829 |
| S92 | Pictured Rocks NL | 168 | Construct administration and public use facility | MW | 3,792,922 |
| S93 | Tonto NM | 138 | Construct visitor center restrooms and wastewater treatment | IM | 1,065,030 |
| S94 | Hovenweep NM | 134 | Build visitor center/ranger station and support facilities | IM | 3,669,310 |
| S95 | Vicksburg NMP | 300 | Replace Cairo exhibit roof | SE | 1,945,397 |
| S96 | Chickamauga-Chattanooga NMP | 102 | Improve park roads and provide public restrooms | SE | 2,209,970 |
| S97 | Delaware Water Gap NRA | 02 | Sustainable comfort stations | NE | 2,042,370 |
| S98 | Hampton NHS | 02 | Construct restrooms and connect sewer | NE | 1,082,060 |
| S99 | Big Bend NP | 274 | Redesign and rehabilitate deteriorated campground | IM | 3,168,890 |
| S100 | Big Bend NP | 132 | Rehabilitate/expand failing water system | IM | 3,183,300 |
| S101 | Harpers Ferry Center | 172 | Accessibility modifications-HFC/IDC elevator | WASO | 1,620,470 |
| S102 | Big Cypress NPRES | 02 | Additional lands operations facility | SE | 1,721,340 |
| S103 | Big Bend NP | 278 | Rehabilitate and expand sewage treatment | IM | 3,227,840 |
| | Subtotal, small projects | | | | 195,445,548 |

NATIONAL PARK SERVICE LINE-ITEM CONSTRUCTION PROGRAM—Continued

[Servicewide priorities by fund group]

| SWP | Park | Package number | Project title | Field area | Amount |
|---|---|---|---|---|---|
| | | | Medium projects—$4 to $10 million | | |
| M1 | Glacier Bay NP&PRES | 104 | Upgrade utilities | AK | 5,278,335 |
| M2 | Fort Smith NHS | 200 | Rehabilitate historic courthouse/jail for visitor/admin. use | MW | 4,075,257 |
| M3 | Acadia NP | 232 | Upgrade utilities and restrooms, Ph. I | NE | 5,257,030 |
| M4 | Castillo de San Marcos NM | 116 | Stabilize Castillo de San Marcos National Monument | SE | 4,279,770 |
| M5 | Shenandoah NP | 455 | Upgrade utility systems | NE | 4,953,110 |
| M6 | Gateway NRA | 169 | Rehabilitate utilities at Floyd Bennett Field | NE | 5,690,492 |
| M7 | Sitlka NHP | 106 | Rehabilitate visitor center and curatorial buildings | AK | 4,076,720 |
| M8 | Zion NP | 226 | Complete visitor transportation system | IM | 9,097,950 |
| M9 | Lake Mead NRA | 01 | Upgrade water treatment to comply with the law | PW | 8,546,716 |
| M10 | Hot Springs NP | 145 | Abate lead-based paint in historic structures | MW | 4,709,450 |
| M11 | Stephen T. Mather Training Ce | 01 | Mather Training Center rehabilitation | WASO | 4,461,860 |
| M12 | Bryce Canyon NP | 125 | Rehabilitate visitor and education center | IM | 4,381,950 |
| M13 | Big Cypress NPRES | 01 | Scenic corridor visitor safety hwy improvements | SE | 4,793,290 |
| M14 | Yellowstone NP | 854 | Replace sewage plant—Old Faithful | IM | 5,895,000 |
| M15 | Ulyssess S. Grant NHS | 100B | Restore historic structures and provide visitor facilities, Ph. II | MW | 7,531,190 |
| M16 | Yellowstone NP | 855 | Replace water and sewer system—Norris Junction | IM | 6,261,800 |
| M17 | Horace M. Albright Training C | 01 | Albright Training Center rehabilitation | WASO | 6,240,840 |
| M18 | Mississippi NR&RA | 114 | Construct Mississippi River partnership education center | MW | 4,280,726 |
| M19 | Mammoth Cave NP | 171 | Renovate visitor center | SE | 5,326,962 |
| M20 | Glacier NP | 165 | Replace failed headquarters sewer and water systems | IM | 9,494,224 |
| M21 | Timpanogos Cave NM | 135 | Reconstruct interagency visitor center complex | IM | 7,604,550 |
| M22 | Lake Meredith NRA | 210 | Reconstruct, reconnect, and repair water system | IM | 4,400,552 |
| M23 | Home of FDR NHS | 137 | Rehabilitate/restore Franklin Delano Roosevelt NHS | NE | 4,736,960 |
| M24 | Dinosaur NM | 204 | Construct and supply curatorial facility | IM | 4,660,419 |
| M25 | Congaree Swamp NM | 101 | Construct permanent facilities | SE | 8,981,360 |
| M26 | National Capital Parks-East | 612 | Anacostia operations facility—full rehabilitation | NC | 7,217,555 |
| M27 | Timucuan Ecological $ Histori | 128 | Construct visitor facilities for new area | SE | 9,728,060 |
| M28 | Mount Rushmore NMEM | 182 | Replace wastewater treatment system | MW | 8,988,788 |
| | Subtotal, medium projects | | | | 170,950,915 |

Large projects—$10 to $25 million

| | | | | | |
|---|---|---|---|---|---|
| L1 | Brown v. Board of Education N | 100 | Rehabilitate Monroe School for visitor and admin. uses | MW | 11,031,510 |
| L2 | Sequoia NP | 200 | Restore Giant Forest and construct day-use facility | PW | 25,241,080 |
| L3 | Wrangell-St. Elias NP and PRES | 117 | Construct visitor center and headquarters | AK | 14,074,640 |
| L4 | Kenai Fjords NP | 140 | Build cooperative VC, HQ, conference center, Seward | AK | 11,542,410 |
| L5 | National Capital Parks-Centra | 758 | Preservation of the Lincoln and Jefferson Memorials | NC | 19,893,220 |
| L6 | Yosemite NP | 383 | Improve Tuolumne water and wastewater systems | PW | 10,486,550 |
| L7 | Grand Canyon NP | 01 | Construct South Rim orientation | IM | 21,956,221 |
| L8 | National Capital Parks-Centra | 448 | Preservation and rehabilitation of the Washington Monument | NC | 21,536,819 |
| L9 | Yosemite NP | 504 | Restore Yosemite Valley—remove/consolidate facilities | PW | 24,452,460 |
| L10 | Everglades NP | 191 | Rehabilitate Flamingo water and wastewater systems | SE | 17,647,167 |
| L11 | Fort Sumpter NM | 105 | Construct tour boat facility -- Dockside II | SE | 10,724,075 |
| L12 | Sequoia NP | 130 | Complete infrastructure for Wuksachi Village | PW | 13,942,330 |
| | Subtotal, large projects | | | | 202,528,482 |
| | Total, line item construction program | | | | 568,924,946 |

## SERVICEWIDE PRIORITIES—FEDERAL LANDS HIGHWAY PROGRAM

| FLHP PRI | Park | Package | Reg | Reg pri | Package title | Estimate | Objective |
|---|---|---|---|---|---|---|---|
| 30 | ACADIA | 287 | NAR | 18 | REHABILITATE TOUR LOOP ROAD AND BRIDGES | 20,000,000 | 2 |
| 52 | ACADIA | 233 | NAR | 33 | REPLACE PARK ENTRANCE ROAD | 1,000,000 | 4 |
| 51 | AMISTAD | 180 | SWR | 28 | RECONSTRUCT PARK ROADS | 2,000,000 | 3 |
| 48 | ANTIETAM | 271 | NCR | 34 | CONSTRUCT NEW TOUR ROADS | 2,405,000 | 2 |
| 50 | ASSATEAGUE | 231 | MAR | 53 | RECONSTRUCT ROADS AND PARKING, MD & VA | 6,500,000 | 3 |
| 34 | BADLANDS | 120 | RMR | 24 | REHAB 30 MILES MAIN ROAD | 15,700,000 | 3 |
| 11 | BIG BEND | 223 | SWR | 10 | RECOSTRUCT MAJOR PARK ROADS | 18,400,000 | 3 |
| 71 | BIG THICKET | 113 | SWR | 45 | STABILIZE PARK ROADS | 1,600,000 | 3 |
| 6 | BLUE RIDGE PARKWAY | 503 | SER | 5 | RESURFACE 25 MILES OF PARKWAY | 5,000,000 | 3 |
| 23 | BOSTON | 154 | NAR | 14 | IMPROVE CHARLESTOWN NAVY YARD ROADS | 4,150,000 | 1 |
| 28 | BRYCE CANYON | 106 | RMR | 18 | RECONSTRUCT ROADS PARKWIDE | 21,000,000 | 3 |
| 40 | CANYON DE CHELLY | 169 | SWR | 25 | REHAB PARK ROADS | 1,500,000 | 3 |
| 70 | CAPE COD | 210 | | NAR | REHAB PARK ROADS AND PARKING | 2,626,000 | 3 |
| 86 | CARLSBAD CAVERNS | 180 | SWR | 74 | RESURFACE ENTRANCE ROAD AND PARKING | 500,000 | 3 |
| 46 | CHICKAMAUGA AND CHATTANOOGA | 142 | SER | 19 | RELOCATE U.S. HIGHWAY 27 IN GEORGIA | 19,700,000 | 3 |

SERVICEWIDE PRIORITIES—FEDERAL LANDS HIGHWAY PROGRAM—Continued

| FLHP PRI | Park | Package | Reg | Reg pri | Package title | Estimate | Objective |
|---|---|---|---|---|---|---|---|
| 63 | CHICKAMAUGA AND CHATTANOOGA | 102 | SER | 27 | IMPROVE PARK ROADS AND 2 BRIDGES | 5,062,000 | 3 |
| 20 | CHICKASAW | 156 | SWR | 22 | RECONSTRUCT LAKE DISTRICT ROADS | 2,700,000 | 3 |
| 27 | COLONIAL | 251 | MAR | 28 | REPAIR/REHAB COLONIAL PARKWAY | 13,000,000 | 3 |
| 99 | COULEE DAM | 266 | PNR | 33 | RESURFACE ROADS AND PARKING | 1,700,000 | 1 |
| 60 | CRATER LAKE | 235 | PNR | 23 | RESURFACE ROAD–ANNIE SPRINGS TO WEST BDRY | 5,500,000 | 1 |
| 80 | CRATER LAKE | 253 | PNR | 25 | RESURFACE ROUTE 7/PINNACLES ROAD, 6.1 MILES | 1,400,000 | 1 |
| 87 | CRATER LAKE | 256 | PNR | 26 | RESURFACE ROAD, CLOUDCAP TO HEADQUARTERS | 3,900,000 | 1 |
| 77 | DEATH VALLEY | 283 | WER | 47 | REHAB BADWATER ROAD AND SPUR ROADS | 14,803,000 | 3 |
| 16 | DELAWARE WATER GAP | 292 | MAR | 13 | REHAB/REPAIR ROUTE 209 (22MI) & 6 BRIDGES | 52,170,000 | 4 |
| 84 | EDISON | 170 | ..... | NAR | REHAB VISITOR CENTER PARKING | 1,500,000 | 3 |
| 41 | FEDERICKSBURG | 230 | MAR | 36 | REHAB PARK ROADS | 7,020,000 | 3 |
| 2 | FOOTHILLS PARKWAY | 109A | SER | 8 | CONSTRUCT PARKWAY LINK | 32,500,000 | 4 |
| 38 | FOOTHILLS PARKWAY | 109 | SER | 17 | COMPLETE PARKWAY (33.5 MILES) | 135,400,000 | 4 |
| 1 | GATEWAY | 185 | NAR | 5 | REHABILITATE PARK ROADS | 25,000,000 | 1 |
| 58 | GATEWAY | ..... | 111 | NAR | REHAB SANDY HOOK MAIN ROAD | 8,500,000 | 1 |
| 91 | GATEWAY | 115 | NAR | ..... | REHAB MILLER FIELD ROAD AND PARKING | 4,238,000 | 3 |
| 8 | GEO WASHINGTON M PKWY | 461 | NCR | 8 | REHABILITATE TURKEY RUN BRIDGE | 2,900,000 | 2 |
| 17 | GEO WASHINGTON M PKWY | 836 | NCR | 16 | RECONSTRUCT SPOUT RUN PARKWAY | 7,210,000 | 1 |
| 67 | GEORGE WASHINGTON M PKWY | 464 | NCR | 61 | REHABILITATE MEMORIAL AVENUE BRIDGE | 2,500,000 | 3 |
| 75 | GEORGE WASHINGTON M PKWY | 461 | NCR | 77 | SPROUT RUN TO 123 | 5,800,000 | 1 |
| 79 | GEORGE WASHINGTON M PKWY | 461 | NCR | 85 | 123 TO SPROUT RUN | 5,800,000 | 1 |
| 24 | GETTYSBURG | 106 | MAR | 22 | REHAB PARK ROADS | 8,253,000 | 3 |
| 10 | GLACIER | 303 | RMR | 14 | REHAB GOING TO THE SUN ROAD, 55 MILES | 9,000,000 | 3 |
| 65 | GLACIER | 312 | RMR | 28 | RESURFACE CAMAS ENTRANCE ROAD | 3,000,000 | 3 |
| 5 | GRAND CANYON | 110 | WER | 10 | RECONSTRUCT SOUTH RIM ROADS | 22,794,000 | 3 |
| 55 | GRAND CANYON | 196 | WER | 34 | RECONSTRUCT WEST RIM DRIVE | 6,157,000 | 1 |
| 73 | GRAND CANYON | 272 | WER | 44 | REALIGN/REPAIR EAST RIM ROAD | 11,266,000 | 3 |
| 26 | GRAND TETON | 328 | RMR | 17 | COMPLETE FINAL SURFACE, 31.7 MILES | 9,000,000 | 3 |
| 15 | GREAT SMOKY MOUNTAINS | 319 | SER | 12 | REPLACE FOUR BRIDGES | 2,800,000 | 3 |
| 54 | GREAT SMOKY MOUNTAINS | 324 | SER | 25 | REHAB ABRAMS, GREENBRIER, BIG CREEK RDS | 1,100,000 | 3 |
| 89 | GUADALUPE MOUNTAINS | 207 | SWR | 76 | RESURFACE DOG CANYON ENTRANCE ROAD | 800,000 | 3 |
| 22 | HERBERT HOOVER | 162 | MWR | 24 | REHABILITATE PARK ROADS | 800,000 | 3 |
| 96 | HOME OF FDR/VANDERBILT MANSION | 138 | NAR | ..... | REHAB ROADS, BRIDGES, AND PARKWAY | 6,140,000 | 3 |
| 33 | JOSHUA TREE | 173 | WER | 24 | RECONSTRUCT UNSAFE ROADS, PARKING | 18,471,000 | 3 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | KATMAI | 100 | AKR | 10 | RELOCATE BROOKS CAMP FAC, REPAIR VTTS ROAD | 2,356,000 | 2 |
| 12 | LAKE MEAD | 242 | WER | 12 | SAFETY RECONSTRUCTION LAKESHORE ROAD | 24,890,000 | 1 |
| 36 | LAKE MEAD | 457 | WER | 27 | REHAB NORTH SHORE ROAD & CONNECT ACCESS | 51,090,000 | 1 |
| 66 | LAKE MEREDITH | 185 | SWR | 39 | RECONSTRUCT ACCESS ROADS AND PARKING | 5,900,000 | 3 |
| 62 | LASSEN VOLCANIC | 101 | WER | 43 | REPAIR MAIN PARK ROAD | 13,493,000 | 3 |
| 74 | LAVA BEDS | 302 | WER | 46 | RECONSTRUCT SOUTHEAST ENTRANCE ROAD | 5,895,000 | 3 |
| 94 | LOWELL | 101 | NAR | 3 | REHAB VISITOR CENTER PARKING | 688,000 | 4 |
| 81 | LYNDON B. JOHNSON | 193 | SWR | 47 | REHAB PARK ROADS | 1,500,000 | 3 |
| 31 | MESA VERDE | 278 | RMR | 20 | CORRECT ENTRANCE ROAD FAILURE | 8,000,000 | 3 |
| 9.5 | MINUTE MAN | 170 | NAR | ..... | REHABILITATE BATTLE ROAD | 4,144,000 | 3 |
| 45 | MORRISTOWN | 187 | NAR | 23 | REHAB PARK TOUR ROADS | 5,381,000 | 3 |
| 14 | MOUNT RAINIER | 349A | PNR | 9 | REHAB HIGHWAY 410 | 10,000,000 | 1 |
| 37 | MOUNT RAINIER | 349B | PNR | 22 | REHAB HIGHWAY 123 | 25,000,000 | 1 |
| 97 | MOUNT RAINIER | 386 | PNR | 32 | RECONSTRUCT BACKBONE RIDGE VIADUCT | 3,000,000 | 1 |
| 4 | NATCHEZ TRACE PARKWAY | 250 | SER | 4 | RESURFACE VARIOUS SECTIONS OF PARKWAY | 5,000,000 | 3 |
| 25 | NATCHEZ TRACE PARKWAY | 300 | SER | 11 | CONSTRUCT PARKWAY | 38,900,000 | 5 |
| 69 | NATCHEZ TRACE PARKWAY | 238 | SER | 31 | CONSTRUCT FOUR OVERPASSES | 4,000,000 | 5 |
| 90 | NAVAJO | 144 | SWR | 77 | REHAB ENTRANCE AND CAMPGROUND ROADS | 500,000 | 3 |
| 35 | NCP–CENTRAL | 450 | NCR | 23 | RECONSTRUCT EAST BASIN DRIVE | 2,600,000 | 1 |
| 61 | NCP–CENTRAL | 405 | NCR | 45 | RECONSTRUCT IND./MAINE AVE, EASTBOUND | 3,500,000 | 3 |
| 64 | NCP–CENTRAL | 405B | NCR | 53 | RECONSTRUCT JEFFERSON DRIVE | 2,500,000 | 3 |
| 72 | NCP–CENTRAL | 405D | NCR | 69 | RECONSTRUCT LINCOLN MEM CIRCLE, APPROACHES | 3,500,000 | 1 |
| 83 | NCP–CENTRAL | 405C | NCR | 93 | RECONSTRUCT ROADS, EAST POTOMAC PARK | 4,400,000 | 3 |
| 103 | NEZ PERCE | 159 | PNR | 36 | REPLACE SPALDING ROADS AND PARKING | 1,000,000 | 3 |
| 18 | NORTH CASCADES | 404 | PNR | 12 | REPLACE BRIDGES–NEWHALEM & HARLEQUIN | 6,000,000 | 1 |
| 92 | NORTH CASCADES | 343 | PNR | 28 | RECONSTRUCT CASCADE RIVER ROAD | 800,000 | 1 |
| 95 | NORTH CASCADES | 344 | PNR | 29 | REHAB STEHEKIN ROAD | 2,000,000 | 1 |
| 68 | OLYMPIC | 311 | PNR | 24 | RECONSTRUC EAST BEACH/LOG CABIN ROADS | 4,700,000 | 1 |
| 101 | OLYMPIC | 406 | PNR | 34 | CONSTRUCT TWIN CREEK BRIDGE | 650,000 | 2 |
| 102 | OLYMPIC | 407 | PNR | 35 | REPLACE FINLEY CREEK BRIDGE | 1,050,000 | 3 |
| 42 | OZARK | 506 | MWR | 32 | REHAB PEAVINE ROAD | 3,300,000 | 3 |
| 76 | PADRE ISLAND | 200 | SWR | 46 | REROUTE BIRD ISLAND BASIN ROAD | 900,000 | 3 |
| 59 | PECOS | 137 | SWR | 31 | REHAB ENTRANCE ROAD | 500,000 | 3 |
| 57 | PETERSBURG | 132 | MAR | 54 | REHABILITATE MAIN PARK ROAD & BRIDGES | 2,000,000 | 3 |
| 47 | RICHMOND | 129 | MAR | 38 | REHAB PARK ROADS | 2,800,000 | 3 |
| 39 | ROCK CREEK PARK | 318 | NCR | 37 | REHAB ROCK CREEK PARKWAY & ADJACENT TRAIL | 4,140,000 | 1 |
| 85 | SALINAS PUEBLO MISSIONS | 173 | SWR | 48 | REHAB ENTRANCE ROAD | 900,000 | 3 |
| 93 | SAN ANTONIO MISSIONS | 185 | SWR | 83 | REHAB PARKING AREAS | 600,000 | 3 |
| 29 | SARATOGA | 159 | NAR | 17 | REHABILITATE TOUR ROADS | 6,000,000 | 2 |
| 98 | SARATOGA | 160 | NAR | ..... | REHAB ROADS AND PARKING | 439,000 | 3 |

## SERVICEWIDE PRIORITIES—FEDERAL LANDS HIGHWAY PROGRAM—Continued

| FLHP PRI | Park | Package | Reg | Reg pri | Package title | Estimate | Objective |
|---|---|---|---|---|---|---|---|
| 13 | SEQUOIA AND KINGS CANYON | 840 | WER | 15 | RECONSTRUCT GENERALS HIGHWAY | 47,160,000 | 3 |
| 82 | SEQUOIA AND KINGS CANYON | 336 | WER | 50 | REPLACE CEDAR GROVE BRIDGE | 3,930,000 | 3 |
| 19 | SHENANDOAH | 125 | MAR | 18 | RECONSTRUCT SKYLINE DRIVE | 31,000,000 | 3 |
| 56 | SHILOH | 138 | SER | 26 | RESURFACE PARK TOUR ROADS | 1,165,000 | 3 |
| 53 | THEODORE ROOSEVELT | 164 | RMR | 26 | RECONSTRUCT/RESURFACE PARK ROADS | 9,900,000 | 3 |
| 9 | VICKSBURG | 131 | SER | 14 | RESURFACE ALL BITUMINOUS–PAVED ROADS | 2,355,000 | 1 |
| 100 | WEIR FARM | 102 | NAR | | REHAB PARK ROADS AND PARKING | 144,000 | 3 |
| 32 | WILSON'S CREEK | 173 | MWR | 25 | REHAB MAIN ENTRANCE ROAD | 500,000 | 3 |
| 44 | WUPATKI | 103 | SWR | 26 | RECONSTRUCT MAIN LOOP ROAD | 6,100,000 | 3 |
| 7 | YELLOWSTONE | 254 | RMR | 12 | RECONSTRUCT ROADS PARKWIDE | 227,000,000 | 3 |
| 21 | YOSEMITE | 140 | WER | 22 | RELOCATE SOUTH ENTRANCE ROAD/MARIPOSA | 25,676,000 | 2 |
| 43 | YOSEMITE | 843 | WER | 28 | RECONSTRUCT GLACIER POINT ROAD | 14,410,000 | 3 |
| 49 | YOSEMITE | 505 | WER | 31 | RECONSTRUCT EL PORTAL ROAD | 26,593,000 | 1 |
| 78 | YOSEMITE | 565 | WER | 48 | REHABILITATE WAWONA ROAD | 27,772,000 | 3 |
| 88 | YOSEMITE | 146 | WER | 51 | RECONSTRUCT TIOGA ROAD | 45,850,000 | 3 |
| | SERVICEWIDE TOTAL—FLHP PROGRAM | | | | | 1,293,836,000 | |

Objective:

1 = Health and safety.
2 = Resource protection.
3 = Repair/rehabilitation of exiting facilities.
4 = New facilities in a new/developing park.
5 = Additional facilities in an older/established park.

PARK HOUSING

Senator BURNS. One thing that was of concern, I noticed an article in the paper that came out—and you might address this—that they are building some new homes for employees in Yellowstone Park, of which there is a 1,600 square foot home at a cost of around $300,000. Could you tell me what would inflate the construction of a home, especially in view of the fact that there is no land cost involved in that?

Secretary BABBITT. Senator, I would be happy to give you the facts and figures on that. I am not familiar with the specific issue, but it is a fair question, and I will be happy to give you a response.

[The information follows:]

YELLOWSTONE NATIONAL PARK HOUSING COSTS

Yellowstone National Park has not and does not plan to build any 1,600 square foot homes that cost $300,000. This derived figure was an estimate provided by an outside contractor for an analysis in which Yellowstone managers were deliberately conservative. As such, Yellowstone managers feel that these numbers represent a "worst case scenario," and that there are several initiatives underway that may significantly reduce these costs.

Notwithstanding these facts, there are several expenses that are included in the construction of a home in Yellowstone National Park that are frequently overlooked when comparing to the cost of a home on the commercial market. Circumstances related to the following components impact the final cost:

*Planning and design.*—The planning for and design of houses in Yellowstone National Park is more complicated than that of houses in developed communities. The issues that must be addressed during this initial phase range from impacts on cultural and natural resources to ensuring adequate accessibility to minimizing the visual impact of homes on landscapes. This planning often requires time-consuming consultation with State Historic Preservation Offices, particularly when historic areas will be impacted.

Frequently, the costs associated with county planning and designers in non-park houses are recovered by taxes and impact fees and thus not included in the "price" of a house. Yellowstone includes the costs of these components when identifying the price of a structure.

*Basic construction.*—Basic construction costs are more expensive in many national parks than in surrounding communities. The short construction season, transportation of material and employees, and the lack of adequate contractor housing all inflate these costs. By way of example, concrete delivered to the Old Faithful area in Yellowstone National Park costs $105 per cubic yard. The same concrete delivered in nearby Bozeman, Montana, is $65 per cubic yard.

Construction equipment entering the park is pressure washed to prevent the spread of noxious weeds. New housing must also withstand snow weighing as much as 150 pounds/square foot and is designed to withstand zone four earthquakes (the same seismic zone as San Francisco). These stringent requirements, which must be applied to homes for Federal employees, are not necessarily applied to the "comparable" homes outside of the park.

*Utility systems.*—Housing that can use existing utility systems is considerably cheaper than housing for which utilities must be provided. In many cases utilities are already in place in non-park municipalities.

*Landscaping/revegetation.*—Unlike many non-park homes, the Yellowstone housing costs also include the revegetation necessary to prevent erosion and minimize the visual impact on the surrounding landscape.

In the case of any of these cost drivers, there are significant economies of scale when constructing multiple houses. Unfortunately, housing money is typically allocated to Yellowstone incrementally. As a result, "overhead" must be factored into each discrete project and park managers cannot take advantage of these economies.

THREE-STATE AREA

Senator BURNS. We are building in a three-State area, probably, within that Park that would cost less than one-third of the figure that was given on that. And I would like to know what cir-

cumstances or elements figure in the cost of those homes that would drive that cost that high.

Secretary BABBITT. I would be pleased to respond in writing.

PARK INFRASTRUCTURE PRIORITY LIST

Senator BURNS. And if you could respond to me on the backlog of your infrastructure needs on the Park Service, and where the—and I would like to have your priority list on where we should be concentrating our efforts. I think it behooves all of us. I know ours is just a parochial thing, because Glacier and Yellowstone affect us, but I know we have infrastructure in other parts of the country that would be also high on your list, too.

Secretary BABBITT. Senator, I have just one specific observation relative to Glacier, and certainly to Yellowstone, where the road issue is really critical. I suspect that Yellowstone currently has a larger backlog of road construction and maintenance than any other two or three parks put together—certainly in the lower 48 at least. I would hope that we could, together, be looking at the ISTEA reauthorization, at all of the Federal road programs, and just examine what is a fair allocation, fair earmarking, from Federal highway programs to at least assist with some part of this.

YELLOWSTONE NATIONAL PARK—ROADS

Senator BURNS. Well, I think that is a good suggestion. But you know we allocate or we budget so much, and I cannot see that anything has been done for the roads in Yellowstone Park at all. I cannot see anything that is improving that road situation. And of course, it is a park that has quite a lot of traffic, and the pressure is intense. So if I could get some kind of a report. And I would be happy to work with you in the allocation of those infrastructure things.

YELLOWSTONE—BISON

As far as the bison thing, you know I have talked about the bison thing 100 times. You knew it was going to come up today. And I am going to beat up on it. But I have beat up on you on that because—have you read this letter, the April 24 letter that was written to John Tarburton, the President of the National Association of State Departments of Agriculture, from the White House?

Secretary BABBITT. Senator, I am not certain. I do not think so.

Senator BURNS. I think that the White House was—and I would like to put this in the record, Mr. Chairman, if I could. It was a response, I think, to Mr. Tarburton with regard to animal health and the impact that we might have on certain statuses of parks and the wildlife that is contained in those parks.

Senator GORTON. The letter will be included in the record.

[The letter follows:]

LETTER FROM PRESIDENT BILL CLINTON

THE WHITE HOUSE,
*Washington, DC, April 24, 1997.*

Mr. JOHN F. TARBURTON,
*President, National Association of State Departments of Agriculture,*
*Washington, DC.*

DEAR JOHN: Thank you for your letter regarding the management of bison in Yellowstone National Park. I understand your concerns.

On March 19, 1997, the National Park Service, the U.S. Forest Service, and the Animal and Plant Health Inspection Service met with representatives of the State of Montana to continue development of a long-range bison management plan. A number of alternatives are being considered, with the understanding that any viable alternative must, among other things, address bison population size and distribution; clearly define a boundary line beyond which bison will not be tolerated; address the risk that bison pose to public safety and private property; protect livestock from the risk of brucellosis; protect the state of Montana from any risk to its brucellosis-free status; and commit to the eradication of brucellosis from bison and other wildlife.

I hope this adequately addresses your concerns. Thanks again for writing.

Sincerely,

BILL CLINTON.

BISON MANAGEMENT PLAN

Senator BURNS. It says:

On March 19, the National Park Service, the United States Forest Service and the Animal Plant and Health Inspection Service met with representatives of the State of Montana to continue development of the long-range bison management plan. A number of alternatives are being considered, with the understanding that any viable alternative must, among other things, address the bison population size and distribution, clearly define a boundary line between which bison will not be tolerated, address the risk that bison pose to public safety and private property, protect livestock from the risk of brucellosis, protect the State of Montana from any risk to its brucellosis-free status, and commit to the eradication of brucellosis from bison and other wildlife.

I hope this adequately addresses your concerns, and thanks again.

And it is signed by the President.

This letter would indicate that you are at odds, then, with your present policy; you are at odds with the White House. Is that not a correct assumption?

Secretary BABBITT. I do not think that is likely. It is a large organization. Whoever wrote that letter probably did not talk with me. I certainly do not remember it. I suspect that any differences in nuance or language is because it may have been written by 1 of the 20-somethings in the White House correspondence unit. It is entirely possible.

Senator BURNS. It has been suggested by your friends that the national regulation plan you have for parks, some of those plans are not working. With this in mind, can you explain to the committee how and why we continue to put forth a failed policy of natural regulation of wildlife in Yellowstone Park?

Secretary BABBITT. Well, I do not consider it a failed policy. We could discuss that today or elsewhere. I think it is indeed a well considered and productive and successful policy.

Senator BURNS. 1,400 bison will starve to death this winter. Is that the policy?

Secretary BABBITT. Well, I do not know of any policy in this administration or elsewhere which is directed at making sure that animals do not starve.

Senator BURNS. Well, I guess that is the difference in the way we look at things, is it not?

Secretary BABBITT. No; I think our differences, frankly, go much beyond that. For example, I am on the record as being adamantly opposed to the continuing slaughter of these animals.

Senator BURNS. Mr. Secretary, we are not talking about slaughter of animals. We are talking about a park service that has allowed 1,400 bison to starve to death. That was not done by anybody.

Secretary BABBITT. Well, Senator, the plain fact is that several thousand animals were slaughtered by the State of Montana, and we are opposed to that.

Senator BURNS. The slaughter has been inside that park.

Secretary BABBITT. Well, the 2,000 I am talking about——

Senator BURNS. And that figure outside the park does not even approach that figure.

Secretary BABBITT. Well, it does.

Senator BURNS. It does not even approach it. And I am wondering what we are going to do inside the park to prevent this.

Secretary BABBITT. Well, Senator, we obviously——

Senator BURNS. We could prevent all of this.

Secretary BABBITT. We obviously differ. Your position is that the animals should not be allowed outside the park. I disagree with that. The land outside the park is public land. I believe the people of the United States support the notion that these animals should be, under the circumstances, allowed on public land, owned by the people of the United States. And, that we should terminate this policy of slaughtering them when they walk across an artificial line, separating Yellowstone National Park from the adjoining national forest.

Senator BURNS. Does not the park belong to the people, too?

Secretary BABBITT. Absolutely.

Senator BURNS. You are not going to take any responsibility for that?

BISON ON FEDERAL LAND

Secretary BABBITT. Senator, those animals would not be starving in the park if we had a rational policy which would allow them to seek forage in the lower elevations on Federal land adjacent to the park. Of course, we should find a better balance for this bison herd. But we cannot do that as long as you insist that those animals should be left in the high altitudes rather than being allowed, in the right circumstances, off the boundary of the park, onto adjoining public lands, where, in my judgment, they have every right to be.

That would prevent the starvation. But it is not possible because the State of Montana is slaughtering those animals as they move down into the lower elevations. And we disagree on that policy.

Senator BURNS. Is it not the responsibility of the Park Service to maintain some sort of range condition for winter forage?

Secretary BABBITT. The plain fact is that these animals need more winter range. It is available on public land, except for the policies of the State of Montana.

Senator BURNS. I would say that the public lands that you are looking at for winter range is probably the same altitude as the park.

Secretary BABBITT. Well, I disagree. That is not correct.

Senator BURNS. Well, you can look at your elevations and everything, but in other words, you are absolving the Park Service's responsibility to maintain range conditions that would sustain the number of bison that it can carry in there; is that not correct?

Secretary BABBITT. Senator, Yellowstone National Park is high summer range land. Historically, animals have all migrated off that high land, down onto winter range. The elk do that. And it seems to me perfectly appropriate. That happens in every national park in the United States. Bison should be treated exactly the same way.

Senator BURNS. I would say that the forage outside of that park is probably primarily on private land. Would you conclude that?

Secretary BABBITT. There are millions of acres of adjacent forest land which are appropriate winter range for wildlife owned by the people of the United States. That includes bison. This notion that they should be kept inside Yellowstone National Park, at high altitudes, during bad winters, at gun point, I think is a badly mistaken philosophy.

Senator BURNS. We, as private landowners and grazers and people in the livestock industry, are committed to keeping our animals on our land and maintaining range conditions that would sustain the number of animal units that we can properly take care of.

Secretary BABBITT. Senator, I am not talking about private land. I am talking about public land, owned by the people of the United States of America.

Senator BURNS. What difference whether it is a public herd owned by the public or a private manager trying to maintain his own area? Should not the same practices—is the same good neighbor policy the same?

Secretary BABBITT. Senator, a private landowner has every right to exclude bison from his or her private land. That is not what we are talking about. We are talking about a policy which says these animals will be slaughtered as they move onto lower altitudes onto national forest land. I believe that is mistaken, unnecessary, and wrong.

BISON HERD MANAGEMENT

Senator BURNS. I would support the idea that the numbers cut back can be shipped to any other part of the country, if we can clean up this idea of a disease. We have no problem with that, Mr. Secretary. No problem at all.

Secretary BABBITT. Senator I believe the present policy is fundamentally wrong.

Senator BURNS. What I am saying is that to be a good neighbor, I mean, to abide by some rules and regulations that were written naturally many, many years ago, that we could accomplish that then. We cannot do it without the cooperation of the Park Service.

Secretary BABBITT. Senator, I cannot be a party to a policy which says bison in search of winter range are going to be slaughtered

when they cross from Yellowstone National Park into the adjoining national forest. I do not support that policy.

Senator BURNS. Then what I would suggest is that we manage the herd in the park to where we have sustained forage and sustained range, and work with the States in order to manage the herd and clean up a diseased herd, and take care of those things and we will be able to do that.

Secretary BABBITT. Senator, you are not advocating that for elk.

Senator BURNS. But elk have different social habits. You do not have near the problem with elk.

Secretary BABBITT. They have a social habit shared by bison, and that is that they are wildlife owned by the people of the United States, which ought to be managed on a public land base, including the U.S. National Forest System.

Senator BURNS. But the fact is the winter herds of elk, the vast majority of them, winter on private property. And they graze on private property. Very happily so. We have very few problems. And you know the social problems that we are talking about. Elk do not have the same cycles as buffalo do, or bison do.

There is a lot of this that maybe the American people do not understand, but do not use the inflammatory words of Montana slaughtering those animals, when you, the Park Service, allowed this abominable management of a herd to starve to death when you had it in your power to control the numbers and provide the forage and the management. And you have the technique. You have it.

And I understand that maybe we need to do some ongoing research. Maybe you can supply me with the amount of research that the Park Service is doing. I will be happy to take that—but in recommended management problems. Now, that is the fact. That is the fact that the Park Service policy starved these animals. And you can use all the inflammatory language that you like, all of that; we are going to continue to protect not only the integrity of that herd, but the integrity of an industry in my State, and we will continue to do that.

But as long as the Park Service embraces this policy, then they must shoulder the concerns of that policy and not try to push it off and blame somebody else. That is it. And I thank you for coming this morning.

NEW WORLD MINE

I want to ask you some questions about the land and conservation with the gold crown situation up there. That was not the deal that was made by the people of Montana on private property, using money to buy out a mine that we use to help the environment of this country, using environmental funds to help the environment in this country, and to allow this. Are you going to complete the EIS so that it tells us that maybe that area should be mined or not mined?

Secretary BABBITT. Senator, the EIS issue really turns, I think, on the acquisition issue.

Senator BURNS. But you are not acquiring the land.

Secretary BABBITT. Well, we have not acquired the land.

Senator BURNS. What?

Secretary BABBITT. We have not acquired, that is correct.

Senator BURNS. That is exactly right.

Secretary BABBITT. That is correct.

Senator BURNS. It is private property. Well, I will have some more things in writing, but we can discuss these in calmer environs. But I do not like the idea of being blamed for some things. It is because of policy set by the Park Service that is creating this whole situation.

So, thank you.

BISON HERD INTEGRITY

Secretary BABBITT. Senator, I appreciate the spirit of your questions. I just want, again, to say that, with all respect, we have a fundamental disagreement. And I am ready and willing to sit down and discuss it at any time.

Senator BURNS. The disagreement is on the policy of how do we maintain the integrity of the herd and of the park.

Secretary BABBITT. That is correct.

Senator BURNS. And to embrace management policies that have been a very, very successful policy all across this country with the exception of here. And that, I find, very intriguing.

Senator GORTON. I did not realize, Mr. Secretary, when I said I would allow every other member of the subcommittee to question first that I would still be waiting somewhat more than 2 hours later.

Senator BURNS. My apologies to the chairman.

Senator GORTON. You were a very small part of it, Senator Burns.

Senator Cochran, who was here, wanted me to mention that he will submit questions to you on the Natchez Trace and on other subjects, and will do so in writing.

ALASKA ROADS

Senator GORTON. And I might say, with respect to the first set of questions by the Senator from Alaska, which I and I suspect other members of the committee, found somewhat frustrating on both sides of the table, Mr. Secretary, I can appreciate a policy of an administration that does not want roads on every section line for 960,000 miles. I do not regard that as an overwhelming threat. I must say, as an outsider, I regard it as equally irresponsible to say that no one is going to be able to build a road unless 1976 motor vehicles or something like it were being used.

If you do not mind, I would ask you to come up and have a private conversation with me on a suggestion that might be able to get both sets out of it when the hearing is over. But I think you ought to also carry back to the administration the proposition that these veto threats, whether they relate to roads in Alaska and Utah or continuing resolutions, do not come free. There are many in the Senate who are operating right on the policy now that we are going to pass one flood supplemental bill and only one and that a veto is going to be a veto of the whole bill and not of a single element of it. That is obviously not a decision that has been taken finally, but there is a very real possibility that that will be the case.

It is something I would regret. You know, we have worked on our part of it for the Department of the Interior in a way that I think is both responsible and generous. You spoke earlier of Yosemite. Obviously it is very important that the Yosemite provisions of that flood supplemental become law and not be hostage to debates on other issues. But I do have a number of questions of my own. I am obviously not going to be able to get through all of them, but let us at least start. And I hope that while we will have some disagreements, we can go through them once each, and I will express my views and you can express yours, and then we will go on to another subject.

INTERIOR COLUMBIA RIVER BASIN STUDY

And I will start with a contentious and partly parochial one, the inner Columbia basin ecosystem study. The Senate Energy Committee had a hearing on that subject last Thursday. And we were faced, it seems to me, with at least the conflicting functions of a number of government agencies. The Bureau of Land Management and the Forest Service have missions that include, though obviously they are not limited to, a commodity production role. The Fish and Wildlife Service has no such function at all.

And it seems to me at least that much of the cost of implementing the Columbia basin study, now estimated to be $125 million more than present costs, is attributable to meeting the requirements of the Endangered Species Act as interpreted by standards developed by the Fish and Wildlife Service and other science agencies. In the hearing I learned that the environmental impact statement prepared by the Forest Service and the BLM was on its way to be printed when objections from the Fish and Wildlife Service, the National Marine Fisheries Service, and the Environmental Protection Agency, resulted in further delays.

It seemed to me that rather than consultation, we were involved in a dictation on the part of those agencies, with certain tremendous impacts, most of them adverse, on local economies. My first question is: Why did the Fish and Wildlife Service, along with the EPA and the National Marine Fisheries Service, cause the delay in the release of the interior Columbia basin environmental impact statements?

Secretary BABBITT. Well, that in fact happened. The reason is that the regulatory agencies are worrying about the implications of the so-called *Pacific Rivers* decision, which led us to think of these impact statements as something that ought to have the ability, from the front end, to address all regulatory consultations, which usually take place downstream, months or years later. These have been framed in a way that we anticipate the issues would all be cleared out of the way once the plan was implemented. Then local land managers could effectively go about their business without having to reconsult with the regulatory agencies on hundreds of projects across the years.

Now, let me also say that when those objections were raised by the regulatory agencies, we went back to the process, including the local governments, and thrashed it out in a way that I think is fairly satisfactory. I mean the changes were all flagged and discussed. Many of them were resolved, withdrawn, and modified.

Last, one sentence about the projected cost in the outyears, beginning in 1999. A big piece of those costs is the forest health issues, which are not, in most cases, being driven by the Endangered Species Act. The part that deals with stream restoration certainly is being driven by the Fish and Wildlife Service and National Marine Fisheries Service. But I would wager that much of the larger part of those costs is the thinning and prescription treatment and burning of forests.

Senator GORTON. Are those regulatory agencies going to, in effect, have veto power over forest management practices in the region?

Secretary BABBITT. Under the preferred option in the statements as option four—and I believe that the theory behind option four is that the front-end adoption effectively preclears most of the decisions by the land management agencies—there are two categories. There is one category of areas that requires an additional step of watershed analysis. But the lands which have the so-called default standards, I believe, by my understanding and reading of the document, is that the land management decisions would take place without any further consultation.

Senator GORTON. Under the Northwest plan, the President's report stated that the time for consultation was reduced from 114 to 30 days, obviously a significant efficiency. What needs to be done to assure this same level of efficiency in implementing the Columbia basin study and other large eco-region projects?

Secretary BABBITT. I think it is a factor of two things. One is the level of attention being given to this. The reason we reduced the number of days of consultations in my judgment, in the forest plan is because Tom Collier sat on these issues and simply did not let them escape his attention for even 1 day as we went through the process. The remaining question is whether that is now a cultural change that we can count on or whether we will have to stay with it in that kind of detail. Obviously some of it is a function of funding as well.

ECO-REGIONAL PLANS FUNDING

Senator GORTON. Back to the $125 million cost. Should we expect similar increased costs for other large eco-regional plans when the preferred alternatives are selected? Or is this one going to be a special case?

Secretary BABBITT. Senator, I would counsel some caution about that figure for these reasons. First of all, it is an estimate of the costs, that is out ahead of the EIS process, which you know might be incurred. And second, as I said, a great deal of that cost is forest restoration costs. The pace at which that takes place, I think, is subject to a lot more discussion. The bottom line is, when we are talking about the inland forests of the West, we have a forest ecosystem health problem that is acknowledged by all. And it is going to be expensive to fix it.

The question is on what kind of time line do we move. Not to elaborate, but we have got probably 300 million acres of inland forest in the West. We are doing prescriptive treatment on maybe 2 million or 3 million acres a year right now.

Senator GORTON. So this plan is not going to be unique. There are going to be similar problems with respect to all of the other large regional plans out there?

Secretary BABBITT. This problem is a West-wide problem. It is, in most cases, not being driven by the Endangered Species Act. Those costs are not being forced by regulatory agencies. They are being estimated, at least 50 percent and I would guess probably closer to 75 percent, of those costs are being driven by the forest managers as necessary management, quite apart from regulatory requirements.

Senator GORTON. To the extent that you are responsible for it in BLM, will your 1999 budget request reflect those costs?

Secretary BABBITT. My 1999 budget?

Senator GORTON. 1999.

Secretary BABBITT. Senator, I am not prepared to say because I have not seen these figures scrubbed down. In the EIS process we are going to need an expansive debate about not the stream-specific pieces, which are I think mandated, but about the pace of and cost and alternatives of dealing with these forest issues.

EVERGLADES

Senator GORTON. Another subject, the Everglades. Tell me the overall status of the Everglades restoration effort. We are pretty close. It looks to me like $1 billion in a 2-year period, when you combine both the State of Florida's contribution and our own. How is it going? How are the agencies working together?

Secretary BABBITT. I think we are pretty much on track. There are, I think, two or three major pieces that are unfolding right now. The restoration work in Taylor Slew, the so-called modified water delivery, is critically important, because it rewaters the southeastern portion of the Everglades. The Corps of Engineers restudy is on track. That is, we have made a big commitment there to a final plan by 1999. It is moving essentially on track.

The third really big piece is the storm water treatment areas up at the top end, where the runoff from the sugar fields is being cycled through these retention areas for natural uptake of the phosphorous. The first large-scale treatment center is now under construction—at least, if they are not turning earth, they will be in the next few weeks. That one dropped a tiny bit behind schedule because of some cash flow issues in the South Florida Water Management District. But they are resolved and ground breaking is under way.

There are still some remaining issues on the Corps of Engineers' 404 water quality permit up there. I think they are being worked out. We are going through the process of disbursing the money that was in the farm bill last year. I think we have a very satisfactory consensus plan, and that money will be disbursed probably by the end of the summer.

BUDGET PRIORITIES

Senator GORTON. Now, I have got a fairly complicated paragraph here on the budget and the way we set our priorities, so try to listen to me and stop me if I need to go over it again for you. The

budget agreement, which looks like it is going to be implemented now, provides about a 2-percent increase in discretionary, nondefense spending in fiscal year 1998. That, if we go a pro rata share, would probably be about $240 million for this subcommittee. But function 300 natural resources, that makes up a large portion of our bill, seems to be more generously treated, and we could conceivably get up to a 4.5-percent increase, or $560 million. But not everything is in that function.

So let us start with the figure of $500 million more than the current appropriations level. The Park Service priorities that are in the budget agreement as priority items are $83 million of that; for tribal priority allocations—Senator Domenici talked to you about that—another $77 million; Everglades, $79 million. If we stop selling oil from the strategic petroleum reserve to finance programs in the Interior bill, and I think it would be responsible to take that action, that is another $200 million.

Now, that leaves about $61 million out of that $500 million for everything else, including other Interior agencies, the Indian Health Service, energy conservation and so on. So most of it is eaten up by these priority matters first. Have you considered the impact on other agencies that absolute protection of these priority programs within a balanced budget might have?

Secretary BABBITT. Senator, I have been a little hesitant to look across the chart for fear of retribution from other agencies. But I understand the import of your question. I would be happy to engage in the kind of dialog that I think we had very successfully last year. I recall that you asked me last year almost an identical question.

Senator GORTON. It was tougher last year. We were going down, if anything.

Secretary BABBITT. I have reason to suspect that if we engage in detail and do this carefully, we can pick our way through it. But I understand the question. What you are saying is we are not home free.

Senator GORTON. That is right.

Secretary BABBITT. And I accept and understand that.

LAND ACQUISITION FUNDING

Senator GORTON. Now, on an allied subject, land acquisition. The budget agreement provides for the expenditure for another $700 million for land acquisition over the course of the next 4 years, with $300 million to be available for 1998. Though it is not stated explicitly in the budget agreements, the intent seems to be to provide the $315 million in 1998 and $15 million in 1999; for the headwaters forests, $250 million; and the New World Mine, $65 million; and to provide an additional $385 million for other acquisitions in 1999, 2000, and 2001. At least that is our reading here.

Do you agree with that reading?

Secretary BABBITT. Senator, that is essentially my reading. I would not want to be held to the pace of outlays, but as you describe the New World Mine, the headwaters, and the remaining balance essentially unencumbered beyond that, that is my understanding.

Senator GORTON. Now, that is a pretty dramatic increase. Can you efficiently manage that kind of increase, and are there enough—other than the two I named, are there enough quality acquisitions in the pipeline to justify it?

Secretary BABBITT. Senator, yes; the backlog of acquisition proposals is reflected each and every year in the budget process. And the answer is there are plenty of them.

Senator GORTON. Yes; there are plenty of them and yes you could manage them, both?

Secretary BABBITT. Yes.

Senator GORTON. OK. Why has the administration decided not to finance the headwaters acquisition with oil and gas properties as it originally proposed?

Secretary BABBITT. Well, Senator, in all honesty, it was in no small measure due to your letters to the Department reflecting some skepticism about that approach.

Senator GORTON. Well, I ought to quit while I am ahead. [Laughter.]

PARK SERVICE FUNDING

On that one at least. The Park Service, which is a favorite of mine and I suspect of yours, has been treated more generously than most of the rest of your budget last time and this time around. What factors, in your view, exist with respect to the Park Service that do not exist with respect to other agencies funded by this committee, causing it to get the lion's share of these increases?

Secretary BABBITT. Senator, it is real simple, it is called 5 million people a year at Grand Canyon, 4 million people a year at Yosemite, and 3 million people a year at Yellowstone. This land management agency is uniquely, as one of my fervent supporters over here suggested, an agency which deals with people. And that is where the money goes.

Senator GORTON. And what are your three or four top priorities for the Park Service?

Secretary BABBITT. I believe that the issues in the National Park Service are approximately in this order. First, managing the increase in visitation and doing it to separate cars from people, through innovative and thoughtful transportation and management plans. We have a big continuing problem of dealing—I will wander only for one sentence—we still have border problems of incompatible uses impinging on parks. The New World Mine is a good example. The bison issue which so excites Senator Burns and myself is in fact a border management problem that I believe we can resolve, but there are many, many of those.

We have an upstream water issue in Zion, which I think we now have control over. I would say repair and upgrading of infrastructure remains a problem. I believe, in all candor, that we can gradually whittle that away. I do not think there is a dramatic single-shot solution in sight, but we are making some progress. We will be back with some more thoughts. We have not explored all of the alternatives. But I would say those are the three issues.

PRESIDIO

Senator GORTON. Last month I spent something more than half a day at the Presidio just before the members of the trust were appointed. The Park Service is working on a plan under which the trust will end up managing as much as 80 percent of the property. You have referred to the trust activities, and I believe I am quoting you accurately, "as managing a city within a city." I think that gets to the heart of the challenge or the problem that we have here.

It is an absolutely magnificent place obviously, but it is hard for me to shake the belief that it is still primarily a city asset and a city or a regional park. The GAO has said that the expenditures that have been made so far are consistent with the management plan. They gave us as good and as favorable a report as possible. We are still talking about $25 million for the course of the next year.

So tell me if you can, how soon you expect the Board of Directors of the Presidio Trust to be fully operational, making the basic management decisions about the future of the site? How long should it take the Presidio to generate sufficient revenues to finance its own operations? And what kind of decline in Federal monetary responsibilities do you see as we look forward to, say, the next 5 years or so?

Secretary BABBITT. A couple of thoughts. The Directors, as you know, have been appointed. I am enormously gratified at the quality of the selections that were made. I think we have a real chance at some superb management. There is one—there are actually two issues that that board faces, and I believe that the ramp-down and the success of the basic assumptions are going to depend on.

The board is going to have to make a difficult and important decision about how many of those buildings should be decommissioned and taken down. There is an enormous overhang of maintenance and infrastructure there. Unless a realistic decision is made about what can be utilized at a rational cost with the expectation of self-sufficiency, we are going to have a big problem.

Now, what I am saying in plain words is we cannot treat every structure on that magnificent landscape as a candidate for historic preservation. It is going to be a difficult and sensitive issue, but that is, to me, the key initial decision.

Once we have a realistic grip on what improvements are essential and should be saved, then it becomes a matter of streaming them into something resembling a commercial, historically protected real estate market. I think those are the issues.

Senator GORTON. You cannot give me any estimate, then, as to how long those questions will require not only to make but to implement?

Secretary BABBITT. Well, I think the important front-end decision for this board as it gets under way is to get out a map, do a careful inventory of these buildings, and make the cut on what it is that can be realistically preserved, rehabed, and maintained, with the expectation of self-sufficiency, and those that cannot.

Now, how long will that take? I am not a professional real estate manager, but I can certainly identify that for you as the core question.

Senator GORTON. It is. There actually have already been some successes there. And there are obviously some other buildings that can probably be rehabilitated in a relatively short period of time and make a profit. I am concerned, and I express through you the concern, that the Presidio not end up being a cash cow for social problems in San Francisco. The willingness of this committee, and I think of the Congress as a whole, to provide a very significant level of funding for an extended period is, it seems to me, going to depend very largely on whether or not we are left with the impression that it really is a park, that it is a public facility, open for and useful for people, not just in the immediate area, but all across the United States.

That is simply a comment. If you wish to comment on it, you may.

Secretary BABBITT. Senator, rather than wading straight into that, I would ask you to take judicial notice of the statements of Congresswoman Pelosi and Deputy Secretary Garimendi. They have both been there. They are both creatures of the bay area, and they have been pretty forthright in their responses.

Senator GORTON. I know they have. And I find that quite encouraging.

C&O CANAL

Now, tell me what the status is of the restoration of the Chesapeake & Ohio Canal National Historic Park.

Secretary BABBITT. I think it is a wonderful success story. It is not entirely done, but most of it is, as you can see if you go out for a morning trip along the towpath. The boats are back on the canal in Georgetown. The locks have been restored sufficiently to rewater the portion of the canal at Great Falls, and the boats are back on the canal. The remaining work now, I think, is focussed mostly on some of the outlying canal structures and the historic buildings, not just here but all the way up to Harper's Ferry. The towpath is back in operation. That is the most frequent question I get.

Senator GORTON. How much longer and how much money for full restoration?

Secretary BABBITT. I believe that the vast majority of the restoration will be done across this summer season. I do not anticipate any more requests for funds.

CENTRAL UTAH PROJECT

Senator GORTON. Thank you. Now, the rest of my questions I will submit in writing as well. I do have the questions that are most interesting and absolutely vital to Senator Bennett, so I am going to read these questions to you. But the "I" of the first person will be those of Senator Bennett rather than myself.

I want to discuss with you some serious implications for the central Utah project and other upper basin water projects being created by a preliminary draft biological opinion for the Duchesne River. This preliminary draft issued by the Fish and Wildlife Service proposes, in short, to ignore and undermine the Upper Colorado River basin recovery implementation plan for the razorback sucker.

As you know, the recovery implementation plan [RIP] was developed in March 1988, between the Department of the Interior and the States of Utah, Wyoming and Colorado, to quote, "provide the reasonable and prudent alternatives for projects undergoing section 7 consultation in the upper basin," to meet the needs of the Endangered Species Act. To date, some $55 million of Federal and State moneys have been spent on various RIP programs to recover the Colorado River endangered fishes.

In fact, Mr. Secretary, your fiscal year 1998 budget request includes roughly $8 million for the RIP. The Fish and Wildlife Service has been involved in a section 7 consultation to determine the impact of the Spanish Fork Canyon to the NEPHI water pipeline feature of CUP on the razorback sucker habitat in the lower 2½ miles of the Duchesne River. The preliminary draft biological opinion, released on March 14, 1997, abandons the RIP.

It says, and I quote: "The Service has determined that, as of this date, the recovery program has not made sufficient progress toward recovery of the fishes to serve as the reasonable and prudent alternatives to avoid jeopardy."

Mr. Secretary, I hope this draft statement does not represent the current position of the Department concerning the efficacy of the RIP. If it does, I am afraid of the reaction that you will get from the upper basin States, who have worked hard for almost 10 years to recover the fish, under the assumption that the recovery program provides an umbrella of protection under the Endangered Species Act for the upper basin water projects, like CUP.

Is the RIP, in your view, a viable program, which is making sufficient progress to continue to serve as the reasonable and prudent alternative for the upper basin water projects?

Secretary BABBITT. Senator, two thoughts. I do not think that we are on a collision course over these consultation issues in CUP. But I understand your concerns. What I will do is write you a letter, and see if I can outline these issues. But, again, I am pretty confident that we can get this worked out and that, the technicalities aside, there is not an underlying problem here which is going to materially impact the CUP construction schedule.

Senator GORTON. The RIP recovery action plan, RIPRAP, has concentrated resources and prioritized funds to accomplish recovery of the species principally in the Green and Colorado Rivers. The RIP agreement of 1993 specifically says: "Sufficient progress will be evaluated separately for the Colorado and Green Rivers subbasins, but not individual tributaries within each subbasin."

The March preliminary draft opinion, however, is in fundamental contradiction with this provision of the RIP agreement, and proposes monthly flow recommendations for the Duchesne River, a tributary of the Green River. These flow recommendations are based, admittedly, upon little or no historical biological data. Furthermore, the razorback sucker habitat on the lower Duchesne River is controlled, in essence, by the elevation of the Green River. Taking water from the CUP and other upstream projects will have little or not impact upon the depth and velocity of the water in the lower Duchesne habitat.

It appears to us, Mr. Secretary, that the goal of this preliminary draft opinion is to take water from CUP and other water projects

in the name of trying to reestablish fish habitat in the lower reach, the small tributary of the Green River. This approach is inconsistent with the RIP and should be withdrawn in favor of an approach which is in harmony with the RIP program. The RIP must continue to serve as the reasonable and prudent alternative for the upper basin projects, like CUP or the upper basin States will abandon the RIP process.

Will you personally acquaint yourself with respect to this preliminary draft biological opinion for the Duchesne River to ensure that the RIP continues to function as a viable program to recover the endangered fish in the upper basin, which can be supported by the State of Utah?

Secretary BABBITT. Senator, I would be happy to do that. I will look into this. Because I genuinely do not think that there is any threat or intent or even any possibility that the water supply of CUP would be impacted. But I understand your concerns. And I will get onto this and get back to you.

[The information follows:]

ADDITIONAL COMMITTEE QUESTIONS

Senator GORTON. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing.]

ADDITIONAL COMMITTEE QUESTIONS

INTERAGENCY ISSUES

*Headwaters and new world mine*

The Department has been engaged in complex negotiations with Maxxam, Inc. to determine assets that can be exchanged for a portion of the Headwaters Forest. The cost of this deal is upwards of $250 million.

*Question.* What is the current status of the negotiations?

Answer. The negotiations referenced above regarding "assets that can be exchanged" ceased with the adoption of the Bipartisan Balanced Budget Agreement (BBA), which calls for $700 million in additional funding for Federal land acquisitions and exchanges. Up to $315 million of that amount would be available to finalize priority Federal exchange proposals. Negotiators understood that those exchanges included up to $250 million for the Headwaters Forest exchange in California and up to $65 million for the New World Mine exchange outside Yellowstone National Park in Montana.

This Administration is involved in acquiring, exchanging, or withdrawing non-Federal lands in several major deals, including the Headwaters Forest, the Grand Staircase-Escalante National Monument, and the New World Mine. As mentioned, one of the land deals the Administration is working on is the proposed Headwaters Forest exchange in California. The particulars of the proposed deal have been somewhat fluid in the eight months since an agreement was signed between the United States, the State of California, and Maxxam, Inc., the owner of the private forest lands the Department wants to protect.

In early April, this Committee received a letter from Bonnie Cohen, the Assistant Secretary—Policy, Management and Budget. The letter proposed reprogramming $1.2 million from the Bureau of Land Management (BLM) budget for work on the proposed land exchange. The letter identified the following tasks that would be initiated with the requested funds: (1) appraisal of the privately-held forest properties that the Federal Government wishes to acquire; (2) appraisal of 24 oil and gas leases on public lands in California identified as Federal assets for the deal; (3) establishment of an auction process for the leases; and (4) amendment of the BLM Resources and Management Plan to change the oil and gas mineral estate from retention status to disposal status.

Together Senator Byrd and I decided not to raise an objection to the reprogramming request. We both appreciate the value of protecting old growth timber lands where a deal can be made. However, my approval of the request was not without some concerns, as you know from the letter I sent to you on April 24th. And I know that Chairman Murkowski of the Energy and Natural Resources Committee, another Committee of which I am a member, wrote to you of his concerns. I believe, also, that the House Appropriations Committee also has written to you about their concerns.

*Question.* Will these tasks be completed with the funds requested? If not, how much more will be necessary from the Federal Government to complete the appraisals and other preliminary work?

Answer. Plans for exchanging subsurface estate and other assets for the Headwaters Forest have been rendered moot under the land exchange negotiations associated with the Balanced Budget Agreement. While the Department appreciates the reprogramming latitude provided by the House and Senate Subcommittees, we cannot now foresee the need to conduct any further activities identified in the April 1997 reprogramming letter.

The majority of the assets identified for exchange are active oil and gas properties in California. I understand the Administration will exchange these properties under the authority of the Federal Lands Policy and Management Act (FlPMA), and that the properties will then be auctioned and the proceeds will be used to compensate Maxxam.

*Question.* Is this essentially correct?

Answer. Again, plans for exchanging subsurface estate and other assets for the Headwaters Forest have been rendered moot under the land exchange negotiations associated with the BBA. As a priority land exchange, the Headwaters Forest will be acquired from Maxxam for up to $250 million appropriated from the Land and Water Conservation Fund.

The sale of these oil and gas properties will reduce Federal receipts by about $100 million.

*Question.* Does the Administration's budget reflect a reduction in mineral receipts in fiscal year 1998 and beyond as a result of the Headwaters deal? If not, why not?

Answer. The budget reflects no reduction in mineral receipts as a result of the Headwaters land exchange. The fiscal year 1998 budget was prepared before the terms of the exchange had been finalized. The final exchange, as described above, will not reduce mineral receipts since, pursuant to the BBA, funding will be provided from the Land and Water Conservation Fund.

The Administration is pursuing similar negotiations to acquire the New World Mine site near Yellowstone National Park. In this instance, the Administration is proposing to exchange the revenue stream from active oil and gas leases for the property to be acquired. This will require legislation, and as such will trigger the PAYGO provisions of the Budget Act. The Administration's proposed offset for this exchange—an adjustment in the Conservation Reserve Program—has met with fierce opposition.

*Question.* Why is the Administration using the oil and gas revenue stream in this instance—which requires legislative action—and the oil and gas estate in the Headwaters acquisition—which can apparently be done administratively?

Answer. Under terms of the BBA, neither the revenue stream nor the oil and gas estate will be exchanged by the Federal Government for the New World Mine or Headwaters properties.

*Question.* Though the magnitude of the two deals are different, is there any appreciable difference between the two deals in terms of the effect on mineral receipts to the U.S. Treasury?

Answer. As mentioned above, under the terms of the BBA, neither the revenue stream nor the oil and gas estate will be exchanged by the Federal Government for the New World Mine or Headwaters properties.

This Committee has been informed that the Administration is relying on authority granted it by FlPMA to execute the Headwaters exchange. The oil and gas properties being used in the exchange are being treated as public lands under FlPMA.

*Question.* Is the use of producing oil and gas properties for exchanges a well established practice under FlPMA?

Answer. The use of properties for exchange that have been valued under a competitive auction process that establishes a fair market value return to the Government is a well established procedure under FlPMA, the General Exchange Act of 1922, and the Weeks Act.

*Question.* Are you aware of any previous exchanges of this nature? Of the magnitude of the Headwaters exchange? Can you provide some examples for the record?

Answer. The Department can document numerous exchanges that required asset value appraisal to determine fair market return; none equal the funding magnitude of the Headwaters exchange.

*Question.* If this has not been common practice, has the Administration produced a legal opinion supporting the use of FlPMA in this manner? If so, please submit for the record.

Answer. Because the use of FlPMA for the Headwaters Exchange has not been under active consideration for several months, a legal opinion on the subject was never signed.

Materials provided by the Department indicate that nearly $1 billion in annual revenues accrue to the Treasury from Federal onshore oil and gas leases.

*Question.* Does this Administration plan on using these receipts as a sort of piggy bank from which to draw when it feels a particular property is worth acquiring?

Answer. The Administration never proposed using oil and gas receipts to acquire the property. Rather, initially it proposed exchanging the sub-surface estate at the oil and gas sites for Headwaters—a land for land exchange. The question implies that the Administration planned to draw money from some receipt-based account (i.e., piggy bank) for the acquisition; that was not the case at all.

*Question.* In theory, couldn't all of these receipts be used for acquisitions like Headwaters without there being any effect on Federal revenues, and therefore any impact on the budget deficit? Does this seem proper to you?

Answer. As stated earlier, no receipts were being used to acquire Headwaters. Prior to the BBA, the acquisition was being established as a land exchange.

*Question.* Would you support changes to FPLMA that would limit what is in effect the administrative use of a concrete, estimable revenue stream in a manner that requires no budgetary offset?

Answer. The Administration would not support such changes to FlPMA. The exchange contemplated for the Headwaters Forest (and now made moot by use of LWCF funds under the BBA) was only possible because PAYGO neutrality was maintained.

I understand that as part of the Headwaters deal, the Administration has promised to "make whole" the State of California for the share of revenues it will lose from the Federal oil and gas properties to be traded. This could amount to $100 million.

*Question.* Does the Administration have any idea how it will fulfill this promise? Do you have any expectation that the Administration will call upon the Appropriations Committee for this purpose?

Answer. Use of up to $250 million in funds appropriated from the Land and Water Conservation Fund will satisfy the Federal Government's commitment in the Headwaters land exchange; therefore, there will be no need to compensate the State of California since it will not lose revenues.

UNCONTROLLABLE COSTS

It appears that the fiscal year 1998 budgets for different bureaus within the Department are treated differently with respect to uncontrollable costs.

*Question.* Do the requests for some bureaus include funding for uncontrollable costs while others do not? How does the Department make these determinations? Please provide for the record a table that shows how much of each bureaus' uncontrollable costs are to be funded through increases and how much are to be absorbed.

Answer. In an optimum budget with unlimited resources, each of the bureaus would be requesting increases for uncontrollable costs. While the Department began the formulation process for fiscal year 1998 with that goal in mind, the realities of balancing the budget forced difficult choices about the priorities for program increases and overall funding levels for individual bureaus. As a result, while most bureaus were able to cover uncontrollable costs with funding increase requests, a few (e.g., U.S. Geological Survey, Departmental Management, and Solicitor) were not. The Department's instruction to all bureaus was that "uncontrollable cost changes will be shown and described" in the Justifications.

## UNCONTROLLABLE COSTS

[In thousands of dollars]

| Bureau | Uncontrollables | | |
|---|---|---|---|
| | Absorbed or offset by projected savings | Funded in request | Total |
| Land Management | ..... | 14,500 | 14,500 |
| Minerals Management | 2,574 | 967 | 3,541 |
| Surface Mining | 229 | 1,169 | 1,398 |
| Geological Survey | 16,048 | ..... | 16,048 |
| Fish and Wildlife | 1,191 | 10,623 | 11,814 |
| Park Service | ..... | 22,617 | 22,617 |
| Indian Affairs | 417 | 18,805 | 19,222 |
| Departmental Management | 1,296 | ..... | 1,296 |
| Insular affairs | ..... | 87 | 87 |
| Solicitor | 894 | ..... | 894 |
| Inspector General | 582 | 61 | 643 |
| Special Trustee | ..... | 499 | 499 |
| Total Department | 23,231 | 69,328 | 92,559 |

*Question.* Also, please provide for the record a table summarizing the degree to which bureaus' uncontrollable cost increases have been funded or absorbed in fiscal years 1995, 1996, 1997, and 1998.

Answer. The Department does not maintain records showing uncontrollable cost history. The following table has been assembled based on bureau records, the Justification documents, and other analyses on file in the Department's Office of Budget. Note that unlike the previous table, the following one is adjusted to reflect the 1.51 percent increase in CSRS retirement charges, which is now assumed by the balanced budget agreement.

The first line under each bureau shows its estimate of the total amount required to offset that year's changes in uncontrollable costs such as pay, retirement costs, rent, unemployment and workers compensation payments. A negative amount in this line indicates base funding for uncontrollable costs went down.

The second line shows the amount of uncontrollable cost changes absorbed. By "absorbed" we mean that the funds needed to offset the increased costs were: (1) not requested; (2) requested, but paid for out of proposed programmatic reductions or projected efficiency gains in the base program; or (3) requested but not appropriated. For each bureau, if the amount shown on the second line equals the requirement (the amount shown on the first line), then the full amount of uncontrollable costs are absorbed. If it is less, then the uncontrollable costs were partially absorbed for that year. In a few cases, the amount in the second line is greater than the amount required to pay for that year's uncontrollable costs changes, indicating that not only were all new uncontrollable costs absorbed, but the base for paying for uncontrollable costs was also reduced.

## FUNDS REQUIRED TO OFfSET UNCONTROLLABLE COST CHANGES AND AMOUNTS ABSORBED

[In thousands of dollars]

| Bureau | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|
| Land Management: | | | | |
| Total requirement | 1,124 | 10,861 | 5,330 | 18,049 |
| Amount absorbed | 1,124 | 978 | 569 | 3,549 |
| Minerals Management: | | | | |
| Total requirement | 1,822 | 3,385 | 3,000 | 4,456 |
| Amount absorbed | 869 | 3,385 | 3,000 | 3,489 |
| Surface Mining: | | | | |
| Total requirement | 526 | 1,900 | 1,807 | 1,804 |

FUNDS REQUIRED TO OFfSET UNCONTROLLABLE COST CHANGES AND AMOUNTS ABSORBED—Continued

[In thousands of dollars]

| Bureau | 1995 | 1996 | 1997 | 1998 |
|---|---|---|---|---|
| Amount absorbed | 120 | 1,900 | 808 | 635 |
| Geological Survey: | | | | |
| Total requirement | 12,513 | 11,722 | 11,292 | 20,420 |
| Amount absorbed | 5,470 | 11,515 | 11,292 | 20,420 |
| Fish and Wildlife: | | | | |
| Total requirement | 14,706 | 14,410 | 12,300 | 13,907 |
| Amount absorbed | 15,587 | 16,180 | 12,400 | 3,284 |
| Park Service: | | | | |
| Total requirement | −6,866 | 34,782 | 18,711 | 26,822 |
| Amount absorbed | 8,111 | 16,798 | 16,164 | 4,205 |
| Indian Affairs: | | | | |
| Total requirement | 18,322 | 28,503 | 22,852 | 21,998 |
| Amount absorbed | 18,322 | 28,503 | 22,852 | 3,193 |
| Departmental Management: | | | | |
| Total requirement | 805 | 1,377 | 2,078 | 1,753 |
| Amount absorbed | 767 | 1,405 | 2,078 | 1,753 |
| Insular Affairs: | | | | |
| Total requirement | 157 | 98 | 72 | 87 |
| Amount absorbed | 75 | ..... | ..... | ..... |
| Solicitor: | | | | |
| Total requirement | −688 | 753 | 791 | 1,068 |
| Amount absorbed | ..... | 753 | 191 | 1,068 |
| Inspector General: | | | | |
| Total requirement | 599 | 1,153 | 500 | 774 |
| Amount absorbed | 599 | 1,153 | ..... | 713 |
| Special Trustee: | | | | |
| Total requirement | ..... | ..... | 343 | 499 |
| Amount absorbed | ..... | ..... | 212 | ..... |
| Department total: | | | | |
| Total requirement | 43,020 | 108,944 | 79,076 | 111,637 |
| Amount absorbed | 51,044 | 82,570 | 69,566 | 42,309 |

Note: Fiscal year 1998 based on the President's Budget request and adjusted for increase in CSRS employer charges. Fiscal year 1995 through fiscal year 1997 are based on the combination of decisions in the President's Budget request and the subsequent appropriations action.

ECOREGION ASSESSMENTS

The Department has been working with the Forest Service on a number of broad, "Ecoregion Assessments," one of which covers the Columbia Basin region. I was recently briefed on the draft Environmental Impact Statement (EIS) for the Columbia Basin assessment, which has been several years and some $30 million in the making. I understand that the measures outlined in the EIS will cost $125 million more than current budgets.

*Question.* What benefits will the American people receive from the $30 million invested in the Columbia Basin EIS? For other ecoregion assessments in the works?

Answer. For the first time ever, the American people have a comprehensive look at the people and places within the Interior Columbia Basin, and ways to deal with the challenges the people of the region face. For local land managers, this effort will provide them a scientifically sound framework to make local decisions that will improve the health of public lands both locally and regionally.

Consolidating efforts reduces duplication of efforts and provides a catalyst for comprehensive, more defensible assessments, EISs, and decisions by land managers. As a result, a better product is attained for a reduced cost than what could occur using an administrative unit by unit approach.

Thus far the effort has produced:

—A wealth of information found in the scientific assessment that characterizes social, economic and ecological conditions, trends, risks, and opportunities throughout the Interior Columbia River Basin, an area over 145 million acres.
—Over 170 data layers and 20 data bases available to land managers and the public; they will assist in future planning and implementation.
—Strengthened relationships between States, tribal, and county governments.

Finally, this effort should reduce the vulnerability to legal challenges. If the 45 administrative units within the Basin were to address, independent of each other, broad scale issues such as forest and rangeland health, salmon survival, Federal Government treaty responsibilities to Tribes, or impacts to local economies, inevitable inconsistencies would occur creating legal vulnerability.

People within the Columbia Basin who live and work on or near those lands covered by the EIS are concerned that the ecoregion planning process will result in a "one size fits all" approach to land management that will not reflect the particular needs of individual watersheds, forests, etc.

*Question.* How do you respond to this concern?

Answer. We have developed a consistent but not a one size fits all approach. The scientific assessment has shown us that a one size fits all approach will not lead to the restoration of public lands because of the variability across the Basin. However, consistent approaches on how we analyze problems and implement strategies to remedy these problems will.

The Draft EISs have a combination of process standards as well as prescriptive standards. Process standards provide the "how to" in going from the broad scale to an on-the-ground project. Prescriptive standards describe what should be done factoring in variations in vegetation and the lay of the land. Adjustments to prescriptive standards can and should be made when they are not meeting objectives due to local conditions. The mechanism to adjust standards to meet local conditions is part of the overall strategy.

*Question.* If the ecoregion planning process is truly flexible enough to accommodate local management requirements, what additional benefit do the assessments provide above that which would accrue from a more local planning process?

Answer. The scientific assessment provides local managers a wealth of information that is consistent across the basin but can be used in local planning processes. It would have been more difficult and expensive to collect and analyze this information on an administrative unit by unit basis. This information is important to local managers in developing cumulative effect analyses, important in their planning and decision processes.

The Draft EISs focuses on issues that are more efficiently and effectively addressed using a broad scale approach. They do not attempt to resolve issues that are more effectively addressed at the local level. The draft EISs provide the context for local managers to make decisions with a better understanding of the larger issues.

NATIONAL PETROLEUM RESERVE—ALASKA

The Department of the Interior recently announced that it is beginning to develop an "integrated activity plan" and EIS for about 4.6 million acres in the northeast corner of the National Petroleum Reserve-Alaska (NPR-A).

*Question.* Please tell the Committee what types of issues and matters will be studied in the "integrated activity plan."

Answer. The Integrated Activity Plan (IAP)/EIS will address the full range of BLM management responsibilities in the planning area. Besides oil and gas development, BLM will look to update its management strategies for fish and wildlife, recreation, realty, hazardous materials, soil, water, air, and the protection of cultural and subsistence resources. The NPR-A is closed by law to mineral development other than oil and gas, so management of those resources will not be discussed.

*Question.* How long will this process take?

Answer. We plan to issue a Record of Decision for the IAP/EIS by August 1998.

*Question.* How much is it expected to cost?

Answer. Total cost of the project is projected to be $8 million. This cost will be shared by BLM ($4.6 million) and the Minerals Management Service (MMS) ($3.4 million). The project is divided into two parts. The IAP/EIS portion of the project will cost $4.4 million. The oil and gas evaluation and preparation for a potential lease sale will cost $3.6 million. These costs include both labor and operational costs.

*Question.* From which agency budgets will the funds for this plan come?

Answer. Both MMS and BLM will fund components of this plan. Each agency will absorb personnel costs. All operational expenses, including travel, printing, and purchase of industry seismic data, will be borne by BLM.

*Question.* Does the budget request for fiscal year 1998 contain amounts for the work needed?

Answer. The costs for fiscal year 1998 will be funded from within the amount requested in the President's fiscal year 1998 Budget.

Committee staff have heard that, in order to do the work on the NPR-A, personnel from MMS would be brought over to help and that, potentially, some Outer Continental Shelf (OCS) lease sales in Alaska could be delayed. The delay of OCS lease sales costs the Federal Government and the State of Alaska—in the loss or delay of royalties. The NPR-A will be a long time in coming to fruition, so it is not an equal trade-off.

*Question.* Can you tell us more about exactly how the Department intends to do the NPR-A work?

Answer. The BLM has entered into a Cooperative Agreement with MMS to do part of the work for this IAP/EIS. Although BLM personnel are involved with all aspect of the IAP/EIS, MMS has primary responsibility for describing the affected environment, including the oil and gas resources, and for describing the environmental consequences. Their personnel have also been central to providing a reasonable, foreseeable development scenario for oil and gas development.

*Question.* Are OCS lease sales in Alaska being delayed? Is the State of Alaska comfortable with the delay?

Answer. Only Sale 173, Cook Inlet, will be delayed. This sale, originally scheduled for 1999, will be delayed until 2001 so that MMS efforts can be devoted to the resource and environmental evaluation of NPR-A. The State of Alaska is anxious for the NPR-A effort to proceed and has not voiced any objections about the delay of Sale 173.

Much of the reason there was little interest in previous NPR-A lease sales was due to the fact that industry was not comfortable with the lease terms available under regulations promulgated by BLM, including those addressing unitization or suspension of leases. Lease suspension and unitization are permitted on other Federal lands under the Mineral Leasing Act. However, the Department's Solicitor concluded in a 1981 opinion that the NPR-A leasing authority, because it was contained in the Interior Appropriations Act for fiscal year 1981, constituted new and independent leasing authority, and that the terms of the Mineral Leasing Act do not apply.

*Question.* What is the Department doing to ensure that if a lease sale is recommended at the end of the IAP/EIS process the lease terms and conditions are such that industry will be interested in leasing in NPR-A?

Answer. In 1982 and 1983, BLM held three oil and gas lease sales in NPR-A. The sales totaled approximately 1,350,000 acres and yielded the Government $106.5 million in bids and rentals. In 1984, a fourth lease sale obtained no bids. Contributing to the lack of bids in that sale was the inherently poorer quality of the lease tracts offered for sale, heightened interest in oil and gas exploration in the Arctic National Wildlife Refuge (ANWR), and industry concerns about lease terms. Since the last lease sale, the Department has reexamined the applicable law. The Department believes it has the authority to issue new regulations to address unitization and clarify suspension, if necessary. We anticipate having necessary regulations in place prior to any leasing which may result from the IAP/EIS effort. By law, lease blocks can be up to 60,000 acres. We anticipate that the concerns regarding consolidation and the size of lease blocks will be addressed within the context of unitization regulations.

At the request of Senator Stevens last year, we were going to try to add an amendment to the fiscal year 1997 Interior bill to make certain terms of the Mineral Leasing Act applicable to the NPR-A. I understand that the Department supported this amendment, which provides for environmentally-responsible unitization of leases by the oil companies so that fewer wells have to be drilled.

*Question.* Is it still the Department's opinion that legislation is needed to allow unitization?

Answer. No. The Department plans to issue regulations addressing unitization.

*Question.* Will the Department support the addition of language in the fiscal year 1998 bill, if it is requested by members, that it supported last year to allow unitization in the NPR-A?

Answer. Legislation is unnecessary since the Department has the administrative authority to address unitization in regulations.

The Naval Petroleum Reserves Production Act of 1976 directed that several reports be prepared on the NPR-A, including one regarding the "development, produc-

tion, transportation, and distribution of petroleum resources" and another on the "value, best use, and appropriate designation of the lands" within the reserve.

Later, in the Department of the Interior Appropriations Act for fiscal year 1981, Congress appropriated $107 million for, among other things, an EIS on competitive oil and gas leasing in the reserve.

*Question.* Can you tell the Committee what the IAP and EIS will accomplish that the previous studies, reports, and EIS did not?

Answer. As the Committee notes, there have been a number of studies of NPR-A. The current planning effort will make use of the data derived as part of these studies, as well as the results of more recent investigations. The IAP/EIS, however, will address issues and utilize knowledge and information which was not pertinent or available in the 1970s and early 1980s. Furthermore, there have been regulatory changes which make the 1983 EIS (which was done pursuant to the fiscal year 1981 Interior Appropriations Act) outdated. Since that EIS was drafted, the Federal Government has assumed a greater responsibility for management of subsistence resources, has promulgated a wetlands policy which affects development in the planning area, and has both de-listed the peregrine falcon and added the spectacled eider and Steller's eider to the list of threatened and endangered species. The new IAP/EIS will address management within the context of these new rules.

Oil development technology has evolved as well. The IAP/EIS will analyze impacts from development, taking into account new oil industry technology which in some instances may lessen those environmental consequences. At the same time, development on the North Slope has matured, and as a consequence we can produce an updated and more accurate picture of cumulative impacts of any further oil and gas development.

There has been considerable additional resource information about the North Slope gathered by the Federal Government, the State of Alaska, the Borough, and others. The IAP/EIS will take advantage of this better understanding of Arctic resources to reexamine our nearly 15 year old oil and gas leasing program and to put in place updated management for all the resources in the planning area.

We also need to update the 1983 EIS because it has some technical flaws (e.g., it lacks a "no action alternative"). These flaws, in addition to its dated nature because of changes in regulations and the on-the-ground situation, make it unlikely any leasing program based on the old EIS could successfully withstand a court challenge.

*Question.* Will different issues be addressed? If so, what are they? Will you provide the Committee a detailed description of the work to be performed, issues to be analyzed, and matters to be examined as part of the IAP/EIS process?

Answer. The IAP/EIS will follow the standard EIS process, including holding public meetings and soliciting written responses to help define issues and obtain comments on the draft plan, preparing descriptions of the potentially affected environment and the consequences of following a range of alternative future management strategies, responding to the public's concerns, and publishing a final decision.

The public outreach program includes repeated visits to the North Slope villages nearest the planning area, news releases, a series of newsletters, an internet web site, participation on radio call-in shows, and meetings with environmental, industry, Native, and State representatives. A symposium of leading scientists from agencies of the Federal, State, North Slope Borough Governments, universities, private groups, and firms has been held to assure that authors of the IAP/EIS will have the most up-to-date information about development and resources on the North Slope.

The North Slope Borough, State, and the Fish and Wildlife Service (FWS) are represented on a coordinating group to share their concerns with top BLM Alaska managers on the NPR-A effort. The BLM Alaska office has established cooperative agreements with the State and the North Slope Borough and has funded positions to work directly with the planning team. The State's NPR-A staff person has an office with BLM NPR-A staff members at the BLM State Office in Anchorage.

The public has helped identify issues to be addressed in the IAP/EIS. In addition to input concerning possible oil and gas development, wildlife values associated with the region around Teshekpuk Lake and recreation and wildlife values of the Colville River valley are of special concern. While North Slope residents have stated their interest in participating in any economic development in the area, they repeatedly expressed the importance of the availability and accessibility of subsistence resources, such as caribou, waterfowl, fur bearers, and marine mammals. Others are interested in protecting cultural and paleontological resources and adding unique areas, such as the Pik sand dunes, to the Special Areas.

SUPERFUND LIABILITY

The Federal Government is liable just like any other landlord under Superfund as an owner of property where a release of hazardous substances occurred.

*Question.* To what extent does Interior intend to have the Federal Government pay its fair share at these cleanup sites? How much will that be?

Answer. The Department, as a land owner under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) may be liable as a Potentially Responsible Party (PRP) for a portion of the cleanup costs on our property. This portion may not be recovered from other PRPs. Depending upon the viability of other PRPs, the Department's share may fluctuate above its fair share. Under this circumstance, the Department will always need some level of annual appropriation. This level will vary on an annual basis dependent upon agreements with regulators and with other PRPs and the work scheduled to be performed in that year. Because the Department as a Federal agency is not eligible for money from Superfund, demand for response and remedy always exceeds funds available by many times. Federal costs avoided or recovered on one Interior site often will have to pay for defunct or unidentified PRPs on another site.

The Central Hazardous Material Fund is budgeted at $14 million for fiscal year 1998. This is roughly the amount spent on average for cleanup at a single site. It does not appear to be an adequate amount given the significant joint and severe liability facing the Federal Government at unpatented abandoned mine sites.

*Question.* How does the Department plan to fund its liability at these sites?

Answer. Abandoned Mine Lands (AML) on the public lands may contain both physical safety and environmental hazards. Existing data indicates that there are approximately 70,000 AML sites on public lands. The BLM field work has shown that about four percent of AML features are potential environmental hazards, ranging from lack of vegetation to water quality degradation. An AML site will become eligible for Central Hazardous Materials Fund (CHF) funding only after the applicable Interior bureau or the Environmental Protection Agency (EPA), whichever agency has the lead at such a site, has determined that a remedial investigation under CERCLA is called for. Examples of mining-related projects currently budgeted for in the CHF include Atlas Asbestos and Tar Creek. Other mining-related sites have been nominated for CHF funding but have not been considered for such funding due to a Congressional prohibition contained in the fiscal year 1997 budget prohibiting CHF funding of new sites.

*Question.* To what extent is the Department relying on cost recovery, use of 106 order authority, and abandoned mine fund moneys to satisfy response and natural resource damage costs under Superfund on public lands under Interior jurisdiction?

Answer. Within the context of CERCLA and its application and case law and the revolving fund intent of the Department's CHF, Interior pursues a policy of making polluters pay for the cost of their actions, wherever possible. It is the Department's policy to pursue cost recovery, cost contribution, or cost avoidance strategies with respect to other PRPs associated with the contamination of Departmental lands. Cost contribution involves the identification of specific liability for each PRP with a concomitant cost share. Cost contribution may be a more demanding and costly approach to addressing site liability because it requires the development and negotiation of an allocation among the parties, including Interior, early in the cleanup process, rather than simply suing the other PRPs after funds have been expended and requiring that they divide the liability among themselves vis-a-vis the Department. The Department of Justice has advised Interior that the cost contribution approach, rather than the cost recovery approach, may be required at a number of the Department's CHF projects. The other strategy utilized by the Department to control costs is cost avoidance by having PRPs actually fund and conduct cleanups with participation or/and oversight by the Department.

Interior will cautiously use delegated 106 authority under CERCLA, and only where warranted, to accomplish the cleanup of contaminated sites by bringing PRPs to the table to contribute to the cost of cleanup. Interior, along with other Federal agencies, has been working with Justice and EPA to develop a Memorandum of Understanding (MOU) which will provide guidance for Federal agencies' use of delegated CERCLA 106 order authority. The principles which have governed EPA's previous implementation of 106 authority are incorporated into the MOU. The MOU would provide for use of 106 authority subject to concurrence by EPA and Justice. The MOU has not yet been finalized.

For AML sites, Interior has an AML watershed initiative in which the Department is cooperating with Federal, State, and private partners to identify all sources of funds to clean up abandoned mine sites on public lands.

*Question.* Does the Department plan to have all Superfund liability at Interior sites covered by the private sector?

Answer. Within the context of CERCLA and its application and case law and the revolving fund intent of Interior's CHF, the Department pursues a policy of making polluters pay for the cost of their actions, wherever possible. It is the policy of the Department to pursue cost recovery, cost contribution, or cost avoidance actions against other PRPs associated with the contamination of Departmental lands. Cost contribution involves the identification of specific liability for each PRP with a concomitant cost share. As noted in our response to the previous question, cost contribution may be a more demanding and costly approach to addressing sites compared to cost recovery because it requires the development and negotiation of an allocation among the parties, including Interior, rather than simply suing the other PRPs after funds have been expended and requiring that they divide the liability among themselves. The Department of Justice has advised the Department that the cost contribution approach, rather than cost recovery, may be required at a number of the Department's CHF projects. The other strategy utilized by the Department to control costs is cost avoidance by having PRPs actually fund and conduct cleanups with participation or/and oversight by the Department.

Interior, as a land owner under CERCLA may have some potential liability as a PRP for a portion of the cleanup costs on our property. There also are situations where illegal dumpers cannot be found or where past contaminators are no longer financially viable or perhaps no longer in existence.

Where imminent hazard or substantial risk are present, the Department takes appropriate action, and then tries to find the parties that caused the pollution. Where more time is available, the Department will often find the responsible parties and get them to take action or to fund or contribute to the cleanup. Because the Department as a Federal agency is not eligible for money from Superfund, demand for response and remedy always exceeds funds available by many times. Federal costs avoided or recovered on one site often will have to pay for defunct or unidentified PRPs on another site.

Under Federal law, Interior must provide a Consolidated Statement of Financial Position by March 7, 1997 that sets out the Department's financial position in a manner consistent with applicable accounting and financial reporting principles, standards, and requirements.

*Question.* Will Interior be including potential Federal liability under Superfund for both response and natural resource damage costs in its Audited Financial Statement? If not, why not?

Answer. The standards covering the recognition and disclosure of environmental liabilities are effective for fiscal year 1997 financial reporting (due March 1998). The Department will comply with these standards. The Department's Financial Report for fiscal year 1996 includes disclosure of available environmental liability information, including Superfund sites. However this information is more limited that what will be presented in 1997 as procedures were not in place during 1996 to fully gather this data. The Department is currently addressing the data collection process to accurately and fully report this information in accordance with Federal accounting guidelines when the standards become effective in 1997.

*Question.* Since the Federal Government Superfund liability at many of these sites may be significant by virtue of having owned the lands on which the hazardous substances were released, to what extent is Interior's liability for Natural Resource Damages being accounted for in the Consolidated Financial Statement required by public law?

Answer. Environmental liabilities, including Superfund Liabilities, are to be recognized in the financial statements beginning in fiscal year 1997 when the existence of the liability is probable and the amount is reasonably measurable, provided that the Department is legally liable for the clean-up. The Department is currently evaluating all known sites to determine the extent to which these criteria are met and the range of the potential liability.

The vast majority of the Department's environmental clean-up responsibilities arise from non-Department and non-Federal uses of the lands, such as illegal dumping, landfills, mineral extraction operations and pipelines. In these cases, the Government's responsibility derives solely from the fact that it is the current owner of the land, and the Department is often not "legally liable." Wherever possible, the costs of clean-up will be recovered from responsible parties. In these cases, the standards require that the potential costs to be paid by the Department be discussed in the textual portions of the report (such as the footnotes) but not "recognized" (presented on the face of the balance sheet) as a liability.

The Department will recognize the potential liability for Superfund and other environmental cleanup costs in its fiscal year 1997 audited financial statements in ac-

cordance with standards promulgated by the Federal Accounting Standards Advisory Board. There is no current estimate of the dollar amount of this liability, pending completion of the Department-wide evaluation.

*Question.* What is your estimate of the Government's total amount of liability for remediation of hazardous substances on Federal lands overseen by Interior? What is Interior's estimate of its liability for Natural Resource Damages?

Answer. Environmental liabilities, including CERCLA liabilities, are to be recognized in the financial statements when both the existence and amount of the liability are probable and reasonably measurable. The Department is currently evaluating all known sites to determine the extent to which these criteria are met and the range of the potential liability.

The vast majority of the environmental clean-up responsibilities arise from non-Department and non-Federal uses of the lands, such as illegal dumping, landfills, mineral extraction operations, and pipelines. In these cases, the Government's responsibility derives solely from the fact that it is the current owner of the land. Wherever possible, the costs of clean-up will be recovered from responsible parties.

The Department will recognize the potential liability under CERCLA for other environmental cleanup costs in its fiscal year 1997 audited financial statements in accordance with standards recently promulgated by the Federal Accounting Standards Advisory Board. There is no current estimate of the dollar amount of this liability.

The Department of Energy produces a report called the Baseline Environmental Management Report that gives Congress important estimates on out-year costs and timetables for addressing hazardous material contaminations. As you probably know, cleanup costs are expected to run into the billions for the Department of Energy.

*Question.* Does Interior have any similar information available? When does the Department believe it will have completed its inventory of contaminated sites?

Answer. Both the Department and the General Accounting Office (GAO) are reviewing existing inventory data to ascertain the Department's status with regard to potential CERCLA liability. It is understood that GAO will be completing their evaluation of the fiscal year 1997 reporting sometime in fiscal year 1998. The Department has begun developing a financial accounting report of sites likely to result in liability to the Government based upon current information.

PRESCRIBED BURNING

In a recent speech you described your intention to increase the use of prescribed burning for fire suppression. At the same time, EPA and other Federal agencies are forcing grass growers in the Pacific Northwest to eliminate the burning of their fields, ostensibly to protect air quality.

*Question.* How do you reconcile these two positions?

Answer. Prescribed fire is used in wildlands for fundamentally different reasons than agricultural burning, specifically grass growers. Grass growers have alternative treatments available in the management of their lands. In the wildlands, fire is a natural ecological process for maintaining and sustaining healthy ecosystems. There are no long-term alternatives to burning that accomplish the necessary ecological outcomes. Further, unplanned wildfires will eventually occur, and without periodic treatments with fire, those unplanned wildfires can be catastrophic for forest and rangelands and pose significant threats to public safety. In some locations and conditions harvesting of forest products, grazing, and mechanical removal of fuels will reduce the risks of catastrophic fire, particularly, in areas with exceptionally high levels of fuel. However, the continual build-up of brush, needles, and young unmerchantable dense stands is the primary source of fuels that result in high fire danger and that cause ecological imbalance. The use of periodic, low intensity fire (either from planned ignitions or from natural ignitions) reduces the risk of catastrophic fire and maintains healthy forests and ranges. Ponderosa pine stands, aspen stands, and the excellent big game environments that are a mixture of brush, grass, and forest are examples of the result of the natural role of fire.

By contrast, agricultural burning such as that done by grass growers is conducted as part of an economic activity or industrial process and has alternatives. Agricultural burning is not conducted to maintain and sustain natural forest and range systems.

Nevertheless, burning in wildlands can produce high levels of smoke emissions that must be addressed in air quality programs. Since the wildland fuels will eventually burn anyway, smoke emissions are inevitable though not predictable as to exact time, place, and quantity. Use of planned ignitions can help reduce smoke emissions by setting the time and circumstances to take advantage of favorable atmospheric conditions and to avoid unfavorable conditions. Smoke management tech-

niques are routinely applied and many States have smoke management programs to mitigate the effects of wildland burning. The Department is participating in an EPA-lead effort to work with land managing agencies and State regulatory authorities to develop better procedures to ensure that the public policy objectives of using fire to maintain healthy ecosystems and improving air quality can both be achieved.

Some in the Forest Service have expressed the opinion that you are overselling the potential benefits and uses of prescribed fire, in large part because fuel loading in many parts of the country is too great to allow fire to be used safely without first conducting extensive thinning or salvage logging.

*Question.* Any comment on this assessment?

Answer. Fire is the only effective option in the long run to restore, maintain, and sustain healthy forests and rangelands. In some areas, especially near human developments and near unique natural resources, mechanical fuels removal may be the safest and most feasible initial treatment. In some cases, vegetation will have to be maintained by continued mechanical thinning; in others, prescribed fire can be used to maintain open stands and low fuel conditions that are first reestablished by mechanical treatments. Extensive stands of open ponderosa pine, mixed conifer, and other forests in which fires burned frequently under natural conditions have become too dense, and have been invaded by non-fire adapted and extremely flammable tree species. The fuel ladders created by these young trees have contributed to the increase in large, catastrophic wildfires in recent years. Other forests, such as the pinyon/juniper in the intermountain west, have also become more dense and have invaded areas that were once open grass/shrub lands or savanna of grass and scattered trees. Such stands would be candidates for mechanical thinning as an initial fuels treatment.

COUNTER TERRORISM

Department of the Interior agencies received emergency supplemental funding in fiscal year 1997 for counter terrorism activities.

*Question.* Please provide for the record a description of how the various bureaus have spent, or plan to spend, these funds.

Answer. In fiscal year 1997, the Congress appropriated emergency supplemental funding to FWS and the National Park Service (NPS) for operational and construction requirements to address counter terrorism and security concerns. The FWS received $1.5 million and NPS received $8.6 million for these activities.

The FWS is using $1 million to purchase radios to upgrade the current law enforcement communication systems in order to comply with FCC standards and provide encryption capabilities resistant to unauthorized interceptions of transmissions. The remaining $500,000 is being expended to purchase and upgrade law enforcement computer systems to prevent unauthorized intrusions into law enforcement databases.

The NPS has allocated their funding to four high profile park sites, including Mount Rushmore National Memorial, Jefferson National Expansion Memorial, Independence National Historical Park, and the Monument Core of the National Capital Region (Washington Monument, Jefferson and Lincoln Memorials, Vietnam Veterans Memorial, Lafayette Park, and the Ellipse), to implement security systems, acquire equipment, and hire staff to ensure that these likely targets of any terrorist activity are protected.

WELFARE INITIATIVE

The President recently announced an initiative to increase hiring from welfare rolls for Federal positions.

*Question.* How will this initiative impact the Department of the Interior?

Answer. The Department of the Interior completely supports the President's initiative to move Americans off the welfare rolls and onto the work rolls. But the President did not ask agencies to create work or provide anything different to employees hired under this initiative. And we do not intend to.

This initiative simply asks agencies to look at what positions they have available or anticipate having available that might possibly be filled with people who are coming off the welfare rolls—people who might have little or no skills. Given that directive, the Department of the Interior is turning to the welfare rolls as an additional recruitment source.

This effort may require that some jobs be restructured. In our Welfare-to-Work Plan we have identified positions such as clerk, laborer, maintenance worker, teachers aide, that are normally filled at lower grades which can easily be restructured, if necessary, to allow applicants with limited skills to qualify.

Since Veteran's preference and career transition regulations are still applicable, and since there were no special authorities or laws that would allow us to give any preference to welfare recipients, we view the welfare-to-work program as only a focused recruitment effort.

*Question.* How many positions does the Department expect to fill in this manner in fiscal year 1997? fiscal year 1998?

Answer. The Department has set goals for hiring 50 welfare recipients in fiscal year 1997 and 75 in fiscal year 1998. Given that the Department has approximately 70,000 employees and does a great deal of hiring of temporary employees, these are not significant numbers.

Any training or support services provided to these employees will also be available to any other employee who has a similar need. For example, our Employee Assistance Program currently provides referrals for employees who have concerns such as family issues and credit problems. In fact, we see this focus on employing welfare recipients and the types of services that they might need, as a way of enhancing our quality of work life programs for all employees, which is a current focus in the Department.

*Question.* Will this initiative have any impacts on program funding requirements?

Answer. We do not anticipate the welfare-to-work initiative to have any impact on program funding. We see this as a positive step in leading by example and creating a better work environment for everyone who works for the Department of the Interior.

## BUREAU OF LAND MANAGEMENT

### OIL AND GAS MANAGEMENT PROGRAM

The BLM proposes to reduce its Oil and Gas Management program by $500,000 and 7 FTEs in fiscal year 1998. The program request for 1998 is $52.47 million and 803 FTEs. The reductions are modest, but they illustrate a turning away from extractive uses on the public lands. The reductions will result in the stoppage of low priority lease application processing in Alaska, Arizona, and Idaho.

*Question.* Given all of the proposed increases in BLM programs, how do you justify these reductions in the oil and gas program?

Answer. The reductions are based on sound business practices, i.e., we will continue to act on applications that provide the most promise of resulting in oil and gas production. Streamlining program activities will also save money and thus there will be no overall diminution of the oil and gas program.

Even though these may be low priority lease applications, they still offer the hope of new discoveries that the Nation needs.

*Question.* How does the reduction of oil and gas leasing opportunities on public lands help the Nation's growing dependence on imported oil?

Answer. We believe that leasing opportunities on public lands will not be reduced. The number of applications received for lands in Alaska, Arizona, and Idaho is extremely small. In some years we receive none. These applications are expensive to process. By focusing on areas of higher potential the public is well served.

I know that the Interstate Oil and Gas Compact Commission (IOGCC) is negotiating with the oil producing States concerning transfer of certain oil and gas lease management functions to the States.

*Question.* When do you expect to bring this effort to closure? Will the Department require legislation to implement elements of any such transfer? If so, when do you expect to transmit such legislation to the Congress? Do you expect savings as a result of this transfer?

Answer. At a May 2, 1997, meeting with the IOGCC there was agreement reached to form a steering committee made up of BLM and State representatives which would work to reduce or eliminate duplication, streamline processes, create efficiency, reduce regulatory burdens on operators, and reduce the cost to the taxpayer. At the same meeting, it was agreed that within 90 days (by August 2, 1997) any State wishing to request a delegation would submit a complete proposal or letter declining to participate. States would still be able to request delegations under the provisions of the Federal Oil and Gas Royalty Management Act (FOGRMA) of 1982.

### WILD AND SCENIC RIVERS

The House Report accompanying the Fiscal Year 1995 Interior and Related Agencies Appropriations Act directed BLM and the Forest Service to prepare a report on funding for activities associated with wild and scenic rivers.

*Question.* Was this report ever completed? If so, please transmit a copy of the original report and any updates to the Committee. If it was not completed, why not?

Answer. House Report 103–551 accompanying the 1995 Department of the Interior and Related Agencies Appropriation Act directed BLM to report on: 1) the amount of money spent on Wild and Scenic River (WSR) studies and management plans in fiscal year 1994 and projected to be spent in fiscal year 1995; 2) the status of studies and management plans required by statue and the extent to which statutory obligations under the WSR Act could not be met by existing and planned funding; and 3) the amount of funding necessary for fiscal year 1996 to complete WSR studies and management plans on time.

The following report was completed in 1995.

The BLM WSR program includes implementation of 33 management plans covering 2,022 miles of BLM administered rivers in the National WSR System. The BLM started monitoring specific WSR program expenditures in fiscal year 1995. As of January 30, 1995, BLM has spent $419,000 on the WSR program, which extrapolates to approximately $1.3 million for the entire fiscal year. Based on the consistency of the BLM WSR program, funding levels for fiscal year 1994 and fiscal year 1996 are assumed and projected to be approximately the same as those projected for fiscal year 1995.

Section 5(d) of the WSR Act requires that BLM evaluate potentially eligible river segments in conjunction with land use planning, but the WSR Act does not specify a deadline for completion of this work.

The BLM remains in compliance with the WSR Act and will continue to evaluate potential WSRs under its Resource Management Planning process. The fiscal year 1996 funding level for WSRs is consistent with BLM's proposed planning schedule.

The information in that report is still correct. In addition, BLM is currently implementing the management plans that cover all 34 of the BLM administered rivers in the National WSR System. During the completion of Resource Management Plans (RMP) and/or amendments to them, BLM conducts evaluations of rivers and then makes recommendations regarding their suitability for designation as a WSR. The WSR Act does not specify a deadline for such evaluations.

In fiscal year 1995 and 1996, BLM expended $1.9 million and $0.9 million respectively, in administering the WSR Program. Expenditures for fiscal year 1997 are projected to be approximately $1 million.

SALE OF THE ALASKA POWER ADMINISTRATION (APA)

The 1995 Alaska Power Administration Asset Sale and Termination Act directs the Secretary of Energy to sell all APA assets, including two hydroelectric projects and related transmission facilities. The Act also requires other Federal agencies to assist in the sales and conveyances. I understand BLM and the Forest Service are directly involved in the land issues surrounding these sales.

*Question.* Are sufficient funds requested in the President's fiscal year 1998 budget to complete all remaining tasks with respect to these sales?

Answer. Yes, there are sufficient funds in the President's fiscal year 1998 Budget for BLM to complete its work related to these sales. These sales are scheduled to be completed in fiscal year 1998.

HELIUM

With passage of the Helium Privatization Act, BLM should be able to reduce its number of FTEs by 23 positions in fiscal year 1998. However, BLM absorbs these FTEs and puts them into traditional programs. Congress passed the Helium Privatization Act in part to reduce the size of government.

*Question.* Does the Department anticipate any savings, as Congress had intended?

Answer. The President's Budget shows a direct savings of 23 FTEs and $7 million in the cost to operate the helium program. From 1996 to the end of fiscal year 1998, there will be a reduction of in excess of 100 positions. During the phase-out period, large severance payment costs will be incurred in 1998, however, significant savings will be realized in future years as intended by the passage of the Helium Privatization Act.

GRAND STAIRCASE-ESCALANTE NATIONAL MONUMENT

The very first thing BLM highlights in its overview is a justification for requesting $5 million of new budget authority to be used in the creation of the Grand Staircase-Escalante National Monument. This is added to the $1.6 million that BLM was already spending in this area. The creation of a national Monument is tantamount to the creation of a national park. It will draw a lot of visitors and it will continue to consume significant budget resources.

*Question.* How are you going to keep this Monument from consuming ever-increasing amounts of the BLM budget?

Answer. The BLM will handle proposed allocations for the Monument through the agency's normal budget process. By following customary budget procedures, BLM will consider funding for the Monument in the context of other resource management priorities. The Monument is a high priority for BLM. However, the agency recognizes that it must seek a balance in meeting the needs of the Monument as part of the BLM's overall mission and responsibilities.

*Question.* What activities will have to be forgone in order to support the Monument, not only this year but in years to come?

Answer. The BLM has requested an increase of $5 million in the 1998 President's Budget. Once the 1998 funding levels for the Monument are established, future funding allocations for the Monument will occur through the normal budget process. The budget process serves to evaluate BLM's priorities and needs, as well as to present workload units to be accomplished to support those funding priorities and needs. As work is accomplished, or as priorities change, the budget request is modified to reflect the changes.

When the Congress creates a national park, it does so with a recognition that it comes with long-term financial responsibilities.

*Question.* How will the Department and BLM find ways to support the Monument without sacrificing the agency's multiple use responsibilities?

Answer. The Monument encompasses public lands that were previously managed by BLM for multiple uses, and many of these same uses will continue within the Monument. Thus, the President's designation complements the BLM multiple-use mandate regarding activities such as livestock grazing and basic visitor services. Through the budget process, BLM has identified some Monument area activities for additional funding, including recreation and interpretation. These activities have been underfunded in the past, and BLM would have recommended increases regardless of the Monument's designation. Interior and BLM identify new funding needs through the normal budget process, which considers the long-term needs of the entire Department.

*Question.* How much of the $5 million of new request will go to local communities?

Answer. In 1997, through a cooperative agreement BLM has agreed to provide up to $200,000 to Kane County to facilitate its participation in the Monument planning process. Although Garfield County initially refused any planning assistance, they have just agreed to enter into their own cooperative agreement with BLM that would provide $50,000 to facilitate participation in the planning for the final months of fiscal year 1997. In addition, BLM previously agreed to extend cooperative agreements to both counties during the 1997 field season for law enforcement, search and rescue, and trash removal costs associated with the Monument. Subject to Congressional appropriation, BLM is also exploring further cooperative funding options with Kane and Garfield Counties regarding law enforcement, search and rescue, trash removal and planning for fiscal year 1998. In addition, BLM plans to share various resources with Kane and Garfield counties, which will result in significant savings for the counties. These resources include communications facilities for law enforcement, road signs, and Geographic Information Systems (GIS) databases. The BLM estimates the value of these shared resources as follows: GIS ($400,000); road signs ($50,000); visitor information materials that address dangers associated with visiting the Monument ($10,000); road maintenance ($50,000); law enforcement ($30,000); sanitation ($60,000); and search and rescue access to communications towers and other equipment ($100,000).

BLM LAW ENFORCEMENT

The BLM is requesting an additional $2.054 million and 7 FTEs in its law enforcement program.

*Question.* How much of this additional funding did BLM intend to use in its effort to consolidate its various law enforcement regulations, as it had announced?

Answer. None of the additional funding is to be used to consolidate the various law enforcement regulations. The $2.054 million in additional funding is intended to reinvigorate the BLM drug enforcement efforts within existing BLM law enforcement authority and is being done at the direction of the Office of National Drug Control Policy (ONDCP).

*Question.* How much was the consolidation going to cost?

Answer. The proposed consolidation of the BLM law enforcement regulations would have had no cost impact.

In response to criticism of the BLM plan to consolidate its law enforcement regulations, you announced on March 11 that BLM would shelve its plan to consolidate its various law enforcement regulations.

*Question.* Does BLM still need the entire additional $2.054 million for law enforcement or can we use that money somewhere else?

Answer. Yes, BLM does need the additional $2.054 million increase in the law enforcement budget to conduct an effective drug enforcement program to suppress marijuana cultivation and methamphetamine production activities that impact the public lands. The ONDCP has directed BLM to spend this additional funding in support of the national drug strategy to reduce all domestic drug production and availability on public land.

PAYMENTS IN LIEU OF TAXES

The BLM budget proposes a reduction of $12 million in the Payment In Lieu of Taxes (PILT) program. The PILT program is the money the Federal Government pays to local governments to compensate those units of government for the loss of taxes that they would otherwise collect if the land were in private hands. The PILT payments were $113.5 million in 1996, $113.5 million in 1997, and are proposed at $101.5 million in 1998.

*Question.* Why do you propose a reduction in payments to local units of government that cannot tax the Federal Government for its occupancy of lands within States at a time when the Administration seems to be re-doubling its efforts to acquire lands—the Headwaters Forest, Grand Staircase-Escalante National Monument, and Crown Butte mining land comes to mind?

Answer. The BLM budget request for PILT is the same as its proposal for 1997; Congress appropriated an additional $12 million above the 1997 requested level.

*Question.* Do you think that local units of government are entitled to PILT payments?

Answer. The BLM supports and administers the PILT program that makes payments to units of local government that contain certain Federally owned lands within their boundaries (the Federal lands that qualify include not just BLM lands but lands in the National Park System, the National Forest System, National Wildlife Reserve Areas, plus a variety of other categories). The amount of payment is determined by several codified formulas and is designed to supplement other Federal land revenue sharing payments that county governments may be receiving.

*Question.* How do you explain to local governments that BLM needs the money to expand existing programs more than they need it for their local needs? What do you propose to use the money for rather than making PILT payments?

Answer. The BLM 1998 budget proposal for PILT is the same as its proposal for 1997. However, in 1997 Congress appropriated an additional $12 million above the request level. The Administration's commitment to deficit reduction has made it impossible to seek budget increases for all programs.

*Question.* How does the Department intend to deal with the addition of land in the unorganized boroughs of Alaska, which accounts for 60 percent of Alaska?

Answer. For many years after enactment of the PILT program by Congress in 1976, BLM interpreted the law to mean that unorganized boroughs in Alaska, and organized cities within them, did not qualify for PILT payments. However, this interpretation did not take into account the organized cites with the borough which qualify separately under the PILT statute. In response to a request from the BLM Director in late 1993, the Solicitor's Office rendered an opinion in July 1994 that organized cities located within unorganized boroughs do qualify for PILT payments. Thereafter, BLM started including these organized cities in their PILT calculations.

In November 1996, Public Law 104–333 was enacted, which amended the PILT Act's definition of unit of general local government to include unorganized Alaska boroughs as eligible for PILT payments. In accordance with this recent amendment, BLM will add the census areas contained in the unorganized borough to the units of local government previously determined eligible for PILT payments.

*Question.* How much additional PILT money will Alaska be entitled to with this addition?

Answer. As we testified before the Senate Energy and Natural Resources Committee on June 11, 1996, we estimate that this will increase the total PILT payments to the State of Alaska by approximately $1.5 to $2.5 million, based upon current appropriated levels of $113.5 million.

The unorganized borough of Alaska was added to the list of eligible local governments at the end of the last Congress—long before the Department put together its budget request for fiscal year 1998.

*Question.* Why doesn't the Department budget request reflect this additional need?

Answer. The Department's June 11, 1996, testimony clearly stated that we did not oppose adding the unorganized borough to the list of units of local governments eligible for PILT payments, but would not support expanding the scope of the PILT program in such a way as to lead to an increased need for annual appropriations at the expense of higher priorities.

The PILT payments are allocated according to a formula set by law, from a fixed pool of funds appropriated by Congress. This fixed pool means that, within the appropriated funds, an enlargement of eligible lands in one State will diminish the entitlements of other States and local governments.

Payments to each unit of general local government are based on the number of acres of Federal entitlement land within each unit of general local government. Federal entitlement land is defined to include, among others, lands within the National Forest and National Park systems, lands managed by BLM, and lands affected by Federal water resource development projects.

For payments under Section 6902 of the PILT Act (payments for Federal lands in the National Forest System and the National Park system, lands administered by BLM, lands in Federal water resource projects, dredge areas maintained by the Corps of Engineers, inactive and semi-active Army installations, and some lands donated to the Federal Government), the number of acres of Federal entitlement land is multiplied by one of two formulae, whichever one provides the largest amount of PILT payments for each unit of general local government. Payments under either alternative are subject to population payment ceilings for each unit of general government eligible to receive payments as the principal provider of government services under Section 6901(2)(A). The payment ceilings are based on a sliding scale, for last fiscal year they started at $77.33 per capita for populations of 5,000 and under, and going to $30.83 per capita for populations of 50,000. These figures were then adjusted upward for inflation.

The two formulae are:

—(1) Multiply the number of acres of Federal entitlement land within each qualified unit of general local government by $1.16 (in fiscal year 1996). Compare this amount to the population ceiling amount, and use whichever is lower. Subtract from that total the amount of funds received by the unit of general local government in the prior fiscal year under the following Federal programs: the Department of Agriculture Appropriations Act of May 23, 1908; the Enabling Act of Arizona and New Mexico of June 20, 1910; the Mineral Lands Leasing Act of 1920; Section 17 of the Federal Power Act; the Taylor Grazing Act; the Bankhead-Jones Farm Tenant Act; the Superior National Forest State of Minnesota Act of June 22, 1948, as amended by the Act of June 22, 1956; Section 6 of the Mineral Leasing Act for Acquired Lands; Section 3 of the Material Disposal Act; and the Refuge Revenue Sharing Act; as amended. Finally, prorate the amount down to the appropriated amount of funds in the PILT pool.

—(2) Multiply the number of acres of Federal entitlement land by 16 cents. Compare this amount to the population ceiling amount. Use whichever is lower. Unlike the first formula, do not deduct for prior year payments. Finally, prorate the amount down to the appropriated amount of funds in the PILT pool.

Under the 1996 amendment, BLM will add the census areas contained in the unorganized borough to the list of units of general local government.

Typically, there is only one recipient of PILT moneys in an area, because in most situations the PILT entitlement is to units of general local government that are the principal providers of governmental services within the area (e.g., police and fire protection). Thus, a county would not receive PILT moneys, if a city or township within that county were the principal provider of government services in that area.

Only the Federal lands within the boundaries of the service area for that unit of general local government that is the principal provider of government services is considered in determining the PILT entitlement. In most instances, this results in counting most Federal lands that may be counted as entitlement lands under the statute, and in all instances it results in no double-counting of populations or lands. The exception to this rule has been Alaska's unorganized borough, where cities and townships to Section 6901(2)(A)(i), qualify under that subsection as units of general local government, but the boundaries of those cities do not encompass most of the Federal lands within the unorganized borough, and the unorganized borough does not qualify as unit of general local government under the statute because it does meet the criteria for a unit of general local government, e.g., it is not mentioned as a unit of general local government that may qualify for payments under the statute, and it does not in fact provide any government services as required under the statute.

Senator Stevens' amendment does direct payments to be made to the State of Alaska for the unorganized borough, but it does not qualify the borough as a unit of general local government, and it does not disqualify organized cities within the borough as units of general local government. Thus, the organized cities within the unorganized borough remain eligible recipients under a separate provision of the PILT statute for a separate PILT payment based on entitlement lands within the boundaries of the area for which they are the principal providers of government services. And that is how BLM is administering PILT under the 1996 amendment—it does not pay the unorganized borough and organized cities within the boroughs for the same Federal acres.

*Question.* I understand that since the unorganized borough of Alaska was made eligible for PILT in the last days of the last Congress, BLM's regional solicitor in Alaska has either produced or found a previously-produced document that cuts against some of the work that Senator Stevens accomplished with the amendment to the PILT Act.

Answer. The Alaska Regional Solicitor's office did not find any previously produced document that cuts against the Stevens Amendment to the PILT Act. The history of that office's addressing this issue is recounted in the answer above.

The first opinion was provided to BLM by the Regional Solicitor on July 14, 1994. It stated that under the PILT law in effect at that time, the unorganized borough was not eligible for PILT payments, but organized cities within the unorganized borough which serve as the principle providers of governmental services that have PILT entitlement land within their jurisdiction do qualify for PILT payments. This opinion in fact maximized the number of eligible populations that could receive PILT moneys within unorganized boroughs under the PILT law as it existed prior to the enactment of Senator Stevens' amendment.

In light of the 1996 amendment to the PILT Act, BLM asked the Regional Solicitor to assess its effect. In response, the Solicitor's Office pointed out that, even with the 1996 amendment, the statute still provided that payments are to be made to cities which are units of general local government within the unorganized borough. The Solicitor's Office also pointed out that the 1996 amendment for the first time made lands in the unorganized borough eligible for PILT payments. Finally, the Solicitor's Office concluded that separate payments must be made for the qualifying cities based on their populations and entitlement lands within such cities, and for the unorganized borough based on the population and entitlement lands outside of qualifying cities.

This conclusion is consistent with how BLM administers the PILT program outside of Alaska, and is also consistent with what we discern to be Senator Stevens' purpose in introducing the amendment. Specifically, in proposing the amendment, Senator Stevens stated:

It is a matter of fairness—60 percent of the Federal lands in Alaska are not included under current PILT calculations. Alaska is the only State not fully compensated for all of its Federal lands. Even the territories and the District of Columbia are fully compensated. (141 Cong. Rec. S9517–02, *S9534).

This statement reflects the Senator's concern to include Federal lands in unorganized boroughs—and outside of organized cities—in current PILT calculations. It does not suggest that double-counting of Federal land within the boundaries of unorganized boroughs and also within the boundaries of organized cities was the intent of the amendment.

*Question.* My staff has been told by BLM staff that BLM, subsequent to working with Senator Stevens' staff on the amendment language, "found" information that suggests that small population centers within the unorganized borough were eligible for PILT payments without the amendment and should have been receiving payments.

Answer. While BLM did testify at the committee hearing on this bill, and did not oppose it, BLM did not work on the actual amendment language. The Departmental witness who testified on this amendment specifically noted that "[u]nder current law, Federal entitlement land in the unorganized borough located outside the boundaries of an organized city does not qualify for PILT payments." (Testimony of Gwen Mason, Senate Energy and Natural Resources Committee, June 11, 1996, emphasis added.) This clearly reflects that BLM was aware, and had informed Congress that organized cities fell within the already existing PILT entitlement for units of general local government.

Immediately upon receipt of the July 1994 opinion, BLM began gathering the necessary data to include the organized cities in the units of general local government eligible for PILT payments. Since payments are based on data from the previous year, the first year BLM was able to make those payments was 1996, based on 1995 data, and those payments were made.

*Question.* My staff has also been told by BLM that it is possible that BLM's position will be that a mistake was made for many years but that it will not make back payments for moneys not paid. At the same time, BLM will not allow the populations of these "pocket" communities within the unorganized borough to be counted in the total population of the unorganized borough that is now eligible for PILT.

Answer. As indicated in the previous answer, as soon as the Regional Solicitor advised BLM that the organized cities were eligible for PILT payments, BLM added them to the list, the data was gathered, and they were paid. The BLM did not attempt to gather data from previous years to make back payments. The BLM in good faith administered the law in one way until advised by the Solicitor's Office the law was otherwise, and there is no provision for back-payments to correct errors without express authority from Congress.

The question of whether BLM should double-count Federal acreage in organized cities within unorganized boroughs for purposes of PILT payments is a separate question. We believe the plain text of the 1996 amendment, as well as the intent of its sponsor, was not to authorize such double-counting, but instead was only to allow Federal land outside of organized cities in unorganized boroughs to be counted for the first time.

As you know, the PILT formula considers both acreage and population. In a State like Alaska, and particularly in sparsely populated regions like the unorganized borough, every body counts.

*Question.* Are you aware of this memorandum? What is your opinion or that of Solicitor Leshy?

Answer. Solicitor Leshy has reviewed both the 1994 and 1996 Regional Solicitor's Opinions and agrees with their conclusions.

*Question.* If BLM failed to make payments as required or authorized under the law, will it make back payments to these communities in Alaska? Why or why not?

Answer. Since there is no separate appropriation for back payments, the BLM is not able to make back payments.

The BLM has refused to release the regional solicitor's memorandum to my staff or Senator Stevens' office.

*Question.* When will you provide this opinion to the Committee for us to use as we consider the fiscal year 1998 budget for PILT?

Answer. The opinion has been provided.

RANGE MANAGEMENT

For fiscal year 1998, the BLM budget proposes a reduction of $1.6 million dollars in range improvement activities. The 1996 authorization was $9.1 million, the 1997 authorization is $9.1 million, and the request for 1998 is $7.5 million. The explanation for this reduction is an expected reduction in grazing receipts. According to the Public Rangelands Improvement Act (PRIA) of 1978, BLM should request the larger of $10 million or 50 percent of the grazing fees collected.

*Question.* Given the requirements of PRIA, how can this reduction be justified, particularly in light of increases in other land management areas?

Answer. The BLM 1998 request was based on a technical interpretation of what is available for this appropriation, which provided for 50 percent of the receipts projected for fiscal year 1997 (half of $14.8 million) as opposed to the $10 million called for in PRIA.

Quoting directly from the budget summary, "The anticipated decreases in [range improvement activities] will have profound impacts on the BLM's ability to improve resource conditions on a landscape basis."

*Question.* Given this Administration's emphasis on environmental stewardship, how can you justify under-funding rangeland improvements? What do you say to the professional range management specialists in light of the fact that so many other land resource programs are proposed for increases?

Answer. Based on the technical interpretation that 50 percent of the receipts (grazing fees) from permittees and lessees that graze livestock on public lands is available for this appropriation it was not under-funded. Efforts will be made to maintain the 1997 level of noxious weed management which is of major concern to Federal, State, and local governments as well as private land owners. This will be accomplished by deferring other types of range improvement projects such as fences.

WILD HORSE AND BURRO PROGRAM

In recent months, Interior has been criticized for its Wild Horse and Burro program. There have been allegations of BLM negligence, even concealment, with respect to slaughter of wild horses from public rangelands in the West.

*Question.* What is your response to these allegations?

Answer. The BLM's policy is to maintain animals as a natural part of the range ecosystem. When necessary to protect both the health of the range and to maintain a thriving herd, BLM oversees gather operations to remove excess animals which are placed in our Adopt-a-Horse or -Burro Program. We treat all gathered equines humanely, assuring they receive veterinary care and are well fed and cared for prior to adoption. We also assign each animal a unique number—a freeze mark—which is useful in tracking that animal throughout its stay at a preparation center, its shipment to an adoption center, and its adoption to a private individual. This identifier is entered into a computer which can be queried by any BLM wild horse and burro office for tracking animals and answering questions posed by curious adopters.

The BLM is committed to doing all that it can to ensure that wild horses are placed in homes that will provide humane care. The BLM screens individuals to assure they understand the financial responsibility and need for proper facilities to care for an animal; such as corrals and shelters. Under recently enacted regulations, BLM will begin offering some adoptable horses on a competitive bidding basis. When not using competitive bidding, BLM will charge a uniform base fee of $125 per animal. The competitive bidding process is expected to result in higher adoption fees for some animals, which will help defray expenses for the program. Higher adopter investment costs should also further diminish what minimal profiteering incentives may exist for adopting horses and sending them to slaughter after title.

Title may be received for no more than four animals in a year. The majority of adopters adopt only two animals. The adopted wild horse or burro remains the property of the Federal Government for one year. While the title to the animal is retained by the Federal Government, BLM regulations prohibit the sale of the animal, prohibit use as rodeo stock, and prohibit neglectful treatment of the animal. This one-year waiting period serves as a deterrent to people who want to immediately profit by selling their untitled animals. The cost of caring for an animal for a year runs an average of $1,000 or higher, depending on the part of the country, making it economically impractical for people to profit after title is issued. Despite these safeguards, some wild horses that are titled and are no longer under Federal protection are sent to slaughterhouses. However, none of the animals cited in the articles were Federally protected.

The BLM often performs compliance checks prior to passage of title to an animal. Compliance checks are done on all complaints; random checks are performed on other adopters. Title is approved only after inspection by a veterinarian, humane officer, or other similarly qualified individual. About 150,000 wild horses and burros have been placed in private ownership since the program began. In 1996, BLM conducted almost 3,000 random checks and responded to over 200 horse neglect complaints which led to the repossession of 52 horses and the reassignment of 317 horses to other adopters.

*Question.* Is the Department investigating the allegations?

Answer. In 1993, the BLM began implementation of the Strategic Plan for the Management of Wild Horses and Burros on Public Lands. This plan established goals which address wild free-roaming horses and burros as important and perpetual components of the rangeland ecosystem. The plan also ensures humane care and protection for those animals removed from the range and placed into the adoption program. We continue to evaluate our performance. We have recently completed two such evaluations: The Wild Horse and Burro Program Emergency Evaluation Team, completed in January, 1997; and the Wild Horse and Burro Adoption Program Policy Analysis Team, completed in April, 1997. The recommendations from these two teams will result in improved herd management, healthier animals on the land, and increased protection for animals in the adoption program. In addition to these completed evaluations, we currently have several evaluations underway targeting improving our veterinary practices and monitoring of animal health on public lands. These evaluations are being conducted with the participation of representatives from the veterinary and scientific communities.

Because allegations that BLM employees may have been involved in deliberate profit-taking from the sale of wild horses for slaughter, Assistant Secretary for Land and Minerals Management, Bob Armstrong, ordered an immediate investigation by BLM's law enforcement special investigators. In the course of the investigation, teams of law enforcement agents and wild horse experts were sent to eight horse slaughterhouses in the United States and one in Canada. With the cooperation and assistance of meat processing plant owners and managers, the teams reviewed data from the last two years. They found that about 266,000 horses were slaughtered during 1995 and 1996 and that less than one quarter of one percent, about 350 per year, were at any time wild, Federally protected, or managed by the BLM. In con-

trast, the wild horse adoption program adopts approximately 8,000 horses each year to qualified adopters.

About a month ago, BLM announced that it is moving management of the Wild Horse and Burro Program from Reno, Nevada, to Washington, DC.

*Question.* How many personnel transfers will this move entail?

Answer. On February 10, 1997, the Acting Director of BLM reassigned responsibility for the wild horse and burro program from Nevada BLM to the BLM headquarters in Washington, DC. The existing wild horse and burro staff in Reno will not be moved but will remain in their present location and report directly to Washington rather than the State Director for Nevada. The purpose of this reorganization is to provide for personnel in the headquarters office with expertise in the wild horse and burro program. These personnel will be responsible for coordinating policy, communicating with the Congressional delegations, the media, and national level organizations interested in the welfare of wild horses and burros, and coordinating the national budget. The Wild Horse and Burro National Program office, located in Reno, Nevada, will remain in its current location and be responsible for coordinating all operational matters relative to the management of wild horses and burros. None of the Reno staff will be relocated to Washington.

The reorganization will require that several additional staff be added to the Washington Office. One new position is presently being recruited for the Washington staff and two additional staff persons will also be recruited sometime in the future.

*Question.* How much is this going to cost?

Answer. The reassigning of responsibility of the Wild Horse and Burro Program from Reno, Nevada to Washington, D. C., and the additional three personnel will cost approximately $250,000 annually.

*Question.* Will there be cost savings for the Government?

Answer. Although it will cost BLM more to have this staff in Washington, they will be the contact point to provide increased coordination with Congress, other agencies, and National Wild Horse and Burro advocacy groups.

*Question.* Was this transfer in response to criticism of BLM mismanagement of the Wild Horse and Burro Program?

Answer. The reassigning of responsibility for the wild horse and burro program from Nevada to Washington, D. C., was the result of a recommendation made by The Wild Horse and Burro Program Emergency Evaluation Team. This team was established in August 1996 as a result of the drought conditions experienced in Nevada last summer. The Team's recommendation for reorganizing the program was based on the need to improve wild horse and burro program representation in Washington. The recommendation was not based on criticism presented in the recent Associated Press article and, in fact, the draft report presented the recommendation for reorganization prior to release of the news articles.

*Question.* How does moving management from the public land region of the West to Washington, D.C. solve the problem?

Answer. The reorganization will allow the wild horse and burro program to have a stronger presence in the headquarters office and a stronger voice in coordination with other programs. Improved communication with the BLM Directorate will aid in resolving many of the recurring issues facing the program.

*Question.* Is the transfer of management responsibilities temporary or permanent?

Answer. This reorganization of the program is expected to be permanent.

*Question.* What kind of assurances can you provide the members of this Committee that transfer of the management of the Wild Horse and Burro Program from Reno to inside the beltway, along with an increased budget, will solve the problems that exist within the Program?

Answer. The BLM is committed at the highest level to improving our management and protection of wild horses and burros. We are continually evaluating the performance of the Wild Horse and Burro Program. We have recently completed two such evaluations: The Wild Horse and Burro Program Emergency Evaluation Team (Pierson Report), completed in January 1997; and the Wild Horse and Burro Adoption Program Policy Analysis Team (Culp Report), completed in April 1997. The Acting Director has accepted the recommendations from these reports. The Pierson report found that while operational parts of the Wild Horse and Burro Program such as scheduling and coordination of animal gathers and adoptions had improved, coordination with other closely related BLM programs such as Rangeland Management, Wildlife Management, and Watershed Management was disconnected under the old organization. It also found that the public who have a high degree of interest in Wild Horse and Burro management (ranchers and wild horse advocates) thought they had lost the ability to make their views known to the highest levels of BLM management. We believe that the new organization will remedy those problems

while retaining the best aspects of the old organization. Other recommendations from these two teams will result in improved herd management, healthier animals on the land, and increased protection for animals in the adoption program. The increased funding is necessary to implement these recommendations. In addition to these completed evaluations, we currently have several evaluations underway targeting improving our veterinary practices and monitoring of animal health on public lands. These evaluations are being conducted with the participation of representatives from the veterinary and scientific communities.

The Wild Horse and Burro Program is about a $16 million program annually. For fiscal year 1998, the Department's request includes a $2, 443,000 increase.

*Question.* The request was put together before announcement of the move of the program management to D.C. How much of the increase will be used for this move?

Answer. The reassigning of responsibility of the Wild Horse and Burro Program from Reno, Nevada to Washington, D. C., and the additional three personnel will cost approximately $250,000 annually.

The budget justifications indicate that it is BLM's goal to inspect a minimum of five percent of untitled wild horses and burros which have been adopted under the program.

*Question.* Is this a sufficient goal, given the criticism and allegations surrounding the long-term outcome for the animals?

Answer. One of the recommendations made in the Wild Horse and Burro Adoption Program Policy Analysis Team Report is to increase on-site compliance inspections to assure statistically that 95 percent of untitled animals within the last five years are being properly cared for. However, to accomplish this goal, an additional $1.1 million dollars will be needed.

The BLM charges $125 to adopt a wild horse and $75 to adopt a burro. Your budget request indicates that the Department is considering increased adoption fees to offset the costs of the program.

*Question.* What is the status of these considerations?

Answer. In March 1997, the final rule was published in the Federal Register which established a minimum adoption fee for all wild horses and burros at $125. This new rule also allows for the competitive bidding of animals. We are conducting five pilot competitive fee adoptions in different regions of the country to evaluate different bidding procedures and to gauge public perception of the process.

We have completed three of the pilots and are very pleased with the initial results. The public is very supportive of the competitive bidding fee structure, the adoptions take less time and thus cost less to conduct, and the average adoption fee has been above the minimum $125. Based on pilot events using this competitive bidding process, the average adoption fee for a wild horse or burro has been approximately $177 with some animals adopting for over $400. After conducting the five pilot events, BLM issued its policy in July 1997, on procedures for conducting a competitive bid adoption nationwide.

*Question.* What other options are being considered?

Answer. The Wild Horse and Burro Adoption Program Policy Analysis Team Report recommended evaluation of a security deposit each adopter would provide to BLM. The deposit would be returned to the adopter upon successfully caring for the animal for a period of one year and receiving title. Failure to properly care for the animal or failure to receive title would forfeit the deposit. We are still evaluating whether holding these funds would be cost beneficial to the Government. Implementing this recommendation would require a change to the regulations.

*Question.* Would you need legislation?

Answer. The recommendations from the Wild Horse and Burro Program Emergency Evaluation Team and the Wild Horse and Burro Adoption Program Policy Analysis Team were made within the parameters of the existing law. No new legislation is being proposed at this time.

MINING

Taking out a $50,000 request for use in funding the Grand Staircase-Escalante Monument, the request for coal management is flat ($5.071 million and 78 FTEs). I note with some interest that BLM is not asking for any more money for its coal program.

*Question.* Given the President's request for funding increases in all the surface programs, do the reductions in oil and gas management and the flat funding for coal management suggest that the President is turning away from energy development on public lands?

Answer. Energy development on public lands is an important source of the Nation's energy supply. In preparing the budget, the Administration had to make dif-

ficult choices between increases and decreases for various programs. Other BLM programs received increases because the Administration believes that the needs are greater in those programs. We believe that adequate funds are provided to support exploration, development, and production of energy resources from public lands.

*Question.* Do you believe that the public lands are capable of making a contribution to the Nation's energy needs? If so, how does the BLM budget request reflect the agency's attitude toward energy development on public lands?

Answer. The BLM lands provide approximately five percent of domestic oil and gas production, virtually all the geothermal production, and about 35 percent of coal production. As stated previously, the budget contains adequate funds to support exploration, development, and production of energy resources from public lands.

The budget assumes that royalties will be available from hardrock mining operations to fund reclamation of abandoned mine sites. However, activities to remediate contamination from hazardous substances at mine sites is already governed to a substantial degree by the Superfund law. Under that statute, Interior has the same responsibilities to investigate and clean up releases of hazardous materials as a private party.

*Question.* Could you describe how you intend to have the royalties in the Abandoned Mine Land Fund used, and how those actions will relate to Superfund cleanups?

Answer. The Administration has not proposed creation of a fund for reclamation of abandoned hardrock mine sites as part of the fiscal year 1998 budget process.

Legislation to date has limited Interior's ability to use royalties in the abandoned mine fund only if a hazardous substance release has been "listed" on the National Priorities List (NPL). But, as we know, Superfund liability attaches for a release irrespective of whether the site achieves NPL status. Other Federal agencies address many Superfund sites that are not on the NPL.

*Question.* If royalties in the AML Fund are used to respond to releases of hazardous substances governed by Superfund, would that make the royalty a new category of Superfund tax, similar to what is levied on the petrochemical industry?

Answer. The Administration has not proposed creation of a fund for reclamation of abandoned hardrock mine sites as part of the fiscal year 1998 budget process.

WARD VALLEY

The Federal land sale for the Ward Valley site was approved by your predecessor in 1993. Studies were completed, more studies were ordered, and today, we are no closer to completing the land transfer than we were four years ago.

In February 1996, Deputy Secretary Garamendi announced a second supplemental EIS and additional soil testing despite the California Department of Health Services' documentation that all the issues subject to the first supplemental EIS were addressed on the record. The State has announced it is ready to move ahead with some additional soil testing recommended by the National Academy of Sciences but has not had access to the site by your Department to conduct the tests. Instead, as I understand it, BLM is spending $1.7 million in fiscal year 1997 funds to duplicate tests that the State has said it is responsible for.

The Department of the Interior has undertaken activities for a supplemental EIS, field work, testing, and analysis in relation to California's licensed low-level radioactive waste facility at Ward Valley. In responses to questions posed by a House Committee, the Department maintained that the funding for these activities were budgeted in BLM's fiscal year 1997 budget.

*Question.* Where, precisely, were these funds identified in the fiscal year 1997 budget for a supplemental EIS at Ward Valley?

Answer. Funding for Ward Valley and other land transfer or exchange proposals is contained in the Realty and Ownership Management Activity in the Management of Lands and Resources Appropriation and in the Acquisition Management Activity in the Land Acquisition Appropriation. However, Ward Valley is not specifically mentioned by name. Congress has provided BLM with the flexibility to work on the highest priority lands issues recognizing that they generally take several years to complete. Anywhere along the process issues can arise that could modify, delay, or terminate a realty action. If a specific lands action were delayed, BLM would proceed on to the next highest priority project.

*Question.* What amount was budgeted?

Answer. The Land and Realty Subactivity received $28.6 million and the Acquisition Management Activity received $2.5 million in the fiscal year 1997 Appropriations Act.

*Question.* Can you specify the precise funding requirements for the supplemental EIS, field work, testing, and analysis that you envisioned? How could these items

be budgeted and included in the fiscal year 1997 budget submission when the announcement of the supplemental EIS and additional testing was not made until February 15, 1997?

Answer. Costs for fiscal year 1997 as of May 1997 are listed below:

*Funding requirements for supplemental EIS, field work, testing, and analysis*

| *Work* | *Estimated* |
|---|---|
| Prepare SEIS | $427,000 |
| Prepare protocol for field testing | 63,000 |
| Conduct field testing (drilling for tritium) | 870,000 |
| Laboratory analysis of testing materials | 150,000 |
| Prepare report on field testing and laboratory analysis | 40,000 |
| Independent review of laboratory analysis and report preparation | 40,000 |
| Total | 1,590,000 |

The announcement of the supplemental EIS and additional testing was made by the Deputy Secretary on February 15, 1996. The budget estimates were developed beginning in June of 1996 in consultation with personnel from BLM, the U.S. Geological Survey, Bureau of Reclamation (BOR), National Academy of Science, and the Interior Solicitor. The supplemental EIS contract was awarded on May 15, 1997.

The scientific contracts for developing the testing protocol were awarded on April 21, 1997.

The amounts required for laboratory analysis and field work are uncertain. The Department of Energy has received a request from the State of California to fund this effort. Interior is currently discussing with the Department of Energy and the State of California on how a joint testing effort might work.

*Question.* Have any reprogrammings been sought for this purpose? How much is budgeted for these activities in fiscal year 1998 and where is it identified in the budget materials?

Answer. The BLM and Department must complete arrangements with the State of California and the Department of Energy on funding responsibilities for the tritium drilling before specific decisions can be made on BLM funding needs and funding sources. The BLM will keep the Committee appraised of progress on this issue.

The BLM has requested $29.4 million in the Land and Realty Subactivity in the fiscal year 1998 budget justification. Until funding arrangements are determined for the tritium testing it is impossible to know what funding requirements BLM may need for 1998.

*Question.* Now that the State of California has agreed to perform the field testing, why is there a need for the Department of the Interior to seek funds for this purpose?

Answer. In response to Governor Wilson's proposal for the State of California to conduct the testing unilaterally, Secretary Babbitt and Energy Secretary Pena outlined a joint Federal-State program on May 21, 1997. The Departments of the Interior and Energy have held several meetings with the State of California. The Federal and State Governments are discussing how a joint tritium program would work. We continue to believe that a cooperative program will best serve the interests of both the State and Federal Governments, and will result in a credible test that is accurate, reliable, and objective.

*Question.* Why is the Department spending additional Federal dollars to conduct another supplemental EIS when State documentation shows this is unnecessary?

Answer. The Department is required under NEPA to prepare a supplemental EIS when "there is significant new circumstances or information relevant to environmental concerns and bearing on the proposed action or its impacts; when the agency determines that the purposes of the Act will be furthered by doing so" (40 CFR 1502.10 (C)). In the May 17, 1996 Federal Register Notice of Intent, BLM identified nine new circumstances or information relating to the proposal or its impacts. During the subsequent scoping period, approximately 800 public comments provided further evidence of the need for the supplemental EIS. Such public concern is ongoing. The Department has also consulted with the Council for Environmental Quality confirming the need for a Supplemental EIS.

If the tests are so important, then I agree they should be conducted.

*Question.* Why aren't California's regulators being allowed to conduct them?

Answer. As stated in the answer above, the Department is currently discussing arrangements for a joint testing program with the State of California. Should the State desire to undertake unilateral testing, however, a land use permit must be obtained from BLM. The existing authorizations issued to the State since 1987 do not allow new surface disturbance. The State of California has informed BLM that

it would apply for such a permit but, as yet, no application has been submitted. Since the site where the tests would be conducted is within critical desert tortoise habitat, consultation with FWS would be required in accordance with Section 7 of the Endangered Species Act (ESA) before any work could be authorized.

FAIR VALUE IN LAND EXCHANGES

As you know, Mr. Secretary, the Office of Inspector General (OIG) of the Department of the Interior also files a budget request with this Subcommittee. The mission of the Office of the Inspector General is to detect and prevent fraud, waste and abuse, and to promote economy, efficiency and effectiveness in the operations and activities of government agencies.

In the fiscal year 1998 budget justifications, the Inspector General's Office described its 1996 audits and investigations. One of these operations was the audit of the BLM's Nevada Office land exchange activities. The OIG reported that the BLM Nevada State Office did not consistently follow land exchange regulations or procedures and did not ensure that fair and equal value was received in completing three of the four exchanges the OIG reviewed. As a result, the BLM exchanged public land for 2,461 acres of private land, valued at $2.7 million, that "had no discernible mission-related purpose." In addition, "the Government may have lost revenues of $4.4 million in completing three of the four exchanges reviewed.

*Question.* The OIG reported that BLM officials agreed with the OIG's findings. The description of the investigation ended there. I would like to know what is happening with respect to the lost revenues of $4.4 million?

Answer. The BLM generally agrees with the OIG report recommendations but we disagree with several of the specific report findings. In the Audit report, the OIG recommendations outline opportunities for BLM to enhance our land exchange program and we are proceeding ahead in implementing these recommendations. However, we do not feel that the OIG was correct in their assessment of lost revenues. The majority of the claimed $4.4 million in lost revenue resulted from one transaction involving a parcel encumbered by a right-of-way for a flood control structure. We feel the value established by BLM for this parcel was accurate, given the information available to the BLM regarding the City of Las Vegas' intended use and need for the right-of-way. Our response to the Draft Audit Report on Nevada Land Exchange Activities (pages 28 through 35 of the final Audit report, issued July, 1996) provides a more detailed discussion of the report findings.

*Question.* Can you tell us why BLM acquired 2,461 private acres that had no mission-related purpose?

Answer. The 2,461 acres referenced were acquired to provide habitat and watershed protection for the woundfin, the Virgin River chub, and desert tortoise (all threatened or endangered species). The 2,461 acres were evaluated by qualified wildlife biologists and it was determined that these acquisitions would benefit these species and were consistent with the mission of the Department and with applicable land use plans.

## FISH AND WILDLIFE SERVICE

ARID LANDS ECOLOGY RESERVE

The Fish and Wildlife Service and the Department of Energy have been negotiating a Memorandum of Understanding (MOU) for management of the Arid Lands Ecology (ALE) Reserve at the Hanford site in Washington State.

*Question.* What is the status of the MOU? When will the MOU be completed? What role will the MOU likely establish for FWS in management of the Reserve?

Answer. The FWS and the Department of Energy have completed the Memorandum of Understanding. The FWS will have full management responsibility subject to continued access by the Department of Energy and its contractors to pursue ongoing research programs and operation of communication facilities. The FWS will operate the ALE in accordance with the present Department of Energy-approved Facility Management Plan and will develop its own management plan with public participation within 36 months. It is expected that FWS will manage the ALE as a Research Natural Area with emphasis on research, environmental education, and interpretation. Other operating functions may be conducted through partnerships.

*Question.* Is funding available in fiscal year 1997 to complete and execute the MOU? Are funds built into the fiscal year 1998 budget for this purpose? If so, how much and within what activity? If not, how much would be required in fiscal year 1998, for what purposes, and in what budget activity/subactivity?

Answer. Since 1971, FWS has funded its operation of Saddle Mountain National Wildlife Refuge and its related Hanford coordination activities, including initial ad-

ministration of the ALE, as part of the Columbia National Wildlife Refuge Complex. Under the ALE MOU, the Department of Energy is providing $300,000 to cover the FWS management of the Hanford site.

OKEFENOKEE SWAMP

I understand you recently visited the Okefenokee Swamp to announce your opposition to a proposed titanium mine on the border of the refuge. I don't know enough about the project to know whether the mine itself is appropriate, but it does raise a concern.

*Question.* Is it possible the Administration will propose a Headwaters type exchange in this instance?

Answer. The Administration does not plan a Headwaters type land exchange in this instance.

SPACE COSTS

The budget request notes a slight increase in rental payments to GSA resulting from changes in rates.

*Question.* How have Service rental payments to GSA changed over the past three fiscal years? How has the amount of actual space rented changed over the past three years?

Answer. During fiscal year 1995, FWS rental payments to GSA totaled $25.5 million. In fiscal year 1996, the FWS's rental payments to GSA totaled $27.3 million. fiscal year 1997 payments to GSA are projected to be $27.5 million. In this three-year period, the FWS GSA rental costs have increased by almost $2 million or seven percent.

In terms of the amount of space leased through GSA, the FWS fiscal year 1995 inventory totaled 2,099,341 square feet. Of this amount, 993,426 square feet was designated as office space while the remaining 1,105,915 was utilized for industrial, laboratory, and storage and parking purposes. In 1996, FWS leased a total of 2,177,033 square feet, of which 1,028,175 was office space and 1,148,858 was utilized for other purposes. In fiscal year 1997, FWS is leasing a total of 2,249,531 square feet through GSA. The utilization of this space is broken down as follows: 1,040,271 is office space while 1,209,260 is used for industrial, laboratory, storage, and parking purposes.

Over the past three years, the FWS inventory of total square footage has increased by 150,190 square feet. This is an overall increase of seven percent. The amount of office space has increased over this time period by 46,845 square feet or four percent, while non office space increased by 103,345 square feet or nine percent. These increases are primarily the result of increased appropriated funding for FWS field programs in the Pacific Northwest and Everglades. Both of these priority ecosystem-based initiatives have required additional biological staff to meet the Administration's goals.

ENDANGERED SPECIES ACT

The Administration has requested an $11.4 million increase for FWS endangered species activities.

*Question.* Will the Administration submit a legislative proposal to reauthorize the Endangered Species Act?

Answer. The Administration is currently engaged in working cooperatively with the Senate Environment and Public Works Committee in aiding their efforts to reauthorize the Endangered Species Act. The Administration believes that the current ESA is an effective and flexible tool for maintaining biodiversity for current and future generations while at the same time allowing responsible economic development to proceed.

Over the past several years, the Administration has designed a series of policies to improve the effectiveness of the ESA while enhancing its flexibility for businesses and private landowners. Full funding at the fiscal year 1998 President's Budget level of $78.8 million for the endangered species program will allow these policies to continue.

The Administration's March 6, 1995, announcement of "Ten Principles For Federal Endangered Species Act Policy" provides an overview of the Administration's approaches to minimize economic and social impacts on the economy, on private property and the affected public. The Ten Principles are:

1. Base ESA decisions on sound and objective science.
2. Minimize social and economic impacts.
3. Provide quick, responsive answers and certainty to landowners.

4. Treat landowners fairly and with consideration.
5. Create incentives for landowners to conserve species.
6. Make effective use of limited public and private resources by focusing on groups of species dependent on the same habitat.
7. Prevent species from becoming endangered or threatened.
8. Promptly recover and de-list threatened and endangered species.
9. Promote efficiency and consistency.
10. Provide State, tribal, and local governments with opportunities to play a greater role in carrying out the ESA.

Candidate Conservation partnership efforts with Federal and State landowners and the private sector have been designed to avoid potential listings and litigation gridlock. Given the fiscal year 1998 President's Budget request of $4.9 million for the candidate conservation program, FWS will be able to work on 292 actions.

More is also being done with the use of Habitat Conservation Plans (HCP) to ease the regulatory burdens of the ESA on private landowners. The FWS estimates that it will work with 400 partners on HCPs given the fiscal year 1998 President's Budget request of $26.5 million for the consultation program thus demonstrating the flexibility of the ESA as it relates to the needs of private landowners. The Administration has produced concrete results with these HCPs. In the Pacific Northwest, the approved HCPs with State and private landowners cover over 4.2 million acres in the States of Washington, Oregon, and California.

Additional steps have been taken to provide landowners with certainty regarding potential future impacts of ESA actions. The "no surprises" policy assures private landowners participating in HCPs that no additional requirements will be imposed on plan participants for species covered by a properly functioning HCP.

An HCP seeks to maintain adequate protection measures for species, while allowing for development activities. These plans often call for land protection or acquisition costs at the local level. The fiscal year 1998 President's Budget continues the Section 6 HCP land acquisition grants at $6 million to provide grants-to-States for land acquisition required at the local level as a result of the HCP planning effort.

The "safe harbor" program encourages landowners to provide habitat for listed species. Under this program, private landowners with assistance from FWS or with other qualified Federal or State agencies develop a management program to be carried out on their lands for the benefit of listed species. Based on such a program, a safe harbor agreement is entered into by FWS and the landowner. The FWS, in turn, will issue the private landowner a permit for the future take of listed species above the existing baseline conditions at the time of the agreement. Over 37 agreements, mostly in the southeast and west, have been or are being developed. In the past year, for the Sandhill area of North Carolina alone, 18 non-Federal landowners have been given safe harbor agreements and it is anticipated that an additional 15 will be developed this year.

The Administration has also developed an innovative way to avoid placing a significant and unnecessary regulatory restraint on thousands of private landowners in the Pacific Northwest hoping for 4(d) rule relief. Implementation of the 4(d) rule for the northern spotted owl would relieve certain prohibitions on private lands within the range of the owl. The FWS expects landowners will participate more readily in conservation and recovery activities because of the relief provided by the 4(d) rule.

The budget justification indicates that funds for delistings and downlistings of species are within the Recovery activity rather than the Listing activity.

*Question.* Does the Administration plan on delisting or downlisting any species in fiscal year 1998? Is the conduct of any delistings dependent upon the $3.8 million program increase for Recovery being funded? If held at the fiscal year 1997 level, would any delistings likely occur?

Answer. Yes, the Administration plans to propose species for delisting and downlisting in fiscal year 1998. Up to 25 species will be evaluated for possible delisting in fiscal year 1998, provided the funding requested in the President's Budget is appropriated. The Administration strongly believes that the public is best served by removing species from the list of threatened and endangered species once recovery has been achieved. This results in a decreased cost and regulatory burden on the public and State and Federal agencies. To this end, FWS is working hard to recover as many species as possible in an expeditious manner. The FWS is responsible for both planning and implementing recovery actions for listed species, and accomplishing this recovery mission is contingent upon the funding in the fiscal year 1998 President's Budget. The result of successful recovery planning and implementation is downlisting or delisting species. Therefore, given the increased recovery planning and implementation workload and the need to downlist and delist species, the $3.8 million increase is of critical importance to the FWS delisting program

and to the extent to which FWS can engage in delisting and downlisting species in fiscal year 1998 is directly related to the increased funding.

*Question.* Why were no delistings or downlistings performed in fiscal year 1997?

Answer. Delisting and reclassification actions are currently funded under the "listing" line item in the FWS budget. Following the lifting of the listing moratorium in April 1996, significant program restart costs in terms of time and money were incurred by the listing program. The FWS developed listing program restart guidelines in fiscal year 1996 to help expedite the resulting backlog of proposed rules through the listing process. Due to the listing backlog FWS has at least twice the normal pending workload in the listing program in fiscal year 1997.

Under the FWS Final Listing Priority Guidance for fiscal year 1997, published in the Federal Register on December 5, 1996, delisting activities were assigned to Tier 4, the lowest priority category for listing activities. The FWS assigned delistings the lowest priority because completing listing activities that provide protection for currently unprotected imperiled species is a higher priority and will best satisfy the intent of the Act.

For fiscal year 1998, the delisting funding request is included with the recovery program budget. Because delisting is the ultimate goal and final step of the recovery process, the Department believes that it is more appropriate to include the delisting funding request with the recovery program.

In order to delist a species, FWS must determine that it is no longer endangered or threatened based on surveys of its population size, recruitment, and habitat quality and quantity. The FWS is responsible for evaluating status survey results and coordinating conservation efforts with landowners and other Federal, State, and local agencies. Delisting and reclassification actions demonstrate the recovery successes of the ESA and remove regulatory burdens once they are no longer needed.

Success stories, such as the reclassification of all bald eagles in the lower 48 States from an endangered to threatened status, demonstrate that there have been, and can continue to be, successes in endangered species recovery efforts. Several other species have improved in status to the point where they now near reclassification or delisting, such as the American peregrine falcon. The fiscal year 1998 President's Budget requests $42.2 million for the recovery program, including an increase of $3.8 million. Part of this increase will be of critical importance to the delisting program.

The budget justification states that no critical habitat designations will be made in fiscal year 1998 because this activity is a lower priority than responding to listing petitions.

*Question.* Absent the designation of critical habitat, at what stage of the Endangered Species Act process are economic considerations formally taken into account?

Answer. Species are listed under the ESA solely on the basis of the best scientific and commercial data available regarding the status of the species. However, economic effects can and should be taken into consideration in the planning and implementation of recovery activities. The current ESA provides flexibility with regard to recovery, and various policies recently implemented by the Administration, as well as increasing the role of stakeholders in recovery and focusing of Federal lands, will decrease the burden on private lands and work towards minimizing the economic effects of the ESA on private landowners.

A new policy—part of the Administration's Ten Point Plan for ESA reform—significantly expanded recovery participation beginning in July 1994. That policy directs that local jurisdictions, private organizations, and affected citizens be included in recovery plan development and implementation. Also, the public is invited to comment on draft recovery plans. These comments can supply important information about an affected community and can help to reduce or eliminate conflicts with listed species and their habitats. All comments are reviewed and addressed—if appropriate—in the final plan.

The justification indicates FWS will "significantly reduce its outstanding obligation" under the settlement agreement in Fund For Animals v. Babbitt.

*Question.* Given that FWS must cope with limited resources, does the Service feel its own listing petition management and priority system has been superseded or overwhelmed by lawsuits and settlement agreements such as the Fund For Animals? Does FWS manage its Listing workload according to national priorities that reflect threats to individual species, or is it forced to manage on the basis of the most recent court decision or lawsuit?

Answer. Following the lifting of the listing moratorium and the restoration of listing funding in April 1996, significant program restart costs in terms of time and money were incurred by the FWS listing program. The FWS developed listing program restart guidelines to help expedite the resulting backlog of proposed rules through the listing process. The FWS was not able to finish the backlog during fis-

cal year 1996 using this triage approach and had at least twice the normal pending workload in the listing program in fiscal year 1997. To continue to address the backlog, FWS issued the Final Listing Priority Guidance for fiscal year 1997, published in the Federal Register on December 5, 1996. The Department is rigorously following this guidance to fairly and adequately address the backlog.

Under the priority system, resources are apportioned among the following actions:

—Emergency Listing Actions; and

—Processing Final Decisions on Proposed Listings.

Resolving the conservation status of candidate species and processing administrative findings to add species or reclassify threatened species to endangered

Action on processing critical habitat determinations, is deferred because of the higher priority on resolving listing issues.

The FWS fiscal year 1998 budget request proposes $78.8 million to support a workable Endangered Species program. This balanced request will address a variety of needs. The $4.9 million requested for the candidate conservation program will support 292 partnership efforts to keep species off the list. The listing program is funded at $5.2 million to respond to petitions and answer legal challenges. To support full participation in Section 7 and Section 10 consultations, $26.5 million is requested. This will provide for 900 formal consultations, 1500 programmatic consultations, and 38,000 technical assistance consultations, as well as work on over 400 new and existing HCPs. With the $42.2 million request for the recovery program, FWS will be able to meet the growing workload demands and to help address the backlog of 400 species without recovery plans. Delisting and reclassification actions previously funded in the listing activity would be funded at $500,000 within the recovery program.

With the requested fiscal year 1998 listing program amount, the Department will continue to make progress in processing listings in accordance with the priority guidance. During fiscal year 1998, FWS anticipates that nearly 100 species will be proposed for listing and approximately 120 species will be added to the list. However, FWS does not anticipate designating critical habitat in fiscal year 1998, as this activity is a lower priority than responding to petitions and resolving the status of candidate species.

The House Appropriations Committee has approved language to accompany the fiscal year 1998 appropriation for listing activities specifically restricting FWS from spending more than the allocated amount on the listing program. This language reads as follows: "And of which not to exceed $5,190,000 shall be used for implementing subsections (a), (b), (c), and (e) of the Endangered Species Act of 1973, as amended."

Together with the listing priority guidance, the appropriations language will put FWS in a better position to make listing decisions based on the best available scientific information, and not necessarily in response simply to litigation.

*Question.* How much does FWS and the Department of Justice spend annually on ESA-related litigation?

Answer. Our estimate reflects FWS and the Department of the Interior's Solicitor's Office costs only. The FWS costs are approximately $0.3 million and relate to document research and preparation, records assembly, and conferences with attorneys. The Solicitor's costs are approximately $0.9 million and assume a net of 12 FTEs (at $75,000 each). Figures from the Department of Justice will be provided under separate cover.

The budget justification indicates that FWS's Section 7 workload is steadily rising.

*Question.* To what does FWS attribute this continued increase? At what point does FWS expect workload to level off? To what extent is increased use of programmatic consultations and Habitat Conservation Plans reducing funding requirements for the Consultation activity?

Answer. The demand from Federal agencies for Section 7 consultations, especially wide-ranging programmatic consultations, has greatly increased the FWS workload. As more species are listed, and as Federal agencies increasingly recognize their responsibilities in endangered species protection, the number and complexity of informal and formal consultations requested under Section 7 has increased significantly. This increase has been most dramatic in the southwest, southeast, and northwest regions of the United States. To support full participation in Section 7 and Section 10 consultations, $26.5 million is requested in the President's Budget which is critically important to ensure that FWS is able to issue accurate and timely biological opinions to other Federal agencies as required by Section 7, to maximize opportunities for the identification and informal resolution of potential conflicts in early project planning stages for both Federal (Section 7) and private (Section 10) actions, and to provide technical assistance to both Federal and non-Federal entities for the

preparation of necessary compliance measures under both Sections 7 and 10 as early in the planning process as possible.

In addition, FWS is responsible for monitoring both the implementation and effectiveness of any measures required by consultations to minimize the take of listed species. As the number of formal consultations increase, the need to monitor compliance also increases. The increased popularity of HCPs, (Section 10(a)(1)(B) of the ESA) as a tool to resolve conservation and development conflicts on private lands has also resulted in an increased Section 7 workload because FWS must conduct an intra-FWS Section 7 consultation on the issuance of each Section 10 permit. As more species are listed, and as economic growth continues, the need for HCPs to address non-Federal actions on private lands will increase resulting in an increase in intra-FWS Section 7 consultations.

The FWS expects the demand for consultations to continue to increase as Federal agencies continue to realize the need to consult, as the number of listed species continues to increase, and the continued increase in economic growth. However, FWS is taking every step to ensure that the consultation program is as effective and efficient as possible. To that end, FWS is finalizing a Section 7 handbook that emphasizes efficiency in the implementation of the program. Additionally, we have developed streamlined consultation procedures for the implementation of the Pacific Northwest Forest Plan. These procedures serve as a model to develop and implement similar procedures in other parts of the country to further enhance our implementation efficiency.

The FWS continues to be involved in many national, programmatic consultations on issues such as the EPA's registration of Department of Agriculture pesticides and pest control programs. The FWS anticipates that consultation on these and other national programs will continue in fiscal year 1998. Programmatic consultations tend to take longer to complete, but are often more effective and efficient in the long run because they allow FWS to address multiple actions affecting multiple species all at once, instead of several consultations on the same issue. The FWS believes that both Section 7 and Section 10 consultations are equally important, and will need the increased funding requested in the President's Budget to address the workload associated with both types of consultations.

A portion of the increase requested for Consultation is for Forest Plan activities.

*Question.* How much Forest Plan funding is being allocated in fiscal year 1997 to Eastside ecosystem management? How much would be allocated for this purpose at the fiscal year 1998 request level? Why is this work included in the Forest Plan activity?

Answer. The FWS has allocated $250,000 in fiscal year 1997 for participation in developing EISs to launch the Interior Columbia Basin Ecosystem Management Project (ICBEMP). The draft EISs were released for public comment in May 1997. The purpose of the ICBEMP is to restore and maintain long-term ecosystem health and integrity and to support the economic and social needs of communities by providing sustainable and predictable levels of products from Federal lands managed by the Forest Service and BLM. It is also the objective of the ICBEMP that no species would need to be listed under the ESA because of management actions of the Forest Service or BLM within the Columbia River Basin. Therefore, the participation of FWS along with the National Marine Fisheries Service was crucial in the development of the ICBEMP.

Final EIS and Record of Decision (ROD) are planned for the third quarter of fiscal year 1998, with ICBEMP implementation to begin in the final quarter. The President's Budget requests an increase of $1.3 million for Forest Plan consultations; approximately half of this funding increase would be allocated for the implementation of ICBEMP. Funding for the implementation of the Eastside EISs in the fiscal year 1998 budget reflects the fact that the FWS expertise in these activities in the Pacific Region is in the Forest Plan program. Additional funding is critically needed for: 1) the FWS participation in the Ecosystem Analyses that are to be undertaken on Federal lands as a basis for future ICBEMP decision making; 2) the development of an HCP/Conservation Agreement capability to enable our non-Federal partners to pursue voluntary conservation agreements; and 3) required ESA Section 7 consultations on sharply increasing Forest Service and BLM activities associated with ICBEMP implementation. In the future as the ICBEMP program grows in importance, these funds will be displayed separately.

PARTNERS FOR WILDLIFE

The justification seems to indicate that proposed fiscal year 1998 funding for the Partners for Wildlife program will continue the Klamath River Basin program, Ne-

vada biodiversity research, and the Washington State Ecosystems Conservation project at the fiscal year 1997 level.

*Question.* Is this accurate?

Answer. Yes, the FWS fiscal year 1998 budget requests $1.7 million for the Klamath River Basin Restoration, $1.0 million for the Reno Biodiversity Initiative project in Nevada, and $1.5 million for the Washington State Ecosystem Conservation project, which is the same level as 1997.

The justification indicates that the Nevada program will be completed in fiscal year 1998.

*Question.* Are Partners for Wildlife funds for this program expected to be requested in fiscal year 1999? Will funding for follow-on activities be requested in other FWS activities?

Answer. This initiative is an intergovernmental effort to assemble, analyze, and interpret data on the biological resources of Nevada. The University of Nevada at Reno, Stanford University, Nevada Division of Wildlife and the Nevada Natural Heritage Program work cooperatively with FWS, USGS Biological Resources Division, and the Forest Service to collect data and provide it in a usable format to agencies vested with the statutory responsibility to manage Nevada Public Lands. The initiative provides land management agencies with a planning tool, and a forum where they may discuss how they may coordinate their agendas in a way that best serves Nevada biodiversity. In addition, cooperators are developing a GIS system that would link University of Nevada, BLM, FWS, Forest Service, and Gap Analysis Systems, processing sensitive species occurrence data, and enhancing quality control procedures at the Nevada Natural Heritage Program. The FWS will consider the need for continued Federal assistance as it develops future budget priorities.

The FWS is requesting an increase of $750,000 in Project Planning to accommodate work related to the relicensing of hydroelectric projects. The justification indicates that FWS will use the increase to "design, test, and prescribe technically sound fishways * * *."

*Question.* Does FWS currently have the type of resident expertise required to design and test fishways? Does FWS intend to establish or expand its resident design capabilities in this area? Wouldn't it be more cost-effective for FWS to focus on analysis and testing of fishway designs proposed by license applicants?

Answer. When an applicant submits a fishway design, FWS must conduct a thorough biological, hydrological, and engineering analysis. It is imperative that the fishway fulfill the biological needs of fish, and function properly in a wide variety of river flow and environmental conditions when installed onsite. Often, trial field testing and modifications are in order to ensure fish will readily use and pass uninjured through the fishway.

The FWS does not have facilities to test fishways, and does not propose to duplicate test facilities available with the USGS Biological Resources Division. The most cost-effective method is to focus our resources on analyzing the applicants' fishway designs. The $750,000 requested in the President's Budget would help FWS modestly upgrade resident engineering and biological expertise needed to complete technical reviews of proposed fishway designs and participate more fully in trial testing with license applicants. With the requested funds, FWS can also improve customer FWS to Federal Energy Regulatory Commission license applicants by providing timely prescriptions for fish passage facilities that are biologically and technically sound, cost-effective, and reliable.

*Question.* How much funding will be allocated to FERC-related work in fiscal year 1997?

Answer. In fiscal year 1997, FWS estimates spending about $2.9 million on all hydropower licensing activities, and will participate fully in the review of about one-third of the 231 projects currently pending relicensing, as well as all of the other actions above.

During fiscal year 1998, FWS estimates that 100 additional license renewals will be initiated by applicants. To meet this increased workload, the fiscal year 1998 budget includes a request for an additional $0.75 million to allow FWS to develop non-regulatory partnership solutions by working upfront on 50 new FERC relicensing actions. Relicensing actions provide opportunities to mitigate for previous fish and wildlife impacts by improving instream flows, providing for fish passage, and creating or improving habitat.

The FWS role in the hydropower licensing process is authorized by statute and the FERC regulations. The FWS participates by advising and assisting developers in preparation of study plans, developing terms and conditions, coordinating with other agencies, preparing mitigation plans, and participating in fishway, instream flow, and other studies. Relicensing activities are increasing nationwide as licenses for many hydropower projects expire. Since 1993, the licenses for over 260 dams

across the country have expired. The licenses for over 550 more dams will expire in the next 15 years. Many of these dams were built without the benefit of fishways, instream flows, and other measures to conserve and protect fish and wildlife.

Current workload is significant. During fiscal year 1998, FWS will work on almost 1,100 hydropower projects nationwide, including:

HYDROPOWER PROJECTS

| | Fiscal year— | | |
|---|---|---|---|
| | 1996 | 1997 | 1998 |
| Prelicensing actions: | | | |
| Preliminary permits | 150 | 140 | 130 |
| Original licenses | 150 | 130 | 130 |
| Relicensing | 160 | 200 | [1]230 |
| Exemptions | 30 | 40 | 40 |
| Postlicensing actions: | | | |
| Licenses | 350 | 450 | 500 |
| Exemptions | 50 | 50 | 50 |
| Totals | 890 | 1,010 | 1,080 |

[1] "Rolling number" includes 50 of the estimated new applications.

NATIONAL WETLANDS INVENTORY

The justification indicates that FWS is continuing to seek alternative data collection techniques that may lower the cost of data collection per unit.

*Question.* What progress has been made in this regard in recent fiscal years? What prospects are there for further improvement? Has the level of cooperation from other agencies been satisfactory?

Answer. The FWS has made considerable progress in recent years in working with its partners to determine alternative data collection techniques in order to lower costs in wetland mapping and collecting wetland status and trends data. These efforts are:

—(1) Collaboration with EPA and the Natural Resources Conservation Service on refining a cross-correlation technique. This technique uses satellite imagery to monitor wetland changes in the 30 percent of National Wetland Inventory maps that have been digitized and are components of the wetlands layer of the National Spatial Data Infrastructure.

—(2) Work with the Central Intelligence Agency (CIA) and BLM on use of recently declassified imagery to map wetlands and other natural resources in remote regions of Alaska lacking existing aerial photography.

—(3) Refinement of the techniques involved with Analytical Stereo Plotters and Global Positioning System satellites for applications in mapping wetlands on military facilities and for updating wetland status and trends plots.

Improved efficiency and lowered costs are probable with all three methods. The only drawback is the scale limitation imposed by most conventional satellite imagery. However, the declassified CIA imagery may solve that problem. The level of cooperation among agencies continues to be congenial and productive.

MAINTENANCE

The budget request includes a $9.75 million programmatic increase for Refuge Operations and Maintenance, which follows an $8 million increase in fiscal year 1997.

*Question.* If funded at the request level, would the maintenance backlog in the refuge systems be reduced? If so, by how much? If not, why not?

Answer. The budget includes a three-tiered effort to address the highest priority operational and maintenance needs of the Nation's 509 National Wildlife Refuges. First, operational increases total $13.8 million, or eight percent (including $4.1 million for pay and FERS retirement cost increases). Second, the budget continues the recreation fee demonstration program which will initially generate approximately $1.0 million for on-the-ground project work at the refuges which collect the user fees. Third, construction funding totaling $22.2 million will be used for the highest priority infrastructure backlog needs including the rehabilitation of roads, dams and bridges; as well as $17.1 million in ongoing operations funding for routine mainte-

nance. The $17.1 million plus the $22.2 million in the construction account will address the highest priority needs identified in the Maintenance Management System.

The first increment of the operations increase is $9.8 million to protect wildlife, improve habitat, enhance recreation and education, and to accelerate comprehensive planning. The new Refuge Management Information System (RMIS) database was used to systematically rank priorities against nationwide goals to ensure project integrity and to compile a project list tied to the $9.8 million increase.

The additional funding requested for habitat enhancement will be used to restore natural water flows and replant trees and prairie grasses. This funding will reverse the damaging effects of previous land uses which often include drainage, tree clearing, and elimination of native grasses. Restoring habitats now will ensure healthy and diverse ecosystems; ensure sustainable populations of fisheries and wildlife; and provide habitat for Threatened and Endangered (T&E) species. Implementation of wildlife dependent recreation and education projects will provide additional opportunities to the 29 million annual refuge visitors. Funding will also allow additional comprehensive management plans to be completed and guide future management of the refuge system.

The second increment of the operations increase is $4.1 million to fully fund required pay and FERS retirement system costs for the approximately 2,800 employees of the refuge system.

LAW ENFORCEMENT

*Question.* The table on page 105 of the justification indicates that the number of shipments inspected in fiscal year 1996 fell dramatically from the number inspected in fiscal year 1995. Why?

Answer. At the time the fiscal year 1998 budget was prepared, FWS had only preliminary information on shipments through July 24, 1996. The total shipments for fiscal year 1996 are 87,848. The shipments increased by 2,190 over the previous year.

MIGRATORY BIRD MANAGEMENT

A $1.5 million increase is requested for migratory bird management.

*Question.* To what extent are activities that would be funded with this increase, particularly the increase for "Species of Management Concern," activities that might otherwise be conducted with Endangered Species Candidate Conservation or Listing funds? How does FWS determine which accounts to draw upon for bird population monitoring activities? Are activities that will be conducted with funds identified for "Implement[ing] Conservation Actions" similar to or the same as activities that will be funded with Candidate Conservation funds?

Answer. Of the $1.5 million increase requested for migratory bird management, $600,000 is targeted for "Species of Management Concern" to implement those provisions of the Fish and Wildlife Conservation Act of 1980, as amended, that direct the FWS to "identify species, subspecies, and populations of all migratory nongame birds that—are likely to become candidates for listing under the Endangered Species Act of 1973" and to undertake appropriate conservation actions. We anticipate that fewer than one percent of the "species of management concern" will also be candidate species in fiscal year 1999.

Migratory bird populations may also be monitored in conjunction with activities in the Candidate Conservation and Listing programs. These surveys are focused on specific threatened and endangered species, primarily to gather data needed for decisions on regulatory actions.

The planned surveys on "species of management concern" concentrate on species that are not on the threatened and endangered species list. The monitoring information helps FWS and its partners to take actions to avoid future imperilment and listing of species of concern.

No increase is requested for the North American Waterfowl Management Plan (NAWMP).

*Question.* How many wetlands joint ventures currently exist? At what level are each of these joint ventures funded in fiscal year 1997? In the fiscal year 1998 request? How much of an increase would be required to provide currently unfunded joint ventures with a level of support comparable to funded joint ventures? Would such an increase enable currently unfunded joint ventures to coordinate a significant amount of additional wetlands restoration projects?

Answer. Currently, 10 wetlands habitat joint ventures exist in the U.S. as part of the North American Waterfowl Management Plan. Of these, the six original joint ventures are funded through the FWS Regions. The table below presents the fiscal year 1997 allocation to each FWS Region in support of coordination activities for the

original joint ventures (Atlantic Coast, Central Valley Habitat, Gulf Coast, Lower Mississippi Valley, Playa Lakes, and Prairie Pothole Joint Ventures). The table identifies funded and unfunded joint ventures in each Region and indicates the Region with lead coordination responsibility for each joint venture.

FISCAL YEAR 1997 REGIONAL ALLOCATION TO SUPPORT ORIGINAL NAWMP HABITAT JOINT VENTURES

[In thousands of dollars]

| FWS region | Joint ventures— | | Allocations |
|---|---|---|---|
| | Funded | Unfunded | |
| 1 | Central Valley habitat [1] | Pacific Coast [1], Intermountain West | 275 |
| 2 | Gulf Coast [1], Playa Lakes [1], Lower Mississippi Valley. | Intermountain West | 314 |
| 3 | Prairie Pothole, Lower Mississippi Valley | Upper Mississippi River/Great Lakes Region [1]. | 357 |
| 4 | Lower Mississippi Valley [1], Atlantic Coast, Gulf Coast. | | 366 |
| 5 | Atlantic Coast [1] | | 266 |
| 6 | Prairie Pothole [1], Playa Lakes | Rainwater Basin [1], Intermountain West [1] | 713 |

[1] Joint ventures indicate regional lead coordination responsibility.

The fiscal year 1998 President's Budget does not include an increase in funding for the North American Waterfowl Management Plan. Allocations to the Regions to support coordination of the six original joint ventures would remain essentially the same under the fiscal year 1998 budget request. If appropriated, an additional $800,000 would fund the remaining joint ventures with a level of support comparable to that provided to the original six joint ventures in fiscal year 1997.

HATCHERY OPERATIONS AND MAINTENANCE

In the fiscal year 1996 budget request, the Administration proposed to close or transfer to States 11 fish hatcheries.

*Question.* To date, how many of these hatcheries have been transferred to States? What is the status of the remaining hatcheries, both with regard to fish production and any continuing discussions regarding transfer to the host States?

Answer. Five hatcheries have been transferred to the States: three in fiscal year 1996 (Walhalla NFH, SC, to SC; Carbon Hill NFH, AL, to AL.; and Bo Ginn NFH, GA, to GA) and two in fiscal year 1997 (McKinney Lake NFH, NC, to NC; and Meridian NFH, MS, to MS). Transfer talks have been completed with the State of West Virginia for the transfer of Bowden NFH, WV, under a MOA that will take effect on July 1, 1997.

Production at three of the hatcheries not transferred to the States (Chattahoochee Forest NFH, GA; Wolf Creek NFH, KY; Inks Dam, NFH, TX) will be redirected into high priority Federal Fisheries activities (i.e., providing fish to mitigate for the adverse effects of Federal water development projects, restoration of imperiled interjurisdictional fisheries, and recovery of T&E species). Because Mescalero NFH, NM, meets the needs of the Native American Pueblos in New Mexico, consistent with the FWS tribal trust responsibility, production at the hatchery will not be redirected.

Valley City NFH, ND was originally proposed for transfer/closure in the President's fiscal year 1996 Budget. However, after a subsequent review of the hatchery's role, the hatchery was withdrawn and is no longer considered for transfer/closure.

The FWS will continue to pursue State initiated transfer requests for Chattahoochee Forest, Wolf Creek, or Inks Dam, and offer the three year transition opportunity, through fiscal year 1997.

*Question.* What savings from hatchery transfers, production cuts or closures will be realized in fiscal year 1997 for use in other fisheries programs? In fiscal year 1998?

Answer. The total base funding of the 10 hatcheries of concern was approximately $2.37 million annually. As hatchery transfers proceed over the three year period that began in fiscal year 1996, an increasing portion of this base funding has been freed-up and redirected to meet high priority Federal fishery responsibilities. This freed-up funding is $655,000 for fiscal year 1996, $1.2 million for fiscal year 1997, and $1.5 million in fiscal year 1998.

The savings from hatchery transfers have been reinvested into the fisheries program in an effort to restore the FWS ability to meet high priority Federal responsibilities. Had FWS not done this, the Fisheries program would have continued to fall substantially short of fulfilling its core responsibilities. The $1.46 million in savings is being redirected into: mitigation ($232,000), restoration efforts ($899,000), and threatened and endangered species recovery ($44,000). Transfer/administrative costs ($282,000) will also be covered out of realized savings.

Page 131 of the justification indicates that Hatchery O&M funds will be used to replace inadequate backup water supply systems at Dexter National Fish Hatchery.

*Question.* How old are the systems that are being replaced? Why were these systems inadequate?

Answer. The current backup systems are over 20 years old and rely on water from distant wells being redirected to rearing units where the water supply has failed. Because of the need to manually switch valves, water to some fish tanks has been disrupted for an hour before backup water arrives. This has led to the loss of endangered fish, most recently the loss of razorback suckers involved in a broodstock development program. A new backup system would provide an immediate water reserve through a 50,000 gallon water tower, with water supply redirection accomplished using automatic controls. The threatened and endangered fish species maintained at Dexter NFH and Tech Center are too valuable to be exposed to the risk of the current backup system.

Over the past several years, the Pacific Northwest has been grappling with the issue of salmon recovery. The FWS hatchery system plays an important role in this process.

*Question.* How have operations at salmon and steelhead hatcheries in the Pacific Northwest changed in response to ongoing salmon recovery efforts? Have funding requirements for individual hatcheries changed significantly? Have funding requirements for the FWS Northwest hatchery system changed significantly?

Answer. In recent years, conservation needs for hatchery and wild salmon and steelhead stocks in the Pacific Northwest have become increasingly acute. Marine and freshwater conditions have been extremely poor in most areas. Habitat, hydropower, harvest, and hatchery issues also have received considerable attention. Resource managers have responded in a number of ways to ensure that healthy productive hatchery and wild salmonoid populations can be recovered, restored, and maintained to support sustainable fisheries and other important ecological and social values for future generations. The FWS, along with its other partners, are committed to a comprehensive conservation strategy for salmon and steelhead that has many complementary components (supplementation, mass marking, improved genetics, improved fish health, captive broodstock, comprehensive evaluation, etc.).

The primary responsibility of FWS hatcheries is to meet the restoration/mitigation production and trust resources goals for which they were established. Production from these facilities directly supports recovery plans/objectives, legislative and judicial mandates, and Executive Orders. In order to meet these responsibilities, mandates, and goals, FWS must continue to meet hatchery production requirements with quality fish in an environmentally sound manner. In addition, the FWS hatcheries, fish health centers, and fish and wildlife offices must continue to expand their evaluation and monitoring programs to maintain production efficiency and assure that the genetic integrity, diversity, and fitness of hatchery stocks are sustained.

In response to ongoing recovery efforts, and activities designed to preclude species listing, FWS hatcheries and supporting offices have initiated many of the following actions:

1. Develop captive broodstock (maximize effective population size and genotypes).
2. Initiate new broodstock development techniques (improve mating protocol, reduce effects of inbreeding, maximize biodiversity, increase effective population size, incorporate wild stocks, etc.).
3. Increase hatchery evaluation and assessment.
4. Mark additional hatchery fish to assess impacts between hatchery and wild populations.
5. Utilize hatchery stocks for supplementation activities where wild stocks have been extirpated.
6. Restrict locations of hatchery fish releases to reduce impacts on wild stock (do not release on top of emerging native fry).
7. Adjust operational practices to produce hatchery fish which are released at the size and time that reduces impacts to wild stocks and eliminates competition and displacement of wild populations.
8. Produce salmon and steelhead smolts that are ready to migrate immediately upon release.

9. Improve fish health and increase disease diagnosis and monitoring of hatchery populations (reduce disease impacts of hatchery outplants).

10. Increase fish health monitoring of wild stocks. 11. Mark additional hatchery stocks to address harvest management concerns.

The FWS National Fish Hatcheries and supporting Fish Health Centers, Fish and Wildlife Offices, and Fish Technology Center have to establish annual funding priorities to meet the growing demands for evaluation and monitoring programs that maintain production efficiency and assure that the health, genetic integrity, diversity, and fitness of hatchery stocks are sustained. Mass marking of hatchery releases is also becoming increasingly important.

COOPERATIVE ENDANGERED SPECIES

In fiscal year 1997, the Department for the first time received funds for a land acquisition grants to States program.

*Question.* How are funds allocated under this program? Has the Department established grant criteria for this program? Have such criteria been published?

Answer. The HCP Land Acquisition Grants to States program provides grants for land acquisition at the local level for approved HCPs. The Department considers the States' use of Federal acquisition dollars for habitat protection within, and adjacent to, HCP areas to be an important and effective mechanism to promote the recovery of threatened and endangered species. These acquisition and land exchanges complement, not supplant, private and/or local government responsibilities required for mitigation related to implementing HCPs. Of the $6.0 million available for the program for fiscal year 1997, $2.75 million has been allocated as follows:

—Balcones Canyonlands HCP, Texas ($1.0 million): The BCCP is a regional HCP that protects 35 listed and candidate species, including the golden-cheeked warbler, black-capped vireo, and six invertebrates, among others.

—Orange County Coastal Central HCP, California ($0.5 million): This HCP covers the California gnatcatcher, peregrine falcon, southwestern willow flycatcher, and 34 other rare species.

—Volusia County HCP, Florida ($0.5 million): This plan protects three species of nesting sea turtles as well as piping plovers.

—Washington County HCP, Utah ($0.75 million): This HCP covers 34 listed and candidate species, including the desert tortoise, peregrine falcon, and bald eagle.

The remainder of the funds will be allocated later this year as FWS continues to evaluate project proposals. The fiscal year 1998 President's Budget continues this program at the $6.0 million level.

## NATIONAL PARK SERVICE

SPECIAL USE FEES

In a 1995 audit report, the OIG concluded that the National Park Service "did not implement its authority to collect and retain fees for special park uses in a consistent manner. This occurred because the Park Service has not completed its efforts to revise the existing guidance (NPS–53, "Special Park Uses") to address the changes created by the Appropriations Acts of 1991, 1992, 1993, and 1994 * * *."

*Question.* Has NPS revised its guidelines for collection of special use fees subsequent to the OIG's report? If not, why not?

Answer. The NPS has a draft revision that is out for review.

*Question.* Does NPS intend to make such revisions? When, and through what process?

Answer. Yes, after the review is completed, the guidelines will be finalized and sent to the field. The NPS expects to complete this by late fall or early winter of 1997.

GRAND CANYON

Non-commercial boaters have expressed concern about the level of fees that have been levied on their activities in Grand Canyon National Park.

*Question.* What fees are currently charged for these activities?

Answer. Individuals participating in noncommercial river use within Grand Canyon National Park currently pay a $100 Permit Application Fee, a $25 Annual Renewal Fee (to maintain their position on the Permit Waiting List), a $200 Launch Fee, and a $4 per night/per person Backcountry Impact Fee. These fees are in addition to the $10 per person Park Entrance Fee. This fee program has been specifically designed to spread the costs to the users over the life of the relationship between the permittee and NPS, which averages nine years. Payment is made as serv-

ices are rendered. Taking all of these fees together, split among the average number of participants in a noncommercial Grand Canyon river trip, the average cost is $100 per person for all services rendered, preservation of the resource, and the opportunity to participate in this world class river experience.

*Question.* How do the fees compare to the estimated cost to the Park Service of managing such activities?

Answer. The cost recovery component of this fee program is designed to achieve 95 percent recovery of direct NPS costs associated with managing noncommercial river use in the park, in compliance with the law and OMB Circular A–25.

*Question.* If the fees are in excess of the costs of managing the activity, why?

Answer. The $4 per night/per person Backcountry Impact Fee is being collected as part of the new Recreation Fee Demonstration Program. As such, this new fee does generate revenue above and beyond the amount necessary to cover current operational costs. In compliance with the legislation authorizing the Recreation Fee Demonstration Program, this revenue will be used to address a large backlog of resource related projects in the backcountry and the river corridor. These funds will only be used for projects directed at the prevention, monitoring, and rehabilitation of impacts caused by backcountry and river use.

*Question.* Are any of the fees assessed on this activity part of the recreation fee demonstration program?

Answer. As described above, the $4 per night/per person Backcountry Impact Fee is being collected as part of the new Recreation Fee Demonstration program.

PRESIDIO AND PRESIDIO TRUST

I recently had the opportunity to visit the Presidio in San Francisco. While impressed by the beauty of the property, I am perhaps more convinced than ever that the Presidio would more appropriately be managed as a city or local park. Nevertheless, we have passed legislation establishing the Presidio as a national park to be managed by the Presidio Trust. My principal concern is now how to pay for the operation of this very expensive park.

The fiscal year 1998 budget request for the Presidio is $24.6 million dollars. This same amount was approved for fiscal year 1997. On April 18, 1997, the Secretary announced selections for the Board of Directors of the Presidio Trust.

*Question.* What activities will occur during fiscal year 1997 by the Board of Directors to move forward with plans to designate sites within the Presidio which will be managed by the Board?

Answer. The NPS expects that through the summer and fall of 1997, NPS and the Presidio Trust's Board of Directors will organize the transition of responsibilities between NPS and the Trust. Orientation provided by NPS will help familiarize Board members with the Presidio, their responsibilities as Board members, and the first year's requirements as outlined in P. L. 104–333. Once this is accomplished the Board can then move forward in designating sites within the Presidio they will manage and develop the appropriate plans to guide future management decisions.

*Question.* Has the agency developed plans and alternatives for consideration by the Board?

Answer. The NPS is developing plans and alternatives to transition responsibilities from NPS to the Trust. However, actual decisions regarding administration of the Presidio areas managed by the Trust rest with the Board.

*Question.* Does the agency have estimates of what the long-term operations costs will be for those sites not selected by the Board to be operated by the Trust?

Answer. The NPS has not developed long-term operational costs for non-selected sites.

*Question.* Does the agency have estimates for the potential "seed" money necessary to restore specific sites which may be designated by the Board?

Answer. The Presidio Trust plans to hold its first meeting in early July, 1997. As part of the planning process, it is expected that the Trust will develop estimates of funds needed to redevelop the Presidio.

*Question.* In your mind, how long should it take for the Presidio to generate sufficient revenues to finance its own operation?

Answer. The authorizing legislation requires the Board to present a financial plan within a year of the their first meeting, which is expected to occur in July, 1997. The financial plan will review Presidio leasable space, current market conditions, trust financing authorities, and related factors. That plan will also provide a timetable by which the lease revenues will finance the operation of the areas managed by the Trust.

*Question.* How many years do you envision Federal support for Presidio operations remaining at the level requested in the fiscal year 1998 budget?

Answer. The Department lacks the appropriate information to determine the exact time when Federal appropriations will diminish. However, the Department notes that significant work must occur before the buildings can be leased. To achieve this result, the Trust has several financial tools by which it can guarantee loans, provide direct loans, or issue Treasury obligations. All of these financial authorities are subject to Federal appropriations and the use of these tools will require the appropriation of funds in excess of the amounts requested in the fiscal year 1998 budget.

*Question.* How long before we reduce that amount by half?

Answer. As stated previously, the Department lacks sufficient information to determine when Federal appropriations will be reduced for the Presidio. The financial plan that the Trust is required to prepare should provide an indication of the timeframe.

GOVERNMENT PERFORMANCE AND RESULTS ACT (GPRA)

The agency budget justification states that by Spring 1997, a revised strategic plan will be produced.

*Question.* What is the status of the strategic plan development?

Answer. The strategic plan should be published in the late summer of 1997.

*Question.* Are copies available? If not, when will they be available?

Answer. Copies of the final draft strategic plan (published October 1996) are now available, as are the revised interim goals. The final strategic plan is expected to be available late this summer.

Implementation of GPRA requires the establishment of national accomplishment and accountability standards.

*Question.* How will such uniform standards be established for the agency which is highly decentralized, and in which decision making authority is delegated to individual park managers?

Answer. The GPRA requires common outcomes rather than uniform standards throughout the agency. Development of an Eight-Step process of GPRA implementation—which goes from the mission of NPS to daily activities to reporting on annual accomplishments, and by setting Servicewide outcome goals—will enable individual parks to use the Servicewide goals (which will be aggregated) as well as develop park-specific goals. The entire NPS GPRA implementation system is designed to work at both the national (Servicewide) and park-specific levels.

*Question.* Will GPRA reduce costs for the agency?

Answer. Once GPRA is fully implemented, NPS expects this will make the agency more efficient.

*Question.* Does the agency intend to discontinue the use of any other planning processes upon implementation of GPRA?

Answer. The NPS is considering eliminating the Statement for Management as redundant to the annual performance plan. The agency is also working to integrate GPRA with current NPS planning and management reporting processes.

*Question.* Does the agency intend to continue its consultation process with Congress?

Answer. The NPS has consulted with Congressional offices since August 1995, on GPRA and its implementation. Because GPRA implementation is an ongoing process, the NPS intends to continue consulting with Congress in the future.

PARK OPERATIONS

A $65.7 million increase is planned for park operations. The agency budget justification states that parks will receive a one percent across-the-board increase. In addition to the one percent across-the-board increase, the agency proposes to increase operations at various park sites by $16.3 million.

*Question.* How are operating costs and efficiencies assessed annually to determine if some parks need more or less in funding?

Answer. The NPS maintains a data base which identifies all unfunded park operating requirements. This data base is generally updated twice a year: 1) in the spring prior to the beginning of the budget formulation process; and 2) in the fall, after enactment of the current year budget request. The increases identified in the data base undergo review at all levels of the organization, beginning with the park and park cluster management, and continuing with the Regional and Headquarters Offices. After review, the requests are prioritized within the amount of funding allowance provided at each stage of the budget process.

The agency budget request states that 63 units will receive an increase of 214 FTEs and $16.3 million.

*Question.* How will these FTEs be allocated among each of the units?

Answer. If the entire $16.3 million is enacted as proposed, the FTEs associated with each request and identified by the requesting office, would be allocated as described in the NPS fiscal year 1998 Budget Justifications. Should the requested dollars not be provided, NPS would reexamine staffing requirements prior to any allocation so as to fit the needed FTE within available targets.

A $7.1 million increase is requested to improve capabilities within the natural resources management program. Included in this amount is funding for establishment of Cooperative Ecosystem Studies Units to focus on science needs of NPS.

*Question.* What portion of the total scientific program will be funded from this effort?

Answer. The NPS defines its "scientific program" as inclusive of both its research and resource management activities. Natural resource management applies the scientific findings of inventory, monitoring, and research to the management of park natural resources. The NPS technical specialists in natural resource management generally are trained in one of the natural or social sciences and use their training as scientists to guide their application of scientific information in their routine work. The Service's natural resource budget request in fiscal year 1998 (Natural Resources Applied Research, Natural Resources Management, Everglades Restoration and Research) totals $93.2 million. The requested increase of $7.1 million represents 7.6 percent of this total request. The Cooperative Ecosystem Study Unit (CESU) portion of the increase represents 2.5 percent of the total natural resources request.

*Question.* What portion of total science needs are handled "in house?"

Answer. Very little research is conducted in-house. The NPS does have structured air-quality and social science research programs. However, NPS obtains most of its needed scientific research from its partners in the USGS Biological Resources Division (BRD), other governmental research organizations, the academic community, and other science partners. The Park Service relies on BRD to fund and conduct much of the biological research NPS needs, but in some cases also directly funds the applied, site-specific biological research that BRD either is unable, or does not want, to fund. The NPS receives research support from other divisions of the USGS and also directly funds some of its water and geology research needs.

The NPS usually defines "science needs" to include its resource management activities—that is, the application of science to management of resources. The Park Service handles inhouse almost all of its resource management science application needs within its resource inventory, monitoring, and management activities. The NPS seeks technical assistance to support this inhouse application from BRD and other government researchers and science-educated professionals, from university scientists, and from scientists in other partner organizations.

*Question.* How does work to be performed by these units differ from work performed by the Biological Research Division of the U.S. Geological Survey?

Answer. The BRD conducts biological research, but not research in other disciplines and not routine, management-oriented inventories, monitoring, and operational management activities that apply science. The NPS science-educated resource management professionals analyze and apply scientific information from a wide range of physical, biological, social, and cultural sciences in conducting their inventory, monitoring, and resource management responsibilities. The CESUs will provide technical assistance to NPS and other land managers in these activities, as well as in a wide range of research disciplines.

The CESU partnership is designed to provide NPS professionals daily consultation with BRD research biologists, as well as with university and other Federal researchers in non-biological disciplines. The work performed at these units will be directed and overseen by a CESU managers committee (from land management and other agencies).

A $6.5 million increase is planned for cultural resource management program needs. Of this amount $3.5 million is planned for the Vanishing Treasures program.

*Question.* How much of this program involves cooperative arrangements with other government or private interests?

Answer. To date, there are no cooperative agreements with other government or private interests in the Vanishing Treasures program. It is likely, however, that some parts of the program, for example the training, will involve cooperative agreements with educational institutions that possess demonstrated expertise in ruins preservation in arid lands. There could be room for other agreements as well.

*Question.* Is any funding for this effort received through leveraging?

Answer. The vast majority of the need for the Vanishing Treasures initiative involves straightforward operational activities of the National Park System, in which opportunity for leveraging is limited. It is anticipated that private philanthropists will want to participate—probably in some area of work that would not normally be done with appropriated dollars. The Vanishing Treasures Working Group would

endeavor to use both appropriated and donated funds in a manner that maximize the benefit to the resources and the taxpayers, and that might be described as leveraging. We also believe that, should the Congress fund the program, the private sector will be more likely to support the program, thus allowing appropriated funds to leverage donated funds.

*Question.* Are Native American Tribes active partners in this program?

Answer. The Vanishing Treasures Working Group has not yet enlisted Tribes as active partners, however several Tribes are aware of the initiative and could be involved if the program is fully funded. In addition, a plan has been developed for consultation with Tribes known to have affiliation with the places to be preserved, and preliminary consultations will begin within the next several weeks.

A report by the General Accounting Office, dated April 1997, states that "decisions about spending and operating priorities associated with park operating funds are delegated to individual park managers." The report also states: "According to park managers we (GAO) spoke with, regional or headquarters staff rarely, if ever, discussed with them operation priorities or results accomplished * * *. No expectations have been established for the goals that are to be achieved in the parks, and there is no process for measuring progress toward these goals." The GAO's conclusions are that national priority setting and accountability is lacking regarding expenditures and accomplishments at the parks.

*Question.* What action is the agency taking to address the issues identified in this GAO report?

Answer. The NPS acknowledges that most of the day-to-day operating and spending decisions at parks have been delegated to the park managers. The need to balance competing priorities as ever-changing circumstances warrant is best left to managers on the scene. The NPS disagrees with the report's conclusion that operational priorities are "rarely, if ever, discussed" with park managers by regional and headquarters management. Overall NPS operational policies and priorities are communicated to park managers in many forms, ranging from official memorandum, electronic mail, and formal meetings. For example, in fiscal year 1997, the Acting Deputy Director of NPS communicated to the field the expectation that the fiscal year 1997 enacted appropriations should prove sufficient to preclude significant closures as was the case in fiscal year 1996. Special emphasis program thrusts, such as messages on employee safety and enhanced fee collection, are frequently highlighted by central office personnel in various communications. In addition, park managers are evaluated by regional directors based upon performance in park operations, and specific priorities are frequently highlighted in these evaluations to stress the importance placed upon them. These practices will continue and further emphasis will be placed on effective communication of NPS priorities to the field.

*Question.* How will these findings be addressed in the development of GPRA goals for fiscal year 1998?

Answer. The NPS is implementing GPRA by requiring the development of goals and annual performance plans at the park level. These plans will be in conformance with the NPS Strategic Plan and will be approved by Regional Directors. This GPRA implementation plan, to begin for fiscal year 1998, will ensure that further emphasis is placed on what results are anticipated from a park manager's efforts.

The process of developing appropriate and meaningful goals is dynamic. When developed and stabilized, they should provide a linkage of budget resources to results achieved. This process may take several years, but should lead to performance measurement in a more systematic manner than at present.

A General Accounting Office report dated April 1997 states that the agency's flexibility is greatly diminished due to the large proportion of permanent employees. The GAO states that 93 percent of the Park Service staff is permanent which contradicts with the highly seasonal use of the parks.

*Question.* Why is the amount of permanent staffing at this percentage level?

Answer. The percentages cited are incorrect. The percentage of permanent employees in NPS ranges from 60 to 75 percent of the total work force, depending on the time of the year. The number of seasonal employees peaks during the summer season. For example, at the beginning of the summer season, only approximately 60 percent of NPS employees on-board would be classified as "permanent." This number grows as seasonals go off the payrolls throughout the summer and into the fall.

While the number of permanent employees is currently higher than it has been in the past, there are several reasons for this trend. So as to ensure that health and life insurance benefits are provided to eligible employees, NPS has taken steps to more appropriately classify long-term temporary employees who work longer than six months of the year and are employed without separation for a series of years. This has resulted in a reduction of "temporary" employees in NPS. Another factor

which has lessened the number of "seasonal" employees is a change in the pattern of park use by visitors. It is increasingly common to see rising visitation at parks in the "off-peak, shoulder seasons" of the fall and spring. This practice has resulted in seasonals being required for longer than a six-month period, and a reclassification of these employees to permanent.

Most importantly, at many parks, limited funding has decreased the number of seasonals able to be hired. The reduction in the seasonal program is a common management action taken to offset mandated cost absorptions in recent years, particularly the absorption of pay raises costs not provided. These actions have reduced the percentage of "seasonals" in the NPS work force.

*Question.* Does the agency foresee an increase in the percentage of the workforce comprised of temporary employees?

Answer. The NPS management has made it clear to park and regional managers that the growing percentage of permanent employees is a practice that is not generally conducive to good management. Accordingly, should the budget of NPS at parks continue to grow steadily as in fiscal year 1997, and as requested for fiscal year 1998, the percentage and number of temporary employees is likely to stabilize, at the least, and should potentially grow.

RESOURCE STEWARDSHIP

During the State of the Union message the President announced the establishment of 14 National Heritage Rivers.

*Question.* How will NPS be impacted by the establishment of these rivers?

Answer. Communities will submit nominations to designate rivers, and some that are identified that may include reaches that run through, or near, parks. In the event that one of these rivers gets designated, it is likely that park staff will be invited to participate in the partnership that is established to work on the community's plans.

In addition, several technical assistance and grants programs in NPS have been identified as useful components of the Federal "toolbox" that is available to assist communities with river conservation and historic and cultural resource preservation. These programs include Rivers, Trails, and Conservation Assistance, Historic Preservation Tax Incentives program, Comprehensive Historic Preservation Planning, the Historic Preservation Fund, and others. It is anticipated that NPS, operating these programs according to their customary criteria, may be able to assist some American Heritage River communities.

*Question.* What criteria will be used for designating a National Heritage River?

Answer. The American Heritage Rivers initiative was outlined in a Federal Register notice (published May 19, 1997) that invited public comment. The criteria listed in the Federal Register notice (which are still subject to change) are:

QUALIFYING CRITERIA

The qualifying criteria are intended to be broad, flexible, and credible. Designation is available both to community-led efforts that are well underway and to communities just beginning. In making a nomination, sponsoring communities or organizations must demonstrate broad community support; notable resource qualities; local and regional partnership agreements; strategies that lead to action; and an ability to achieve measurable results.

—*(1) Broad Community Support*.—A broad spectrum of private citizens, such as landowners, businesses, educational and arts organizations, community leaders, economic developers, nonprofit organizations, public and private institutions, local and State government agencies, Indian Tribes, elected officials, and/or other parties within and adjacent to the proposed area or areas support the designation and the goals of American Heritage Rivers.

—*(2) Notable Resource Qualities*.—There are within the proposed river area (as defined by the community or organization) a range of natural, economic, scenic, historic, cultural, and/or recreational features that demonstrate distinctive qualities of America's river heritage.

—*(3) Local and Regional Partnership Agreements*.—The principal party or parties nominating the river and local or regional governmental entities show their willingness and capability to enter into new, or to continue and expand existing, partnership agreements with each other as well as with Federal and State agencies, Indian Tribes, and/or other parties to implement a plan for the river area.

—*(4) Strategies That Lead to Actions*.—The principal local sponsoring party or parties has in hand, or is developing, a broad plan of action for the river area.

Any actions planned on the designated area should not impact downstream communities.

At a minimum, the strategy includes the following components: community vision; operating procedures and policies; description of how the proposal takes into account existing plans for the area; public participation and public education; projects and products (including any anticipated impacts beyond the designated river area); resources committed and anticipated (including means for generating additional and matching support from both public and private sources; schedule of actions; what the community expects the Federal role to be; obstacles to community action, including those the community believes can be resolved by joint Federal, State, and local support; and Measures of success.

—*(5) Measurable Results*.—Implementation of the community's vision must result in measurable benefits to the river community reflecting the community's goals, including, but not limited to, protection of water resources and/or public health, restoration of rivers, protection and highlighting historic and cultural resources, revitalization of local and regional economies, and/or implementing sustainable development within the river area.

SELECTION CRITERIA

A selection council, convened by the President and discussed below, will, for those nominations meeting the qualifying criteria, also seek to ensure that, individually or as a group, American Heritage Rivers will exemplify America's river heritage at its best, in all its natural, historic, cultural, social, economic, and ecological diversity. The selection council will judge whether the designated rivers will showcase a variety of stream sizes and situations, in urban, rural, and mixed contexts. They will also assess the potential for an American Heritage River to showcase one or more innovative programs in such areas as watershed planning, historic preservation, wildlife management, fisheries restoration, community revitalization, floodplain management, and recreation. Applicants should keep in mind the selection criteria in their responses to the qualifying criteria.

In addition, designated rivers will be able to benefit significantly from a broad range of refocused or retargeted Federal programs or other assistance and help generate broader public support for the goals and guiding principles of American Heritage Rivers as excellent examples and models for emulation throughout the Nation.

*Question.* How much will the President's initiative cost the Park Service?

Answer. Because the work done for this initiative falls entirely within the scope of existing programs (and their mandates and criteria), it is anticipated that the only cost to NPS for support of the American Heritage Rivers initiative will be the time associated with FTE dedicated to American Heritage Rivers.

A $2.5 million increase is planned in the Applied Research program. Three projects are scheduled for completion in fiscal year 1997 which relate to air quality monitoring.

*Question.* Based on findings from these studies, how will alternatives be developed to determine the Administration's approach to air quality management around these three study areas?

Answer. The $2.5 million increase for the Natural Resources Applied Research Program is primarily for establishing Cooperative Ecosystem Studies Units at universities; none of this increase will fund additional air quality monitoring and research activities. Coincidentally, $2.5 million of the $8.3 million fiscal year 1998 budget request for applied research is earmarked mostly to support all of the ongoing long-term visibility monitoring and research performed in national parks—especially those designated as "Class I" under the Clean Air Act.

However, a $1.0 million increase is being requested within the Natural Resource Management portion of the fiscal year 1998 budget primarily for the much needed modernization of the NPS air quality monitoring network.

With respect to the three projects slated for completion in fiscal year 1997, the Administration will rely heavily on collaborative decision-making processes with all major stakeholders—i.e., appropriate Federal, State, local regulatory agencies and legislative bodies, business and industry groups, other Federal land managing agencies, foreign governments and environmental agencies (in the case of the United States-Mexico Aerosol Study) and the public—to develop alternatives in determining its approach to air quality management around the three study areas. The NPS is already an active participant in numerous multi-stakeholder, regional (and international) partnerships that have been formed to carry out these and other studies and to formulate appropriate solutions to air quality management problems facing national parks.

*Question.* What mitigation measures are being employed to stop or stall the spread of exotic plants and animals in the national parks?

Answer. While individual parks conduct many control activities, there is currently no Servicewide program in place to control exotic plants and animals. However, some examples include herbicide applications to control exotic plants, and beneficial (biological control) insects have been released at dozens of parks. Several western parks require horse and mule owners to use hay which is certified to be free of weed seeds. The NPS has played an active role in developing "Pulling Together A National Strategy for Invasive Plant Management" and has assisted with several Congressional briefings, developed park-specific educational materials and helped fund other educational materials. St. Croix National Scenic River in Wisconsin has an aggressive education campaign and boat inspection program to prevent the introduction of zebra mussels. Eastern parks use funds transferred from the Forest Service to spray gypsy moths and hemlock wooly adelgids. Wild pigs have been eliminated from Channel Islands National Park in California and are being managed at Great Smoky Mountains National Park in Tennessee and at the Hawaii Parks. Fencing is being constructed at White Sands National Monument in New Mexico to control gemsbok. $100,000 is requested for the Northwest Ecosystem Office.

*Question.* Does this office have any association with the former Office of Forestry and Economic Assistance located in Portland?

Answer. This Administration established two offices in Portland, Oregon in support of the Northwest Forest Plan. One office, the U.S. Office of Forestry and Economic Development in Portland, dealt primarily with economic assistance to the States and local communities that were affected by the Northwest Forest Plan. After publishing its final report to the President and Congress, the Economic Development office closed, as scheduled, in December 1996. The second office, the Regional Ecosystem Office, is an operating, multi-agency office that works for various Federal land and regulatory agencies that have responsibility for implementing the Northwest Forest Plan. While both offices were part of the Northwest Forest Plan, they worked separately and on different aspects of the plan.

The estimated number of acres of park land which have been inventoried to current scientific standards for archeological resources is 1.5 million.

*Question.* What is the long term timetable to obtain an inventory of the total acres needed to be assessed?

Answer. Beginning in 1992, each NPS Region developed a plan establishing long-term strategies and priorities for conducting archeological inventories on park land within the Region. The plans currently are being reviewed and revised to reflect NPS's new cluster-level organization. The plans contain a ranked list and schedule of needed archeological inventory projects. The inventory program is a long term one that will take many decades to complete, depending upon the funds available each year to undertake projects.

The agency proposes $750,000 for finalization of the Cultural Landscapes Inventory Procedural Guidance Manual.

*Question.* Once the manual is finalized, what are long term inventory plans? Be specific relative to timing and cost.

Answer. Development of the Cultural Landscapes Inventory Procedural Guidance Manual is only a small part of the $750,000 allocated in fiscal year 1997 for the Cultural Landscape Inventory (CLI). Also included is finalizing the development of the associated database, Cultural Landscapes Automated Information Management System (CLAIMS); conducting CLAIMS training; and ongoing inventory field work Servicewide.

Long-term inventory plans include performing the CLI research and field work Servicewide in accordance with the goals of NPS Strategic Plan and the GPRA; entering collected data into CLAIMS; refinement of CLAIMS management queries and reports; and training to maintain high professional standards regarding the information collected. Each region has prepared implementation plans establishing long-term strategies and priorities for performing the CLI research, field work, and data entry.

The NPS anticipates this process will take in excess of a decade. The total costs associated with the long-term plans are unknown, due to the unknown quantity of resources that will be available. In order to be more specific regarding timing and costs, a goal has been established to complete reconnaissance surveys of all parks by the end of fiscal year 1999 to identify the potential scope of cultural landscapes in the National Park System.

The agency states that funding to provide enforcement protection of fossil resources has been minimal while documented violations have increased.

*Question.* How will the proposed increase of $2.5 million affect these protection efforts?

Answer. The $2.5 million increase refers to the estimated increase in budgetary resources proposed in fiscal year 1998 to address the "resource protection" program component of the budget subactivity "Resource Stewardship." Most of this funding ($1.5 million) would cover the increased benefit costs for NPS rangers who have been appropriately shifted to a new retirement plan similar to that provided for other law enforcement officers.

The remaining $1.0 million reflects an estimate of the "resource protection" share of the funding requested for park base operational activities in fiscal year 1998. The total amount requested within park management is $24.4 million and would allow a one percent across-the-board increase for all park units to maintain current program capabilities and selectively address unfunded, high-priority needs at 63 individual units. Examples of parks proposed for increases which would involve resource protection activities include Cape Hatteras National Seashore, Kenai Fjords National Park, Florissant Fossil Beds National Monument, Whiskeytown National Recreation Area, and Manzanar National Historic Site.

The Park Service just completed its Servicewide strategy for management of exotic vegetation. The NPS has a prioritized list of park projects that for potential funding. It is estimated that current funding has met less than 10 percent of the documented need.

Mining operations are expected to increase in the California desert parks.

*Question.* What long term staffing and funding needs will be necessary to manage the Desert mining program?

Answer. At this time it is difficult to discern future long-term staffing and funding needs beyond the current baseline of active mining operations, number of proposed mining operations, abandoned mine sites, and associated resource impact issues. The fiscal year 1998 program increase request for salary and support costs for six FTE ($580,000), combined with the increase for Mojave National Preserve ($318,000 and 5 FTE) is the minimum necessary to meet currently anticipated specialized, technical assistance needs of the Desert park units. The six FTE in the Servicewide program will serve the parks in various technical capacities, including conduct of claim validity examinations, regulatory and policy guidance, mine land reclamation, and hazardous substance toxicology and remediation. However, events beyond Park Service control (e.g., significant price increase of mineral commodities, increased demand, and development of more cost-effective mining technologies) could result in more proposed operations beyond the current and projected level, thereby increasing the need for additional NPS staff and funding resources to handle management demands.

If an unanticipated increase in mining activity occurs, NPS will need additional FTE and support funds to conduct the requisite mining claim validity examinations to verify whether a claimant possesses a bona fide mineral right and to process proposed plans of operations. In addition, NPS may need funding to acquire mining claims if future mineral development of specific claims will be in derogation of park resources and values.

Mojave National Preserve's fiscal year 1998 program increase request for salary and support costs dedicated to mining claims management should meet the current and future park-based workload. However, fiscal year 1998 park-based program increases do not address long-term mining claims management staffing and funding needs at Death Valley and Joshua Tree National Parks.

*Question.* Is the proposed addition of six FTEs sufficient?

Answer. As addressed above, salary and support cost increases for six FTE in the Geologic Resources Division will meet current technical assistance needs in the California Desert park units. The fiscal year 1998 program increase proposed for Mojave National Preserve should meet current and future park-based mining claims management program needs. Death Valley and Joshua Tree National Parks may need additional mining claims management FTE depending upon the number and frequency of future mining operation proposals.

VISITOR SERVICES

Interpretive and education programs are provided at all 374 units in the system.

*Question.* How many units present this information only through displays (without personal contact with employees or volunteers)?

Answer. It is difficult to separate the units with only non-personal services (exhibits, wayside exhibits, publications) from those with personal (ranger-led programs) and non-personal services. There are approximately 324 staffed sites which offer both types of visitor experiences. Only the smallest of sites offer just displays. Parks such as Shenandoah National Park offer all types of display services and interpretive staff. Others such as Theodore Roosevelt Island have a few wayside exhibits

but no permanent staff and the Netherlands Carillon only has a single wayside exhibit. There are a small number of sites that offer only information displays and no permanent onsite staffing.

*Question.* Are there more such units today than in the past?

Answer. Small, unstaffed sites, in the past, were usually added to the System through boundary changes and other adjustments affecting larger NPS units. Areas added to the Park System in the past five years such as Washita Battlefield and Nicodemus National Historic Sites will be staffed by permanent NPS personnel. These areas will likely also feature wayside exhibits to assist in interpreting events that took place at various locations at these park areas.

*Question.* What is the past five year data on this question?

Answer. The NPS does not maintain historical information on the number of units that present interpretive information without staff resources. However, information is maintained on the demands for non-personal service displays, publications, and the workloads involved in production. A survey completed in June 1995 indicated the Service had 791 visitor center exhibits, 10,618 wayside exhibits, 1,233 media programs, 370 folders, and 163 park handbooks. This Harpers Ferry Center Interpretive Media Rehabilitations Survey defines the media rehabilitation needs for the Service in each category. The following statistics represent the work accomplished over the past five years in the area of non-personal services. A very small portion of this work was accomplished for non-staffed NPS units.

PUBLICATIONS

| Fiscal year | Units print | Quantity printed | Total visitors | NPS folders/visitors |
|---|---|---|---|---|
| 1992 | 221 | 20,142,000 | 274,694,549 | 1:14 |
| 1993 | 259 | 25,609,900 | 273,120,925 | 1:11 |
| 1994 | 247 | 31,117,000 | 268,636,169 | 1:9 |
| 1995 | 243 | 27,965,500 | 269,564,307 | 1:10 |
| 1996 | 218 | 29,532,050 | 265,713,599 | 1:9 |

WAYSIDE EXHIBITS

| Fiscal year | Waysides | | |
|---|---|---|---|
| | New | Rehabilitated | Total |
| 1992 | 606 | 417 | 1,023 |
| 1993 | 961 | 370 | 1,331 |
| 1994 | 433 | 259 | 692 |
| 1995 | 570 | 109 | 679 |
| 1996 | 503 | 217 | 720 |

*Total exhibits completed—new and rehabilitated*

| *Fiscal year* | *Exhibits* |
|---|---|
| 1992 | 25 |
| 1993 | 13 |
| 1994 | 10 |
| 1995 | 28 |
| 1996 | 39 |

*Question.* Is the "Parks as Classrooms" program utilized away from park units?

Answer. Yes, the Parks as Classrooms program is an integrated, curriculum based activity that is designed to meet local school curriculum and classroom needs. The program is typically made up of three activities: (1) a pre-site visit by a Park Service interpreter to the classroom where students are prepared for an on-site learning activity, (2) an on-site learning experience at the park, and (3) a follow-up activity where the learning experience is evaluated. The park interpreter works closely with the classroom teacher to assure that the teaching/learning objectives are met. Many parks also produce theme-related teaching materials such as traveling trunks, teaching kits, interactive CD-ROM programs and teaching materials which are sent to schools. The Park Service is also using its Internet website, ParkNet, and has

recently entered into an agreement with NASA's Goddard Space Center to provide cooperative education materials and programs nationwide.

*Question.* Is this program presented in urban non-park areas?

Answer. Yes, all urban national park sites provide some degree of outreach programs to urban populations. For example, Santa Monica Mountains National Recreation Area in Los Angeles participates in the "Wonderful Outdoor World" program which provides outdoor learning and camping experiences for youth in their own inner-city neighborhood. At Independence National Historical Park in Philadelphia, park personnel offer an outreach program called the "Traveling Ambassador" which takes programs on jobs, history, and the National Park System to the inner-city. During the 1996–97 school year, the program was presented to over 7,000 students in 54 schools. Ecology Village at Gateway National Recreation Area in New York City offers off-site programs to over 3,000 children from January to March while the park's Outreach Office provides programs to thousands more throughout the year.

There are similar programs at Golden Gate National Recreation Area in San Francisco; Martin Luther King National Historic Site in Atlanta; Jefferson National Expansion Memorial in St. Louis; Lake Mead National Recreation Area near Las Vegas; Jean Lafitte National Historical Park and Preserve in New Orleans; and Boston National Historical Park in Boston. Some urban area parks such as those found in Washington, D.C., work with other organizations such as Project Learning Tree, Project Wet/Wild, and Urban Tree House to provide educational programs off park lands in urban settings. Many parks also offer drug prevention programs to urban school groups.

A Departmental OIG report found that NPS has failed to do an adequate job of recovering costs of emergency services from beneficiaries. The report states that "at least $4.5 million were not recovered," and "fee collections totaling $757,800 were inappropriately retained by park units".

*Question.* What action is the agency taking to rectify this problem?

Answer. The NPS disagreed with the Office of Inspector General Report (96-I–806) recommendation which we felt was in opposition to Congressional intent behind current law (28 U.S.C. 2671 et seq.), under which NPS has discretion to provide emergency medical services. Loss of such discretion would result from a practice of charging for emergency services, consequently extinguishing the immunity Congress intended for these activities. The Department has taken this matter on itself for resolution, and NPS is awaiting the Department's decision.

*Question.* What specific changes will be made in billing procedures to improve collections and make a more consistent process?

Answer. The NPS agreed to make the proper deposits into the miscellaneous receipt accounts of the U.S. Treasury, but disagreed that emergency search and rescue fees or emergency medical fees should be collected, absent willful and wanton negligence on the part of the lost, rescued, or injured visitor.

*Question.* How extensive is the problem of illicit drug manufacturing on park lands?

Answer. The NPS has had, and continues to have, a significant impact in the campaign to halt illegal drug production on National Park lands. As a result of numerous sustained law enforcement initiatives implemented by NPS there are indications that a number of marijuana growers have either stopped growing marijuana or have moved their operations from NPS lands onto private land or indoors.

In Hawaii, drug producers avoid national park lands for fear that they will be caught by park rangers, convicted in Federal Court, and sent to mainland prisons. Rangers have waged a relentless "Marijuana Campaign" since 1986 on marijuana growers who have historically used park lands as their garden sites. These joint eradication operations have been so successful that, today, most growers admit that NPS lands in Hawaii are off limits to the production of marijuana. The parks continue to produce large numbers of plant seizures and arrests.

The NPS Southeast Region is now the most prolific marijuana producing area in the System. Park rangers are producing a continuous stream of marijuana production cases. Efforts have increased significantly in 1997 to reduce this illicit crop and to arrest those responsible. In recent years the Big South Fork National Recreation Area has been used for the growing of marijuana plants. Joint eradication operations with the Forest Service on the Tennessee and Kentucky border have seriously affected the local drug economy and resulted in the destruction of large numbers of marijuana plants.

The NPS areas located on the United States/Mexico border are aggressively pursuing counter-drug operations with a sustained year-round effort. The U.S. Customs Service and the Border Patrol have provided cross training to the rangers with the Customs Service providing some cross delegation authority for the rangers. Smuggling activities continue and the violence appears to be escalating. Most smuggling

cases are considered far more dangerous than marijuana cultivation because most smugglers are Mexican nationals who are more accustomed to violent conflicts with police in Mexico.

The NPS anticipates continued violent contacts with growers and smugglers in the future. The park rangers assigned to the border parks are better trained and equipped than they were five years ago. Most of these border and marijuana growing park areas have one or two rangers who have experience and training in the areas of smuggling and surveillance of suspected growth locations.

Based on Park Service jurisdiction the agency is required to enforce all Federal laws and regulations within park units.

*Question.* Is there any significant cooperation occurring with local authorities on Park land?

Answer. Yes; NPS is working with a number of local task force operations which are being used to conduct coordinated counter-drug operations. The NPS is also assisted by the military in a support mode where the military provides transportation and other non-law enforcement support when requested. The NPS is transitioning to more electronic surveillance of the areas where drugs are grown or manufactured thus saving overtime costs and operating funds until they are actually needed. For the most part, all operations of this nature occur within park boundaries. The drug problem has increased in the last three years with the production of marijuana on the increase on park lands. Special emphasis is being undertaken to eliminate this activity, not only due to its illegality but because this farming method also causes harm to the park environment.

*Question.* To what extent can State and local statues be enforced on park land?

Answer. In areas of proprietary jurisdiction, the State may enforce State law, but generally chooses to leave NPS to provide the level of enforcement activity that is called for on park land. In areas with concurrent or exclusive jurisdiction, NPS cooperates with the United States Attorneys Offices that handle court prosecution of violations. The decisions regarding jurisdiction are made by Department of Justice personnel. For the most part, States consider the parks responsible for enforcement actions within park boundaries. Cooperation is excellent between NPS and State and local law enforcement officials. Additionally, NPS does not volunteer to operate outside its boundaries or jurisdiction unless in a cooperative capacity with our State and local counterparts.

*Question.* Will the agency make increased use of visitor transportation systems at more park units in the future?

Answer. There will be increased use of these systems in park units in the future due to growth in park unit visitation and limited funds for improving park roads and providing additional parking. In many instances roadways cannot be widened or parking areas enlarged to accommodate private vehicles because of the need for resource protection and other environmental constraints.

A new visitor transportation system will become operational in Zion National Park and systems will be expanded in Grand Canyon and Yosemite National Parks in the near future. System planning has been undertaken in special studies or in NPS General Management Plans for: Acadia, Crater Lake, Sequoia, Mount Rainier, and Yellowstone National Parks; Indiana Dunes National Lakeshore; Presidio (Golden Gate National Recreation Area); and Bandelier National Monument.

While there has been major storm damage to facilities at Yosemite National Park, there is an opportunity to implement restoration efforts which will enhance the outstanding values. A significant aspect of this opportunity involves planning the visitor transportation system. The fiscal year 1997 Supplemental appropriations bill contains funds for repair and restoration of visitor transportation systems.

*Question.* What long term plans are being made to implement the best possible transportation system?

Answer. The NPS is working to identify options for a regional system through its involvement in the Yosemite Area Regional Transportation Strategy (YARTS). The YARTS is currently conducting public workshops to help in proposing a level of service for the forthcoming plan for a regional system. The local system that will move people around Yosemite Valley will be defined through the NPS Valley Implementation Plan, which is scheduled to be released for public comment in September 1997. This plan is considering an in-valley transfer and staging area. A transfer facility in Yosemite Valley is needed to provide the linkage between the local in-park system and the regional system. The staging (parking) area is being considered as a potential interim facility to be constructed and reduced in size with the maturation of a regional system. If a regional system develops concurrently, then NPS can elect not to construct parking or to proportion it based upon the capabilities of the regional system.

*Question.* What is the Park Service's ongoing relationship with local communities in the planning of the transportation system?

Answer. The NPS has a formal relationship with its gateway communities through its membership on the YARTS board, which consists of representatives of Madera, Mariposa, Merced, Mono, and Tuolumne counties, Cal Trans, the Federal Highway Administration, Forest Service, and NPS. Citizens, such as business and environmental interests, also are invited to participate.

*Question.* To what extent will the supplemental funds involve local communities in the planning of the system?

Answer. Local communities will be invited to help NPS define the criteria and decision points for whether to develop in-valley parking, the size of such parking capacity, and the conditions under which to downsize parking facilities based on the capabilities of the regional system. The NPS will also invite participation from businesses and environmental interests, representatives of State and Federal agencies, and staff from the offices of the California Congressional delegation.

*Question.* Will short term "fixes" to the storm damage affect long term transportation system options?

Answer. The repairs undertaken at the park will assure that NPS is prepared to link with the long-term regional transportation system if such a system is developed in the future. If a regional system were to move forward without additional in-valley shuttle buses, then our bus capacity would be less than half of that required to effectively move the number of visitors that come to Yosemite Valley. Our system is currently designed to handle the numbers of people that we can get out of their cars and into our bus system, not the number that would be utilizing the system under a planned transportation system, where automobiles would no longer be used to move about the valley. A transfer facility would provide a point of linkage with a regional system. A parking area, developed under the criteria mentioned above, would be reduced in size and possibly not constructed at all based on the capabilities of the regional system.

*Question.* Has NPS considered the use of advanced alternative fuel vehicles, such as Fuel Cell buses?

Answer. Currently, two electric buses are in operation in Yosemite Valley and two more have been ordered. The supplemental funds will be used to purchase electric buses and possibly compressed or liquid natural gas buses. Because of the demands that will be placed on that system, fuel cell technology is not economically feasible at this time. Should the cost be reduced in the future, the electric buses that NPS has acquired would be able to take advantage of that technology.

*Question.* Of all the agency's facilities used by the public, what percent are fully accessible to persons with disabilities?

Answer. In 1983, NPS established an official policy statement that asserted that, "it is the policy of NPS to provide the highest level of accessibility in all visitor and management buildings and facilities as is possible and feasible, consistent with the nature of the area and facility." Over the past several years, NPS has conducted an extensive program of education and technical assistance to help the parks understand what they should be doing and the methods and techniques for doing it appropriately and effectively. Over the past several years, most of the parks have conducted evaluations to identify barriers to access and have made some modifications and corrections, utilizing existing operating funds. Unfortunately, NPS has not conducted a comprehensive evaluation of all of its facilities to determine if all facilities are 100 percent accessible to persons with disabilities.

*Question.* Is there a timetable for achieving 100 percent accessibility? If so, what is that timetable?

Answer. Presently, there is no time table to achieve this level; however, all significant modifications and new construction must be in compliance with current code related to handicapped access.

*Question.* If so, what is that timetable? What are the costs?

Answer. In 1988–89 NPS asked each park to conduct a "self-evaluation" of their facilities and programs, utilizing the best information available at the time. Using the information generated by that evaluation, NPS made some estimates of the cost for correcting the access barriers that were identified and projected the cost for systemwide improvements. At that time, NPS estimated that it would need between $60 and $100 million to bring all of its facilities into compliance. However, that estimate was not comprehensive and actual costs could be more or less than that amount. Employee compensation costs are expected to increase by $1.7 million.

*Question.* What is the agency's historic worker's compensation costs for the past five years?

Answer. The NPS actual Worker's Compensation Payments for the past five years were as follows:

*NPS actual worker's compensation payments*

| | Whole dollars |
|---|---|
| 1992 | $9,364,000 |
| 1993 | 10,249,000 |
| 1994 | 11,816,000 |
| 1995 | 12,332,000 |
| 1996 | 14,345,000 |

*Question.* What specific action is the agency taking to reduce these costs?

Answer. The NPS has adopted the following strategy to address the issue: (1) the National Leadership Council has committed itself to ensuring that all new workers' compensation cases are managed; (2) it is the Service's strategic plan goal under GPRA to reduce the cost of new workers' compensation cases by 50 percent by 2002; (3) a Workers Compensation Case Management Guideline has been drafted and will be issued servicewide along with a supportive training video; (4) training for case managers is being planned; and, (5) the Department is identifying cases on the long-term disability roles that are recommended for intervention. The NPS will focus on bringing personnel on this list back to work. The limiting factor is lack of funds to support FTE for personnel brought back to work, and the lack of personnel to manage these cases, but both some of the funding for these needs are requested in NPS fiscal year 1998 budget. The NPS is also recruiting for a Workers' Compensation Case Manager as a point of contact for case management and as a liaison between NPS and the U.S. Department of Labor, Office of Workers' Compensation.

*Question.* Does the agency have an aggressive program to return former employees to positions which will result in reducing compensation costs?

Answer. The NPS has proposed increased funding of $320,000 in fiscal year 1998 for the Office of Workers' Compensation Program (OWCP). The proposal outlines a complementary program to the Department's current policy which provides FTE for two years to organizations wishing to reemploy injured workers who have obtained new skills. The NPS program would provide funding for those positions, also for a two-year period. At the end of the two-year period, the FTE would be returned and made available for use by other park units or offices. The request would fund nine positions servicewide.

*Question.* What are Departmentwide statistics relative to this issue?

Answer. The Department's actual Worker's Compensation Payments for the past five years were as follows:

*Department's actual worker's compensation payments*

| | Whole dollars |
|---|---|
| 1992 | $35,126,916 |
| 1993 | 36,452,000 |
| 1994 | 40,528,288 |
| 1995 | 42,282,473 |
| 1996 | 44,661,217 |

The agency manages 18 percent of the land on the border with Mexico.

*Question.* Have there been increased impacts to NPS lands as a result of illegal immigration and drug smuggling?

Answer. Yes, NPS has found that increased foot traffic has degraded park features as well as contributed to littering and resource degradation in park areas. Drug smuggling has also made nighttime activity in these parks extremely dangerous and campground thefts have also increased.

*Question.* Does the Border Patrol cooperate with the Park Service in the apprehension of illegal entrants?

Answer. Both the Border Patrol and NPS work together to investigate border crimes and to apprehend those individuals entering the United States illegally. The NPS has an interest in protecting park resources which prevents the use of some Border Patrol vehicles for routine patrol activity; these areas are patrolled by NPS on foot.

*Question.* Does the NPS utilize State, local, or other Federal agency law enforcement dispatch and radio systems for use by law enforcement rangers? If not, why not?

Answer. Yes, in locations where there are dispatch and radio system resources are available. However, for the most part, State and local agencies do not position there communication operations on border areas where parks are located. The NPS, in a number of areas, provides communication support, dispatch services, and similar assistance for other agencies in "dead areas" where State and local communication systems do not work. The Park Service works closely with the U.S. Customs Service

and in some cases shares communications systems. The NPS has also received grants to upgrade communication systems for cooperative counter-drug work.

*Question.* Has the agency investigated the prospect of shared law enforcement communication?

Answer. Yes, NPS has, when possible, joined with other agencies and local departments to share communications systems. The main problems are that State and Federal radio frequencies and radio equipment often are not compatible. For example, NPS has a presence in a consolidated Federal facility in Riverside, California, which is comprised mostly of Federal law enforcement, fire, and other law enforcement agencies. The NPS also shares a facility in Flagstaff, Arizona, which covers NPS, BLM, and Forest Service sites.

MAINTENANCE

A $13.5 million increase is requested in the Operational Maintenance program in fiscal year 1998, which includes a net programmatic increase of $7.3 million.

*Question.* What is the past five year history of funding in this area?

Answer. The total funding enacted for Operational Maintenance over the last five years was as follows.

*Operational maintenance—enacted amount*

| *Fiscal year* | *In thousands* |
|---|---|
| 1997 | $295,830 |
| 1996 | 275,788 |
| 1995 | 273,842 |
| 1994[1] | 301,086 |
| 1993 | 271,078 |

[1] In fiscal year 1994, NPS restructured its budget and budget monitoring system to more accurately reflect costs in various functional areas. In fiscal year 1995, after using the new structure and reporting mechanism for a year, functional amounts were revised to reflect the results of this use. In doing so, the amount estimated for operational maintenance was adjusted downward by about 10 percent. Subsequent monitoring activity in fiscal year 1996 confirmed the accuracy of this revision, in effect verifying the overestimates of the previous years.

*Question.* How will the increase be allocated to specific park facilities?

Answer. The $7.3 million in programmatic increases requested for fiscal year 1998 will be distributed to a number of parks based on needs identified by specific parks. The parks receiving this and other park base funding are listed and their funding need identified and justified in NPS budget justifications. Examples of the parks that are proposed to receive this funding include areas such as Antietam National Battlefield, Canyonlands National Park, Chickasaw National Recreation, Mount Rushmore National Memorial, and Natchez Trace Parkway.

PARK SUPPORT

The use of volunteers is estimated to increase to 90,000 in fiscal year 1997.

*Question.* Has the agency had difficulty locating volunteers to perform work?

Answer. No; the NPS's Volunteers-In-Parks Program continues to experience growth in popularity. The NPS is attempting to increase the numbers of volunteers with specific skills relevant to NPS mission. To that end a "Volunteer Opportunities" homepage has been recently established on the Internet to allow individuals interested in the program to have direct access to existing volunteer vacancies. The following statistics represent the development of the VIP Program between 1992 and 1996.

DEVELOPMENT OF THE VIP PROGRAM BETWEEN 1992 AND 1996

| Fiscal year | Number of volunteers— | | Percent annual growth |
|---|---|---|---|
| | Total | Hours | |
| 1992 | 73,350 | 3,057,660 | 4 |
| 1993 | 78,500 | 3,204,880 | 7 |
| 1994 | 80,743 | 3,471,418 | 3 |
| 1995 | 79,497 | 3,289,153 | −2 |
| 1996 | 89,242 | 3,468,903 | 12 |

The total number of projects in the challenge cost-share program has remained constant for fiscal year 1995–1997.

*Question.* What is the future potential to increase the number of projects in future years?

Answer. The number of projects have remained relatively constant primarily because the amount of funds earmarked for the Challenge Cost-Share Program have remained the same at $1.8 million. The NPS attempted to increase the number of projects funded starting in fiscal year 1996 and fiscal year 1997 by emphasizing in our implementation instructions to Regional Office selecting officials that all programs and projects of the Service, both inside and outside of parks, were now eligible for funding, and also by reducing the Federal share maximum contribution from $40,000 to $30,000.

However, despite the relatively constant numbers of projects funded with challenge cost-share money, parks and programs consistently receive more than twice the number of applications than can be funded by the $1.8 million.

WILDLAND FIRE MANAGEMENT

The agency proposes a funding increase of $2.5 million which will result in operations at 88 percent of the most efficient level (MEL).

*Question.* What level is the agency operating at in fiscal year 1997? Assuming this level is less than the 88 percent goal for fiscal year 1998, what consequences have occurred due to this lower level? How does the 88 percent goal compare to requests made by other land management agencies?

Answer. The Park Service Budget Justification provides a summary of likely funding allocations from BLM to the NPS Wildland Fire Preparedness and Wildland Fire Operations budget activities. The ultimate allocation is subject to the final 1998 appropriation made to the BLM Wildland Fire Management account. At the request level contained in the President's Budget, all four Interior bureaus would be allocated amounts at roughly equal levels of preparedness, based on historical use patterns for equipment, salaries, and the other costs that figure in the calculation of the most efficient level (MEL). At the request level, this would equal about 85 percent of MEL, up from 84 percent in 1997.

HISTORIC PRESERVATION

An increase of $9.4 million is requested for the grants-in-aid program.

*Question.* When providing matching funds for historic preservation efforts, is the ratio of matching always 1:1, or does it vary?

Answer. The ratio it is not always 50 percent Federal and 50 percent non-Federal matching share. Section 101(e)(1) and 101(e)(2) of the National Historic Preservation Act authorize "matching grants" to State Historic Preservation Offices (SHPO's) and to the National Trust for Historic Preservation, respectively, and Section 102(a)(3) stipulates that grants to SHPO's may not exceed 60 percent Federal share.

However, Section 101(e)(3)(B) of the National Historic Preservation Act authorizes direct grants to "nonprofit organizations representing ethnic or minority groups for the preservation of their cultural heritage." While Section 101(e)(3) is silent about a matching share requirement for direct grants, it is within the Secretary's administrative authority to require a non-Federal matching share. The $4.3 million cumulative total of grants awarded to historically black colleges and universities in fiscal years 1995 through 1997 were made to the United Negro College Fund (UNCF), which raised most of the $4.3 million non-Federal matching share in accordance with the Memorandum of Agreement then in effect between NPS and the UNCF, and subgranted the funds to individual colleges.

However, Section 507 of Public Law 104–333, the Omnibus Parks and Public Lands Management Act of 1996, authorizes $29 million in grants and identifies 12 HBCUs selected by Congress. Public Law 104–333 also provides authority for the Secretary to waive the non-Federal matching share requirement. Recent discussions between NPS, UNCF, and the 12 HBCU's indicate that neither the HBCU's nor the UNCF can promptly raise the 50 percent matching share that has been contributed for previous HBCU grants.

*Question.* If it does vary, please provide a project specific list for fiscal year 1998 showing the matching fund shares.

Answer. As indicated previously, NPS does not vary the matching share ratio except as prescribed by the National Historic Preservation Act. For fiscal year 1998, it is still too early to know how much funding the UNCF will raise for HBCU's.

*Question.* What process is used to award grants under this program?

Answer. The $4.3 million in HBCU grants awarded during fiscal years 1995 through 1997 were selected based upon the following criteria: (1) the building was

listed in the National Register of Historic Places; (2) the building possessed greater architectural and historical significance than other HBCU structures; and (3) the building was in such a State of disrepair that, if structural deficiencies remained uncorrected, then the structure would be critically endangered. As a result, 11 of the most historically significant and threatened structures were evaluated by a joint Department of the Interior-private sector field assessment team and ranked in order. Seven of the 11 HBCUs selected have received grants during 1995–97. Section 507 of Public Law 104–333, the Omnibus Parks and Public Lands Management Act of 1996, has identified 12 HBCU's and has authorized specific amounts for these individual HBCU's ($22.9 million was earmarked for the 12 schools from the $29 million total authorization). The Administration has requested a $9 million increase in HBCU grants for fiscal year 1998, and proposes to award grants to the 12 schools in the order they were listed by Congress in Section 507 of P. L. 104–333. This would be a multi-year effort; in order to complete enough work to make each building safe and usable, only three HBCU's could be assisted with the funds requested in fiscal year 1998.

CONSTRUCTION

The requested allocation for the construction program calls for a $20.7 million decrease.

*Question.* What affect will this decrease have on the construction backlog?

Answer. The NPS has requested over the past number of years a Line Item Construction program level of $80 to $100 million worth of high Servicewide construction priority projects as well as other projects which can be linked to eliminating deteriorated conditions and achieving park development goals. This amount of funding is what NPS expects to accomplish each year given its planning and contracting abilities and workloads. The $20.7 million reduction from the Line Item program appropriation does not represent a decrease in the Service's effort to reduce the backlog. It is, in fact, an increase of $5.8 million over our fiscal year 1997 request.

*Question.* What are projections for income from the Recreation Fee Demonstration project that will be allocated to construction projects?

Answer. The President's Budget anticipated that the Recreation Fee Demonstration project would raise $48 million in fiscal year 1998; however, since that estimate was made, Congress has amended the program in ways that provide for additional revenue. At this time, however, it is too early to know how much will be allocated to construction and how much will fund simple repair and rehabilitation projects.

*Question.* What are projections for allocation to maintenance projects?

Answer. As noted above, revenue from the demonstration fee program will be used to fund various high priority park projects, however, funding to be allocated to any particular program has not been determined.

The agency has been involved in a recent consolidation of design services with BLM and FWS.

*Question.* How is this consolidation working in terms of efficiency, project timing, and the ability to coordinate and prioritize between agencies?

Answer. The BLM and FWS are co-locating with NPS. In December 1996, FWS completed their move into NPS building. The BLM will complete their move into NPS building by July 1997. This physical co-location of bureaus affords all bureaus the opportunity to share and make efficient use of NPS technical support systems. These systems include telephones, computer LAN, micrographic reproductive services, technical information databases, and interagency contracts. Even though each bureau continues to maintain the lead on their construction program, overall project timing is expected to improve. The co-location affords greater opportunity for all project mangers to confer about alternative ways to schedule and sequence their projects. This exchange of information and techniques across bureaus will allow work to be more uniformly produced through "best practices."

The prioritization and coordination of work between agencies will be enhanced through the availability of a more technically diverse and singularly located workforce. Should there be a project that exceeds the capability or capacity of any one bureau, the sister bureau will be able to immediately assist. This sharing of technical expertise is currently happening through the archeological services NPS is providing to FWS.

An increase of $3.5 million is planned for equipment replacement. The agency justification states that a total of $3.5 million is proposed for allocation to narrow band radio conversion and information management equipment modernization.

*Question.* Does this represent the total $3.5 million increase?

Answer. The increase would be devoted to only these two areas; $3.0 million of the additional $3.5 million would be used to initiate a multi-year plan to modernize

NPS computer hardware and software by placing this equipment on a scheduled replacement cycle and allowing the technology used by NPS to remain current for maximum effectiveness. The remaining portion of the proposed increase, $500,000, would be devoted to the implementation and testing of the narrow band technology for radio communications equipment in selected parks.

The agency reports a $75 million vehicle/equipment replacement backlog.

*Question.* How have vehicle maintenance expenses (for vehicles retained past planned life) been affected by this backlog?

Answer. The current inventory of NPS equipment fleet identifies passenger cars, trucks, and heavy equipment that are operating well beyond their designed life expectancy. As equipment nears or reaches this stage, fleet operational costs increase. This is due in part to more frequent equipment breakdowns and more expensive drive train components wear out and have to be replaced, all resulting in more frequent and costly maintenance activities. This does not include the staff hours lost to efficiently perform work when equipment fails to perform.

EVERGLADES RESTORATION

The land acquisition program for the Everglades restoration project states that 58,000 acres will remain to be acquired after fiscal year 1997. A request of $63.6 million is being made for fiscal year 1998 land acquisition. The Administration is also proposing to establish the Everglades Restoration Fund which is expected to result in the receipt of $35 million for land acquisition.

*Question.* What are long-term projections for the Everglades Restoration Fund in terms of reducing land acquisition requests from regular appropriations?

Answer. The Everglades Restoration Fund consists of two components. First, is the request for direct appropriations of $100 million every year for four years, for a total of $400 million. The President's Budget had requested $100 million for fiscal year 1998, with the remaining funding requested as an "advance appropriation." The second component consists of revenues of about $35 million per year as a result of enacting a sugar marketing assessment on Florida sugar producers. If enacted this year, the Department estimates that about $35 million would be available every year to acquire lands in the Everglades ecosystem. At some point, this income would reduce, but not eliminate, the requirement for direct appropriations to protect land in the Everglades region.

Restoration of the Florida Everglades and the South Florida Ecosystem is a high priority of the Administration. Much of the program emerged during a time of contentious litigation with Florida's sugar industry. This required the industry to contribute a total of $312 million towards this acquisition through the Restoration Fund. Successful implementation of the program requires extensive coordination with other Federal agencies as well as State and local governments and industry. Plans are very ambitious and involve a major effort to mimic, not restore, nature's processes.

*Question.* What is the current overall status of the restoration effort?

Answer. The Department believes that significant achievements have been made since the Administration established the South Florida Ecosystem Restoration Task Force in 1993. Lands that have been identified for protection are being acquired; scientific research is on-going; construction of the modified water delivery project for Everglades National Park continues; the Task Force has been expanded to include State, tribal, and local representatives; the Army Corps of Engineers' restudy of the Central and South Florida project continues; and an unprecedented level of partnership among Federal, State, tribal, and local governments is occurring.

*Question.* How well is cooperation with other agencies and private parties working?

Answer. As stated above, an unprecedented level of partnership is occurring among all the parties to the restoration effort. At the field level, Federal, State, tribal, and local representatives have formed work teams to address numerous issues that affect the restoration effort. Similarly, at the Washington level, there is coordination among all the parties.

The NPS portion of the Everglades Restoration effort proposes $12 million for science in fiscal year 1998. In fiscal year 1997, $8 million will be spent on science.

*Question.* If the agency is actively engaged in a major scientific study effort, is it getting the "cart before the horse" in implementing this major program?

Answer. No, studies completed to date and the consensus of Federal, State, and local partners in the ecosystem restoration effort indicate that certain actions can and must proceed immediately while some scientific research remains on-going. Generally, completing Federal land acquisition, acquiring additional land outside Federal areas, and completing the modified water delivery project to restore a more

natural hydrologic flow for Everglades National Park are three components of the Everglades Restoration Fund that do not require additional scientific study. In addition, these areas also comprise the majority, or $88 million, of the $100 million requested for the Everglades Restoration Fund, with the $12 million proposed for scientific research comprising the remainder.

*Question.* How much confidence does the Department have in the scientific and engineering studies made so for, to be sure the attempt to mimic Mother Nature will actually work?

Answer. The Department believes that the key to success of the restoration effort is in our ability to understand how the natural system functioned in the past and how man-made changes have affected that system. The knowledge gained from research efforts in these areas will guide future management decisions in an attempt to avoid similar mistakes in the future. The Department has a great deal of confidence that such research will allow it to design future systems that will replicate the natural system as much as possible.

RECREATION FEE DEMONSTRATION PROJECT

This program will allow the Director of the Park Service to disperse 20 percent of the funds collected from a specific site to be distributed at sites on a service-wide basis.

*Question.* What criteria will be used to determine the allocation process for this 20 percent?

Answer. The Director has requested all units of NPS to submit priority projects for funding from the 20 percent funds available from the total new revenue collected from the Recreation Fee Demonstration project. A panel will be established to review and recommend selected projects for the Director's approval. Once approved by NPS, the Department will review the proposals and approve the selected projects. The "20 percent" money will be largely targeted at parks that do not collect fees or are not part of the demonstration program.

*Question.* How will the recent the recent storm damage in Yosemite affect implementation of fee demonstration plans?

Answer. The recent storm damage in Yosemite affected the fee demonstration program only by causing a two month delay in implementing the program in Yosemite. Yosemite's visitation figures, however, are showing a decline that is greater than anticipated. The NPS is now doing a formal estimation of what this will mean to Yosemite's projected income, based on two full months of normal operation after the flood. The best current estimate is that the impacts of the flood will cost Yosemite nearly $2 million in returned revenue this fiscal year.

*Question.* Please provide a project specific list for each of the Recreation Demonstration sites which will be accomplished under the program.

Answer. At this time, the specifics of what will be accomplished under the program is still under review. The Park Service will provide this information to the Committee once final decisions are made.

Up to 100 park sites will operate under this program.

*Question.* What is the projected income from the sites designated?

Answer. The fiscal year 1998 President's Budget estimated that NPS would collect about $48 million in additional revenue from parks participating in the demonstration program. Since the President's Budget was submitted, the Congress has amended the demonstration program by changing the base year for which the new fee revenue is calculated from 1995 to 1994, which would result in $12 million more in revenues. After the completion of the first year, NPS should be able to provide a more accurate estimate.

*Question.* What are the priority uses for income through the fee demonstration program?

Answer. The priorities of the program are the reduction of maintenance and resource backlogs as well as projects or activities that directly enhance the experience of the park visitor.

ADMINISTRATIVE COSTS

A Department of the Interior OIG Report 96–I–1259 dated September 1996, made five recommendations to address the issue of extended travel costs for Denver Service Center employees.

*Question.* What is the status of implementation of those five recommendations?

Answer. The OIG found that the policies and procedures of the Denver Service Center for extended travel of construction supervisors were in compliance with Federal and Department of the Interior requirements. However, the Inspector General found that the Denver Service Center did not adequately justify, or keep adequate

records to justify operational decisions. To rectify this situation, NPS is reissuing its policy regarding extended travel costs. Following is more detail The five recommendations and the status of their implementation follows.

Recommendation 1: Either ensure compliance with existing policy or revise the policy for extended travel to include consideration of other relevant and appropriate factors.

Recently, all Denver Service Center employees received a copy of the reissued policy in the form of DSC Guideline 97–01.

Recommendation 2: Develop procedures for estimating the cost of per diem versus the cost of employee relocation.

DSC Guideline 97–01 contains procedures for estimating the cost of per diem versus the cost of employee relocation.

Recommendation 3: Document the specific considerations that resulted in the determination to either pay per diem or relocate construction supervisors.

DSC Guideline 97–01 requires Construction Quality Leaders to prepare a "Record of Decision" form to document the decision-making process of whether to execute a permanent change of station move or to place an employee on extended duty when the duration of an assignment is expected to exceed two years. Factors to be considered include cost, human, and business/project factors. No one factor is more important than another.

Recommendation 4: Develop and implement procedures for authorizing per diem rates that consider actual expense levels at the specific locations of travel.

DSC Guideline 97–01 requires that per diem rates are computed under the lodgings-plus per diem system with the total not to exceed the applicable maximum per diem rate for the location. DSC Guideline 97–01 provides a flat rate for meals and incidental expenses that will be reviewed and reestablished every two years. Employees are responsible for obtaining lodging and for documenting their search, investigating a minimum of three equivalent lodging units. This procedure will determine the lodging flat rate for the location. Every six months the employee must certify that their costs have not been reduced. When an employee moves, their circumstances change, or an adjustment is requested, the same procedure will be followed to verify the applicable per diem rate.

Recommendation 5: Require travelers either to note annual leave taken on the travel voucher or to certify "no leave taken." on the voucher.

DSC Guideline 97–01 requires the recommended certification.

The agency recently went through a downsizing exercise and buyout program.

*Question.* For the hearing record will you provide the Committee with a detailed analysis of the cost savings which have occurred as a result of the NPS reorganization?

Answer. The NPS reorganization resulted in streamlined and reengineered administrative processes and downsized central offices. Since fiscal year 1993, NPS estimates that it has achieved annual operational savings of approximately $31.5 million through these efforts. These annual savings have been shifted over the last four years, through both the President's Budget requests and Congressional appropriations, to help support the additional park and program increases that have been appropriated to NPS.

*Question.* How many central office positions were transferred to individual park units?

Answer. Since fiscal year 1994 central office FTE have been reduced by over 20 percent while available park-based FTE allocations have increased by about 1,100, allowing more staff at the operational level while keeping overall NPS FTE levels stable. This includes 264 employees transferring from central office positions to fill vacancies in park areas through Operation Opportunity—a program developed at the time of the implementation of our reorganization.

*Question.* How many positions were vacated as a result of the buyout and early retirement incentive programs?

Answer. In 1994 and 1995, 868 employees took advantage of the buyouts offered. The survival of pre-reorganization or pre-buyout positions cannot be tracked for two reasons. At NPS central offices, where 528 of the buyouts occurred, a job vacated by a buyout was allowed to be refilled as long as another central office position was not. Simultaneously, the reorganization caused changes to many position designations causing situations where certain positions were "vacated", but not because of downsizing.

*Question.* How much money will be expended in the buyout and early retirement incentive program for NPS?

Answer. The cost NPS will incur to cover the Voluntary Separation Incentive Payments and the nine percent early-out charge for those taking the buyout offer will be approximately $22.1 million. This is a one-time only cost.

*Question.* Is the composition of the NPS headquarters and regional offices as lean as it should be?

Answer. The NPS continues to analyze reengineering possibilities and make additional reductions where possible.

In total, the agency proposes to add 440 FTE's to the workforce.

*Question.* Please stratify these positions for the record in terms of field, regional, and headquarters employees.

Answer. The 440 FTE's would be distributed as follows:

*Adding 440 FTE's to the workforce*

| | |
|---|---|
| Field | 376 |
| Regional | 36 |
| Headquarters | 28 |
| Total | 440 |

PARKWAY DIVESTITURE

A September 11, 1996, report from the agency acknowledges that Maryland and Virginia strongly oppose a "plan in its present form" to divest four parkways in the greater Washington area. Specific standards for continued management of the Parkways are contained in the present divestiture plan.

*Question.* What proposed standards could be relaxed to make the divestiture more appealing to Virginia and Maryland?

Answer. All of the standards contained in the proposed conditions of transfer are essential to ensure that management of these parkways meet the legislative intent that they serve as scenic gateways to the Nation's Capital. In our judgment, the States were not objecting to the standards as much as they were concerned about the maintenance costs, and the feeling that these roads should be a Federal responsibility as part of the park system of the Nation's Capital.

*Question.* What portion of United States Park Police staffing is directly attributable to traffic enforcement on the major parkways in the suburban parkways of Washington DC?

Answer. The U.S. Park Police assigned to the Glen Echo, Greenbelt, and the Anacostia Stations provide law enforcement services to the George Washington Memorial Parkway, Clara Barton Parkway, Baltimore-Washington Parkway, and Suitland Parkway 24 hours a day. Each police cruiser beat requires 5.3 FTE to maintain 24 hour-per-day coverage.

Three police cruiser beats are assigned to patrol the George Washington Memorial Parkway and the Clara Barton Parkway. In addition, five sergeants assigned to the Glen Echo Station, dedicated to supervising law enforcement activities on the parkways, assist in the patrols. Furthermore, in an effort to reduce excessive speeding that has led to serious traffic accidents along George Washington Memorial Parkway, the U.S. Park Police has redirected existing resources on an intermittent basis to provide increased coverage, especially during peak traffic hours. Two primary police cruiser beats are assigned to patrol the Baltimore-Washington Parkway. Due to extensive long-term highway construction, three additional officers are being used to supplement traffic enforcement efforts, eight hours per day. In addition, four sergeants assigned to the Greenbelt Station, dedicated to supervising law enforcement activities on the parkway, assist in the patrols.

One cruiser beat is assigned to patrol the Suitland Parkway. Five sergeants from the Anacostia Station, who provide necessary supervision of officers assigned to the parkway as well as other areas within the confines of the station, assist in the patrols.

*Question.* If divestiture occurs, what will happen to these positions?

Answer. If divestiture of the four parkways were to occur, the U.S. Park Police would reassign the previously mentioned parkway positions to other areas within the force. With the ever-increasing drug and criminal problems within our Nation's Capital and the increased responsibilities of new memorials and other areas within the District of Columbia, these positions would be effectively utilized.

## U.S. GEOLOGICAL SURVEY

PROGRAM BASE

According to the budget proposal, the U.S. Geological Survey (USGS) will be required to absorb fiscal year 1998 uncontrollable administrative increases, which are estimated at a minimum of $11,895,000, from within their current program base.

No other Interior Department agency funded through this bill has been required to meet additional costs of this same magnitude from within its current program base.

*Question.* How was the determination made to propose funding uncontrollable increases for some agencies, such as BLM, NPS and the Bureau of Indian Affairs, but not USGS?

Answer. In an optimum budget with unlimited resources, each of the bureaus would request increases for uncontrollable costs. The Department began the formulation process for fiscal year 1998 with that goal in mind, but the realities of balancing the budget forced difficult choices about priorities for program increases and overall funding levels for individual bureaus. As a result, some bureaus were able to cover uncontrollable costs with funding increases and others were not. The USGS presentation of uncontrollable costs is different from other bureaus because USGS elected to show their uncontrollable costs as non-adds rather than show the specific program reductions. It must be noted that regardless of the display methodology used, these are real costs that must be paid by all agencies of the Department in 1998.

In addition to absorbing uncontrollable increases, current program levels are proposed to be reduced further in fiscal year 1998 in order to offset funding for new program proposals, such as the Kalamazoo Project (+$9 million). A significant increase for the Global Seismic Network (GSN), a relatively new program, is also offset from the current program base; the fiscal year 1997 appropriation for the GSN is $800,000, with a proposed increase of $3 million in fiscal year 1998.

*Question.* Why isn't there greater emphasis on enhancing traditional USGS programs? Are these programs now funded at sufficient levels to accomplish their purposes? Or is there a need to redefine the programs that comprise the Survey's core that is represented by the budget request?

Answer. Research conducted by USGS is not static; programs continually adapt and change to respond to emergency needs brought on by natural disasters, changing priorities of its clientele, and increased basic operating costs. Shrinking budget levels and the need to balance the Federal budget have created an environment in which managers and agency directors are forced to do more (and, in some cases, less) with fewer resources. They attempt to find programs and functions that can be eliminated or carried out in a new manner, thereby allowing for the redirection of funds to higher priority programs. In many instances, the proposed decreases in the fiscal year 1998 budget reflect estimated savings achieved under efforts to further Phase II of the National Performance Review goals of Reinventing Government (REGO II). As a result, USGS carries out program reviews and strategic planning to ensure an appropriate level of funding, so that its programs continue to provide credible and impartial information relevant to society's needs. There is no need to redefine the programs that comprise USGS' core represented by the budget request, because each budget submission of USGS portrays the changing nature of USGS science programs.

Buyouts and reductions-in-force have reduced the ranks of the USGS by over 1,000 people since 1994. In July of 1995, USGS indicated to the Subcommittee its concern that the division's ability to carry out its programmatic responsibility had been severely eroded by absorption of salary and other fixed costs.

*Question.* Inasmuch as the program base is proposed for further reductions through the continued absorption of fixed costs and new programs, please comment on the current ability of USGS to fulfill its mandate.

Answer. In the past five years USGS has absorbed over $43 million in uncontrollable costs. The USGS has sought to deal with the effects of this absorption, as other bureaus have—by streamlining processes, by working more efficiently, and by setting priorities. In recent years, USGS has also had to conduct a Reduction-in-Force, pursue buyout relief, defer recruitment, defer replacement of equipment, and reduce travel and training in order to sustain operations at levels sufficient to carry out programmatic responsibilities. In fiscal year 1998 another $12 million is proposed to be absorbed, with attendant impacts on program quality, timeliness, and output. The following are examples of the types of impacts to programs that can be expected from continued absorption of uncontrollables.

—Decline in timeliness and geographic extent of data collection and deferred modernization and upgrade of monitoring networks impacting availability of information for flood warning, water quality assessments, and geologic hazards assessments of earthquakes, volcanoes, and landslides.

—Reduction in the amount of geospatial data and satellite imagery that can be acquired, integrated, and made available to users each year to help resolve environmental and land and resource management issues facing the Nation.

—Reduction in the amount of effort to implement national digital data bases further delaying implementation of accessible, standardized frameworks of data.

—Decline in the number of research and development investigations, reducing the USGS ability to address emerging national problems and future needs of local, State, and other Federal Government agencies.
—Reduction in work with partner agencies and organizations in developing scientific information and management tools to enable wise use of resources.

NATIONAL MAPPING PROGRAM

An $850,000 reduction in research for the National Mapping Program is proposed for the purpose of advancing REGO II goals. Funds will be redirected to higher priority programs in other divisions. The reduction modifies the mapping program's operational management strategy so that the original plan for relational data implementation will be postponed.

*Question.* How does the postponement of this work advance REGO II?

Answer. The proposed $850,000 decrease represents an acceleration of anticipated REGO II savings which were originally scheduled for fiscal year 1999 and 2000. The decrease will delay implementation of a standard relational database management system for program operations. Savings from REGO II are expected to result from efficiencies gained through public access of cartographic data and products via the Internet. New Internet access capabilities have allowed the public to investigate USGS data holdings, determine the availability and characteristics of the data being sought, and arrange for delivery of the data, usually instantaneously, without the need for USGS personnel to assist in the process. This new mechanism saves the need to produce search materials and operate search mechanisms, saves salary and related costs for personnel no longer needed to operate the systems, and saves costly computer processing times, materials, and mailing expanses to retrieve, replicate, and transmit data to customers.

$1.2 million of the National Mapping Program's budget is proposed to be refocused for the Urban Dynamics project, a three year program scheduled to begin in fiscal year 1998.

*Question.* What programs are being reduced or have been completed in order to begin this initiative?

Answer. The redirection of $1.2 million to increase work on urban dynamics will result in curtailment of research projects that support the data programs of the National Mapping Division. These programs focus on improving existing production methods, supporting the development of new spatial data products, and improving the methods of spatial data acquisition and integration.

The other major area of research activity within the National Mapping Program, data applications development, has no flexibility for adjustment, and is a higher priority activity because of its direct support of customer requirements for methods to use geographic data in addressing issues of national importance related to the environment, resource management, and socio-economic topics. Production system maintenance and computer support activities also are not adjustable because the National Mapping Program hardware and software systems are dependent upon them and because of their direct linkage into the private sector, which provides most of the services in these areas.

*Question.* How was it determined which four metropolitan areas would be the focus of the program?

Answer. The four cities were selected from the American Farmland Trust (NFT) list of high priority cities where urbanization threatens agricultural land. Further refinement of the list was done by examining cities where there was concern for impacts on ecological diversity in very different ecological regions. Specific city selections had additional regional criteria as well. Philadelphia and New York were then identified as major urban areas that would continue the work started in the Washington/Baltimore area. Chicago was identified as a critical mid-western city that met the NFT and ecological criteria. Portland, Oregon was selected because the effect of different land use planning models being used in Washington and Oregon can be compared in subsequent research. All cities were chosen to meet multiple criteria important for geographic research.

The National Mapping Program has complied with the Congressional directive to increase its use of contractor services for data collection and integration.

*Question.* Please comment on the results of this action to date.

Answer. The USGS has increased the level of contracting for services in map and digital production by a third over the levels of fiscal year 1996. This represents nearly a doubling of the fiscal year 1995 level. Contracting has extended the capacity for several data categories of the National Mapping Program.

Developing successful contracting partnerships has required a significant investment of USGS resources. Some delivery schedules have slipped as new contractors

adapt to USGS product and quality requirements. The USGS has had to curtail spending on other efforts to redirect funds to production contracting, thus reducing programmatic flexibility. The National Mapping Program will continue to pursue a policy of contracting with the private sector throughout the program and in all areas where it is in the best interests of the Government to do so.

Last year, Congress included funds to assist USGS in preparing an Electronic Atlas of the United States.

*Question.* Please report on the progress of this project.

Answer. Significant progress has been made on the electronic National Atlas of the United States in fiscal year 1997. Accomplishments during fiscal year 1997 included initial development of a suite of National Atlas products, development of a prototype, conducting market research activities, developing atlas products for the World Wide Web (WWW), and seeking private sector partners.

The USGS has completed the revision of basic digital map layers such as boundaries, highways, and streams for the entire country. These data have been compiled according to exacting standards so that they will serve as an accurate and reliable framework for the integration of thematic data sets, such as geology, soils, major groundwater reservoirs, and demographic information. Work has begun on integrating thematic data from the U.S. Bureau of the Census and the National Center for Health Statistics.

The USGS has also completed an electronic prototype that demonstrates the vast potential of the National Atlas. Prototype development provided an opportunity to investigate the integration of multimedia software with geographic information systems capabilities as well as an opportunity to experiment with differing graphical user interfaces. The National Atlas prototype has been demonstrated to prospective partners in Government and the private sector. It will be used to assess consumer attitudes towards the National Atlas in focus groups scheduled for later this summer. The USGS has also initiated work on several map prototypes that will be available for customer assessment during the first quarter of fiscal year 1998.

The USGS has begun other market research activities that will help to determine the initial content and functional capabilities of the National Atlas and support the production of a comprehensive and cohesive marketing plan for all National Atlas products. These activities include a comparative assessment of atlas-like products currently marketed, point-of-sales tracking for these products, focus groups, and customer surveys to aid in focusing product development.

We are currently developing National Atlas products for the WWW. These include information products such as fact sheets, promotional materials, and project status reports. Also under development is a basic geographic information system capability that allows WWW users to select, symbolize, view, and query the data collected by this project. The WWW will be used to deliver National Atlas data and provide access to other sources for local, more detailed data and information. The WWW site for the National Atlas will be fully operational during the third quarter of fiscal year 1997.

The USGS has sought the participation of private sector partners to ensure the success of the National Atlas. The USGS has held discussions with companies involved in software development, market research, publishing, and product distribution. At present, USGS has formed a partnership with Environmental Systems Research Institute of Redlands, CA, to develop the National Atlas WWW prototype. This cooperative research and development agreement will expand to include development activities that exploit emerging technologies for managing large digital cartographic data sets and for serving map products via the WWW.

*Question.* How much is included in the fiscal year 1998 base to continue work on this project?

Answer. There is $2.0 million included in the fiscal year 1998 base to continue work on this project.

GLOBAL SEISMIC NETWORK

The GSN is proposed to receive an increase of $3 million to its current base of $800,000 in order to begin the operation and maintenance phase of the program. The GSN is part of an international monitoring system being developed to verify compliance with the recently signed Comprehensive Test Ban Treaty.

*Question.* Specifically what will the proposed increase be applied to? What enhancements, if any, are anticipated to the GSN and how will long-term operation and maintenance costs be affected?

Answer. The proposed increase of $3.0 million for fiscal year 1998 will be spent in the following manner: 1) $1.7 million is for network deployment and support. This involves the preparation and testing of new equipment at the Albuquerque

Seismological Laboratory remote diagnosis of equipment problems, and repair of equipment malfunctions; 2) $200 thousand is for routine maintenance visits to USGS-operated GSN sites within the U.S. and its territories; and 3) $1.1 million is for data management and quality control. This involves shipment of data, extensive quality control, data archival, and reformatting of raw data for dissemination to users.

The GSN currently consists of 107 stations of which USGS maintains 77. When fully implemented, the GSN will have approximately 150 stations for which USGS will have operational responsibility for 106. Funds currently spent on testing and deployment of new equipment will be shifted to network maintenance and support as the network is completed.

*Question.* What agencies will be responsible for interpreting the data collected by USGS relating to implementation of the nuclear test ban treaty? Will USGS be reimbursed for their costs by these customers? Can the network eventually become self-sustaining?

Answer. The International Monitoring System (IMS) defined by the test ban treaty will consist of 50 primary seismic stations, 120 auxiliary seismic stations, and other technical sensors. The auxiliary stations are to be used to clarify the nature of events detected and located by the primary network. The GSN contains 69 of the auxiliary seismic stations. The Air Force Technical Applications Center (AFTAC) is responsible for the interpretation of all IMS data. Additionally, GSN data are used in treaty related research programs supported by the Department of Defense (DOD) and the Department of Energy (DOE). Because of initial capital investment in the GSN program by DOD and DOE, USGS does not expect to be reimbursed by these agencies for their use of GSN data.

The GSN is also supported in part by each of the host countries. They provide the local infrastructure required to keep the stations running. Nevertheless, because of the technical complexity of GSN stations, a central maintenance and support facility is also required for operation of the network. The USGS does not expect the network to become self-sustaining.

The Office of Science and Technology Policy (OSTP) reviewed the GSN funding issue in November 1995. As a result of this review, OSTP recommended that funding for the GSN should not be placed in DOD, but rather within the budgets of USGS and the National Science Foundation (NSF).

*Question.* How much and in what ways are other partners in the International Monitoring System contributing to the project? Why will USGS bear the responsibility for funding the operation of this network?

Answer. The NSF has provided substantial funding to USGS to install GSN stations. The NSF will continue to provide funds for the operation of those GSN stations not installed by USGS. It is appropriate for USGS and NSF to bear the responsibility for operating this network because its primary use is in the routine reporting and characterization of earthquakes and in research. The USGS' National Earthquake Information Center analyzes GSN data on a daily basis to determine the location, depth, magnitude, and "source mechanism" of large earthquakes worldwide. These results are usually obtained within an hour or less of the occurrence of the event. These results are used in emergency response and to determine if an earthquake is likely to have generated a tsunami which may affect coastal regions of the Pacific Northwest, Alaska, and Hawaii.

Data from GSN also are used in research for scientific exploration of the Earth's interior and for studies of the earthquake sources. For example, the recent discovery of the differential rotation rate between the Earth's inner and outer cores was based, in part, on data from GSN. This discovery is a major advance in understanding the source and nature of the Earth's magnetic field. Data on the source mechanisms of earthquakes worldwide, particularly those occurring in the middle of continents, can be applied to the understanding of earthquake hazards in the United States.

The GSN is a multiple-use activity. Data from GSN are used for disaster warning and response, research on earthquake and the interior of the Earth, and in arms control research and monitoring. The primary users of the data are USGS and the academic community and thus it is appropriate that USGS and NSF assume responsibility for the operation of GSN.

*Question.* To what extent have defense and intelligence-related functions traditionally been performed by USGS? Does USGS anticipate a greater program emphasis in these directions in the future?

Answer. Since World War II, USGS has been involved in varying degrees in defense and intelligence-related functions. Most of this involvement has been in the collection and interpretation of geological and geophysical data from foreign sites. Generally it has been on a reimbursable basis but in some cases cost sharing has

been applied where mutual program benefits are identified. Most of the work is done in-house, but USGS personnel have been assigned to other agencies for extended periods for specific purposes. During the past decade, USGS has made increasing use of data collected for defense and intelligence purposes in the revision of topographic maps, geologic mapping, and in assessments of natural hazards, mineral resources, and environmental changes.

Although USGS does not plan greater program emphasis on traditional defense and intelligence roles, it expects and welcomes an expansion of data sharing with these communities. In some cases, such as in the collection of satellite imagery data, the defense and intelligence communities carry the major costs of data acquisition. In other cases where USGS interests prevail, costs of data collection are borne by USGS.

NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM

In order to fund higher priority programs, a program reduction of $1,726,000 to the National Cooperative Geologic Mapping program is proposed. It would be disbursed among the three program components as follows: −$1,346,000 to the FEDMAP program; −$345,000 to the STATEMAP program; and −$35,000 to the EDMAP program.

The budget request could not provide information on the effects of decreases to the STATEMAP and EDMAP programs.

*Question.* Why was the decision made to reduce these programs when the impact of the reductions cannot be assessed?

Answer. The general impacts can be assessed; however because STATEMAP and EDMAP activities are based on annual proposals, the specifics cannot be determined until after the individual State mapping advisory panels meet this summer and the national awards panels meet during the late Fall of 1997. The STATEMAP awards committee consists of five representatives from State geological surveys, three USGS scientists, and the coordinator of the program's external funds. The EDMAP awards committee consists of three University professors, two State Geologists, and the coordinator of the program's external funds. The general impact of the decrease is the equivalent of funding four fewer cooperative projects with State surveys (STATEMAP) and four fewer cooperative projects with universities (EDMAP).

The FEDMAP program decrease would delay or terminate projects engaged in mapping earthquake faults, urban geology and risks associated with geologic hazards, along with a number of others. Dissemination of geologic map information would also be curtailed.

*Question.* What factors led to the decision to reduce this particular program? Why don't the activities accomplished with these funds merit a priority?

Answer. Difficult decisions were required in order to meet target allowances associated with formulating the fiscal year 1998 budget. In addition, within the geologic programs of USGS, decisions are made within the context of the recent Reduction-in-Force which was undertaken to correct a decade long problem of excessive personnel costs, the absence of operating funding, and the inability to carry out a financially balanced program. Based on these experiences, the decision was made to achieve the allowed funding level for fiscal year 1998 through cutbacks in a limited number of programs. This approach enables preservation of the financial viability of remaining programs as opposed to spreading these cutbacks across all programs and thereby eroding the financial balance that was achieved through the Reduction-in-Force.

This proposed reduction does not suggest that USGS considers geologic mapping to be a low-priority activity. In addition to construction of a digital National Geologic Map Data Base, the National Cooperative Geologic Mapping Program is conducting geologic mapping to address pressing issues related to natural hazards, water resources and quality, land-use planning, urban geology, and non-renewable resources. The program's activities are focused mainly on urban corridors in Washington-Oregon, California-Nevada, New Mexico, Colorado, Nebraska-Iowa, Kansas-Missouri, Georgia, South Carolina, Virginia-Maryland, Vermont, Florida, and Alaska. Priorities for FEDMAP projects are set in partnership with other Federal, State, and local agencies and industry. During the past year, the program has sponsored regional workshops to assess geologic mapping needs in the East, upper Mid-West, and West.

In addition, the program funds cooperative geologic mapping projects with State surveys and universities in more than 40 States on an annual basis. Significant funding would remain in the National Cooperative Geologic Mapping Program to support the continuation of a number of important projects, although the program be downsized to match the proposed reduced funding level.

CONTINENTAL SURVEYS

The continental surveys program is slotted for elimination and its funding of $2,848,000 proposed to be used for higher priority programs. Results of the interdisciplinary research accomplished by this program are used by other USGS programs to help assess alterations of the earth's surface, earthquake hazards, volcano hazards, and petroleum energy resources. It is proposed in the budget request that, when feasible, some activities will be integrated into other USGS programs.

*Question.* Is there currently a determination of what activities will be continued in other programs? If so, please explain.

Answer. Program and financial plans for fiscal year 1998 are being prepared this summer. Through this planning process opportunities to absorb staff and functions of Continental Surveys in other geologic programs will be thoroughly explored.

The budget proposal does not specifically address the merits or lack of them that resulted in the proposed elimination of the continental surveys program.

*Question.* Please provide the Committee with the rationale for this action.

Answer. One aspect of the REGO II exercise conducted two years ago required the identification of program areas for termination. Because the Continental Surveys Program was conducting research and investigations supportive of other USGS programs it was selected for elimination on the grounds that these other programs might be able to absorb some of these activities.

KALAMAZOO PROJECT

The Kalamazoo project proposes to use $9 million in new budget authority within the National Water Quality Assessment program to implement the President's announcement of an initiative last August to improve a community's knowledge about the quality of its water supplies and increase its ability to protect this resource. Offsetting reductions were taken in other USGS projects in order to absorb the proposed increase.

Funds for this project were not requested by USGS or the Department, but were included by OMB in the final budget proposal submitted to Congress.

*Question.* Please explain.

Answer. The Kalamazoo Initiative was introduced by the President in August 1996, too late to be included in the USGS budget submission to the Department or OMB. Although this initiative was a Presidential initiative which did not originate at USGS, the USGS strategic plan states that USGS will increase emphasis on "studies involving population centers, quality, and accessibility of resources". Further, the strategic plan identifies Environmental Effects on Human Health as an integral business activity of USGS. The President's Initiative is consistent with these provisions of the plan.

*Question.* How do you justify decreasing already reduced programs further in order to accommodate a new start?

Answer. The Administration places a high priority on the public's "right to know" what is in its drinking water, which is addressed directly by this initiative. But in order to fund this work within a shrinking Federal budget, it is necessary to provide partially offsetting decreases from other programs.

As presented on page 164 of the budget proposal, there are five distinct components of this initiative.

*Question.* Please explain how much of the $9 million will be allocated for each component.

Answer. Allocation of funding among the five components of the Kalamazoo Initiative will change over the course of the planned four-year effort. Emphasis the first year will be on assembling existing information and identifying information gaps. Additionally, efforts in the first year will build the linkages necessary for easy public access to the data and information. In subsequent years with data gaps identified, much more of the funding will focus on collecting additional samples, expanding the available data on source water quality. For data collection activities to be effective and efficient in the out-years, a thorough analysis of existing information is planned the first year. Resulting funding allocations for fiscal year 1998 are:

*Funding allocations for fiscal year 1998*

| | *Millions* |
|---|---|
| Analyze existing information, design data base, build public access | $5.6 |
| Develop fact sheets summarizing current knowledge | 1.0 |
| Augment some existing NAWQA sampling in urban areas | 1.0 |
| Identify and sample new streams and aquifers | .5 |

*Funding allocations for fiscal year 1998—Continued*

| | Millions |
|---|---|
| Enhance existing research capabilities for contaminants | .9 |
| Total | 9.0 |

A major emphasis of the program is dissemination of information to the general public through published fact sheets, as well as a Web Site, in order to meet the American public's right to know.

*Question.* Is water quality assessment information currently reaching experts at the Federal, State, and local levels where productive work can be accomplished to effect change?

Answer. In addition to describing the status and trends in the quality of the Nation's waters, and understanding the natural and human factors affecting water-quality conditions; the third goal of the National Water Quality Assessment Program (NAWQA) is providing information to Federal, State, and local water-resource managers. There are liaison committees for each of the 36 study units begun in either 1991 or 1994. These liaison committees include more than 800 representatives of Federal, State, local agencies, and non-governmental organizations. At the national level there is also a Federal and non-Federal Advisory Council with more than 50 members. These committees meet annually. An example of recent impact can be found in Washington and New Jersey. Using USGS information on the vulnerability of shallow aquifers to pesticide contamination, the regulatory agencies in these two States instituted waivers (from Safe Drinking Water Act requirements) on source water sampling where the pesticide contamination risk was low. Each State saves about $5 million annually. The Kalamazoo Initiative will provide for expanding communication with more managers in geographic locations beyond NAWQA study units.

This project is intended to be a collaborative effort with the EPA and National Oceanic and Atmospheric Administration (NOAA).

*Question.* How much is each of the other agencies proposed to contribute? What will their roles be? What are the anticipated costs for this program in future years for USGS and its Federal partners?

Answer. Each agency would have a different responsibility under the Initiative. The USGS ($9.0 million) will provide information on the character of drinking water sources and how the quality varies temporally and geographically. The EPA ($35.0 million) will work with cities serving information to the public on water conditions in the urban area, including toxic release information, types of water treatment for municipal supply, and impacts of the water delivery system infrastructure which partly determines the quality of water consumed. The NOAA ($4.0 million) will evaluate the impact of cities on coastal water resources, and provide information to the public on beach and shell fish bed closures. In summary, USGS would work with the source water, EPA would focus on treated water consumed by the public, and NOAA would address the impacts of cities on coastal areas. Outyear estimates for each agency are:

OUTYEAR ESTIMATES FOR EACH AGENCY

[In millions of dollars]

| | Fiscal year— | | | |
|---|---|---|---|---|
| | 1998 | 1999 | 2000 | 2001 |
| USGS | 9 | 12 | 12 | 12 |
| EPA | 35 | 35 | 35 | 35 |
| NOAA | 4 | 3 | 2 | 2 |
| Federal total | 48 | 50 | 49 | 49 |

*Question.* What steps have been taken to assure that this proposal will not duplicate work already being done at the State and local levels, or by other Federal agencies? Is there a consistent set of data standards to which State and local agencies adhere currently?

Answer. At the Federal level, this proposal is coordinated with major water-quality activities of EPA. The USGS effort will build on and expand efforts underway at EPA. Through its network of communication with over 1,100 State and local co-

operators across the country, USGS will ensure that this initiative does not duplicate existing efforts. Further, across the country, consistent data standards have not been adopted at the State and local level. That was one of the reasons for initiating the NAWQA Program, and it remains the reason why the Program's results are of high interest to national organizations. Because this initiative will not duplicate existing efforts locally, work under the Initiative will have varying emphasis; however, no matter the emphasis, the approach and methods will be nationally consistent. In some locations the emphasis may be on disinfection by product precursors, and in other areas the emphasis could be on arsenic; consistent national methods will be used in either case.

ACID RAIN PROGRAM

The acid rain program is proposed to be discontinued as an isolated monitoring program in fiscal year 1998. Its current funding level is $1,657,000. Some of the deposition monitoring activities of this program will be incorporated into the National Water Quality Assessment program.

*Question.* Which of the activities in the acid rain program will be discontinued altogether?

Answer. The USGS remains committed to its role as the lead Federal agency for the monitoring of atmospheric deposition. There are no immediate plans to change funding support for acid rain monitoring or to alter activities at any of the 71 USGS monitoring stations currently funded by the Acid Rain Program. Any changes in program composition based on this consolidation of programs will affect core NAWQA activities, rather than acid rain activities. The USGS will continue working closely with many other Federal, State, and local partners in the National Atmospheric Deposition Program (NADP) to ensure that the network continues to produce high-quality, relevant, and timely information needed for policy decisions on many critical environmental issues, and that any proposed modifications to USGS monitoring network arising from effects of inflation or future budget constraints will be fully coordinated with the multi-agency NADP.

*Question.* If NAWQA is capable of assuming a number of this program's activities without additional funding, why hasn't this consolidation been proposed before now?

Answer. There are three reasons why the change occurred in fiscal year 1998: 1) funding for the Acid Rain Program is slated for elimination in fiscal year 1998 as part of REGO II; 2) in fiscal year 1998, the Acid Rain Program would have been eliminated as a separate line item as part of a budget restructuring process; and 3) the importance of atmospheric contributions to the quality of ground water and surface water being studied in the NAWQA program has become increasingly important, so that only recently have the benefits of incorporating the two programs become obvious.

FEDERAL-STATE COOPERATIVE WATER PROGRAM

A decrease of $1,214,000 is proposed for the Federal-State Cooperative Water Program. In terms of data collection, all activities at 120 streamflow gaging stations would cease. Additionally, the budget notes that important water supply and contamination issues would not begin as a result of this decrease.

*Question.* Are any of the stations proposed for closure among those that were damaged in recent floods? If so, were replacement funds included as part of the current supplemental request?

Answer. The stations which would be closed as a result of the proposed reduction in the Cooperative Program for fiscal year 1998 have not yet been identified. Since the stations supported by this program are funded by a combination of Federal appropriations and State matching funds, USGS will need to consult with its State and local cooperators to determine which stations should be closed. This consultation is necessary to ensure that the hydrologic information needs of State and local government agencies who participate in the Cooperative Program will continue to be met, to the fullest extent possible, despite the station closures.

*Question.* Why doesn't the work produced through this program merit sufficient priority to receive continued funding?

Answer. The funding proposal is not a judgment on the merits of this program. In these times when the Federal budget is under tight fiscal constraint, the reduction is proposed as one of several decreases to partially offset the increase for the Kalamazoo Initiative (to provide the public with information on the quality of their drinking water sources). Within the current fiscal climate, difficult decisions had to be made to accommodate new work, often at the expense of other programs.

WATER RESOURCES RESEARCH INSTITUTES

A proposed budget reduction of $2,803,000 could result in the closure of institutes that cannot find a replacement for Federal funds. About one-third of the institutes now receive all or most of their funding from this appropriation and its matching funds. This reduction would also result in a loss of some data collections activities and interpretive studies dealing with water management issues.

*Question.* Please explain the reasons used to determine that this program lacks the priority of others.

Answer. The Institutes Program, though very important, supports USGS core mission less than other funded programs. By design, the programs of the Institutes are to be focused on priority needs of the States and are not required to contribute to national data bases or resolve multi-State water issues. Funding from the States and from Federal agencies such as the NSF, EPA, and Department of Agriculture, along with specific project-related funding from USGS, will continue to support water science in the States.

Since there are alternatives for funding water science which addresses issues of specific concern to the States, and since there is no alternative for funding the types of work that are done in-house at USGS, the Administration's priorities lie in ensuring continued support for long-term research and monitoring activities that take a national perspective. These activities cannot be undertaken by the States or by academia because there is no national infrastructure to support such work at the State or local level. In addition, there is no other single Federal agency which has the interdisciplinary scientific expertise to carry out an integrated national program of water resources research and monitoring.

BIOLOGICAL RESEARCH DIVISION

*Question.* Please comment on the consolidation of the Biological Resource Division's functions into the USGS. What problems, if any, have been encountered?

Answer. The consolidation of the functions of the former National Biological Service (NBS) into USGS as BRD is largely complete. This is the second fiscal year that USGS and the former NBS budget presentations are combined in budget to Congress. Administrative and personnel functions are being merged in line with the schedule presented in the USGS/NBS Steering Committee Merger report that was completed in late 1996. For instance, the Washington area BRD staff moved into the USGS National Center in Reston in September 1996. Science programs are being integrated through both day-to-day research and in planning for future interdivisional science initiatives. These efforts are applying the strengths of traditional USGS culture with those of NBS to develop improved, integrated, and efficient Bureauwide procedures.

*Question.* Are the Interior agencies that are served by the BRD satisfied with the support they receive under this consolidated division?

Answer. Given the diversity and magnitude of the resources for which the Department is responsible, the needs of its resource management bureaus related to scientific information will most likely always exceed the available resources of USGS. Department bureaus are generally satisfied with the support they have received from BRD and see the future stability of the organization as improving the ability of BRD to address their science needs effectively. In particular, BRD has worked hard to maintain and foster its working relations with the resource management bureaus. Improvements in identifying Bureau Information Needs (BIN) are being pursued to ensure that the critical needs of the bureaus are communicated to BRD and that the science conducted by BRD is responsive to these needs. While BRD is taking actions to improve this process, its initial success can be judged by the positive actions that have been stimulated in these bureaus.

The FWS has established and filled a senior management position to coordinate the identification of information needs within the Service. The BLM has formalized its strategic science planning process to systematically provide its science information needs directly into the BRD BIN process in a timely manner. Various avenues are used to report back to the bureaus on BRD responses to information needs. For example, BLM recently received a major report on the status of their information needs and on projects and activities underway to address these needs. The BRD Research Centers are holding workshops and meetings with counterparts at the regional and local level to discuss progress in addressing information needs. These actions have enhanced communication between BRD and bureaus at all levels.

*Question.* Has the integration of BRD into the Survey's activities enhanced the two divisions' abilities for interdisciplinary research, or is the nature of their work such that they perform as two distinct entities?

Answer. The BRD integration into USGS has enhanced the opportunity for interdivisional collaborative research. The BRD is a full equal partner on bureauwide councils and task forces. Interdivisional planning and discussions are a key feature for identifying and developing budget initiatives for future years. Interdivisional meetings of program managers are regularly held to foster such discussions and collaborations of ongoing activities. Points of contact for specific topics (e.g., environmental contaminants) are identified at headquarters and regional levels to facilitate interactions between scientists at the working level. Collaborations are beginning where expertise and ongoing activities in each Division complement each other. For example, BRD was incorporated into the planning and implementation of the Abandoned Mine Lands Initiative.

A $6,000,000 increase is requested for biological research and monitoring activities.

*Question.* Please provide the committee with a list of these programs with the currently appropriated levels of funding and prioritize the program increase request.

Answer. The biological research and monitoring activities constituting the requested $6 million are listed below. The science addressed by the requested increases are the top information needs identified by bureaus submitted in 1995 and 1996.

*Biological research and monitoring activities*

| | *In millions* |
|---|---|
| Science support for management of Federal Lands | +$3.0 |
| Invasive species (base: $3.3): | |
| Weeds in the West | +1.2 |
| Exotics in the East | +0.7 |
| Integrated monitoring (base: $0) | +0.8 |
| Air quality impacts on biological resources (base: $0) | +0.3 |
| Endocrine disrupters (base: $0.6) | +1.0 |
| Restoration of degraded lands and resources (base: $0) | +1.0 |
| Coastal habitats | +0.5 |
| Pacific salmon | +0.5 |
| Restoration of Great Lakes fisheries and habitats (base: $5.0) | +1.0 |

## MINERALS MANAGEMENT SERVICE

### DIRECTOR'S STATEMENT

The Minerals Management Service Director issued a statement to the House of Representatives regarding the fiscal year 1998 program. The Subcommittee has the following questions relative to this statement.

The agency states that it is accomplishing streamlining goals by reducing management layers.

*Question.* What are the specific statistics regarding this accomplishment? How many positions at mid-level grades have been reduced over the past three years? What savings have been derived from this effort? How have these savings been reallocated to other MMS programs?

Answer. Under the recently implemented MMS 2000 reorganization all organizations reflect fewer reporting layers. The organization has flattened by eliminating layers of supervision and having Divisions and Regions reporting directly to the Associate Director. In that vein the following actions have been implemented:

—Five Deputy Associate Director (DAD) positions have been abolished. Pre-MMS 2000 there were seven DADs whereas post-MMS 2000 there are only two.

For both the Royalty Management and Offshore programs two DADs have been combined into one; General Administration (2) and PMI (1) have eliminated their DADs.

—A number of Divisions have been combined and or abolished as follows:

In General Administration, the Budget and Finance Divisions have been combined into one division; the EEO office has had training functions combined into it from Personnel, creating the Equal Employment and Development Opportunity Division; and the Management Services and Security Division has been eliminated.

In Offshore, the Engineering and Technology, and Inspection Compliance and Training Divisions have been combined and retitled to Engineering and Operations Division.

In Royalty, the Data Management Division, and Reports and Financial Division have been combined as the Accounting and Reports Division; and the Valuation and Standards Division and all solid minerals functions from the Data Management Division have been combined as the Royalty Valuation Division.

From October 1994 to the end of May 1997 MMS has been striving to reduce the number of GS 14s, GS 15s, and SES positions. As a result of that effort, to date MMS has 40 fewer GS 14s, 14 fewer GS 15s, and nine fewer SESs. A large majority of these vacancies were created by individuals accepting the voluntary separation incentive program (buyouts). The savings attributable to buyouts was partially offset by the buyout payment itself and the cost of an individual's lump sum annual leave. The funds not used to support the buyout program have been rolled back into their respective programs. Legislative and regulatory authorities have increased over the past three years, in most cases without a commensurate increase in funding availability.

The agency is attempting to reduce and streamline industry reporting requirements with a goal of 100 percent electronic reporting.

*Question.* What is the target date for achieving this goal? How has this goal been viewed by industry?

Answer. The Royalty Management Program's (RMP) target date for receiving 100 percent of its reports electronically is the end of fiscal year 1998. The industry is cooperative and recognizes the benefits of electronic reporting. The RMP currently receives 80 percent of its royalty reporting lines and 50 percent of its production reporting lines electronically which account for less than 10 percent of its total reporter universe. To assist reporters, the RMP provides free reporting software and many electronic reporting options that require minor conversion commitments. To ensure conversion, the RMP is drafting a proposed rule to require electronic reporting, but will include an exception for hardship cases.

*Question.* How does the Indian Royalty Internship intend to achieve its objectives of having Tribes manage their minerals affairs? What is the long term objective in terms of specific transfer of functions to Tribes for performing royalty management work? What is the cost of this program? How will personnel costs be affected by this program?

Answer. The program is intended for mineral producing Tribes considering self-governance or self-determination contracts and for Tribes who want to become more knowledgeable about royalty management. After consulting with the Tribes, we decided to offer a very flexible training program, built around on-the-job training and customized as much as possible to the needs of each participant. Interns can receive hands-on training in various aspects of RMP's mineral revenue management activities, including royalty accounting, report processing, exception resolution, audit, and valuation. The program will entail some classroom training, but will consist primarily of work assignments in one or more of our operating divisions.

The MMS is committed to providing opportunities for Tribes to manage or monitor their own affairs with regards to mineral revenues. The Royalty Internship Program is being designed for two purposes: (1) to provide tools and expertise for Tribes to monitor and oversee their mineral interests as well as the royalty management functions MMS performs in behalf of Indians; and (2) to help Tribes gain the experience and information they need to make decisions about potential assumption of royalty management functions.

Currently we have one intern from the Cherokee Tribe in the program. We have received interest from several other Tribes and expect to begin two additional intern training programs later in year. Costs for the program are difficult to predict until we have worked with the individual Tribes to design the best program for their needs. The cost for the initial trainee is expected to be less than $20,000.

We do not anticipate any change in personnel costs due to this program. The objective of the internship is to provide Tribes with enough information so they can make an informed decision concerning the assumption of Federal duties regarding the management of their mineral resources. It is unknown at this time what, if any, functions may be assumed by the Tribes.

In June 1996, the agency announced plans to streamline its EIS process.

*Question.* Has this effort been fully implemented? In the Gulf of Mexico, the agency states that "EIS work for the period 1997–2002" will be reduced by 80 percent due to streamlining. What specific requirements have been eliminated to result in such a reduction of process? What cost savings have resulted from this streamlining effort? Has this increased the vulnerability to environmental appeals?

Answer. We are streamlining the EIS process in two ways. First, we are providing more focused, narrowly written lease sale EISs, making them less repetitive, less voluminous, less expensive to print and distribute, and easier to use. A recent lease sale EIS in the Gulf of Mexico (Sales 166 and 168) was reduced in size by 35 percent resulting in a $9,800 savings in printing and distribution costs. This savings was accomplished through improved internal procedures for document preparation while continuing to fulfill NEPA requirements. Making these documents more readable will not increase our vulnerability to environmental appeals.

A second effort, limited to the Central and Western Gulf of Mexico planning areas, is also under way. We are eliminating the repetitive issuance of lease sale EISs for annual sales in the Central and Western Gulf. The results of such sales are similar in nature and level of environmental impact. The Council on Environmental Quality (CEQ), in their regulations at 40 CFR 1502.4(c)(2), recommends assessing similar actions in a single EIS. We cover all approved proposed sales in each planning area in one EIS. Producing, printing, and distributing two multisale EISs instead of five annual lease sale EISs is estimated to save approximately $110,000 over a five year period. While this is a reduction of up to 80 percent in the cost of preparing and publishing lease sale EISs, it does not result in a concomitant reduction of NEPA work and manpower requirements. In order to meet CEQ requirements, we conduct an additional NEPA analysis for each lease sale to ascertain whether the coverage in the "multisale" EIS is still applicable. The Environmental Assessment (EA) or Supplemental EIS (SEIS) that results from this analysis cost somewhat less than the EIS's that were produced annually. The principal cost savings result from the fact that an EA does not entail publication and distribution costs, and an SEIS, if and when required, is a much smaller document than a full EIS.

By using a multisale EIS approach, coupled with additional sale specific NEPA coverage, MMS can continue to fulfill its environmental requirements, and there should be no increased vulnerability to environmental appeals.

*Question.* What are the receipt implications of allowing the Secretary more discretion to set royalty terms which adjust automatically to changing market conditions?

Answer. Our royalty receipts already adjust automatically to market conditions. Since the vast majority of Federal leases have ad valorem royalties, royalty receipts vary directly with the value of production. However, one could increase the Government's share of market risk by making the royalty rate vary with changes in prices or production value. In principle, given a set of expected market conditions, one could design royalty terms that, on average, would provide the same revenues as the current, fixed royalty rate terms. However, the receipts could increase or decrease, depending on; 1) the formula used to adjust the royalty rate; and 2) actual market conditions.

The agency claims to have made significant reductions in procedures, processes, and paperwork, through an aggressive reengineering effort. These reductions have been cited as offsetting the need for significantly more funds to meet rising agency demands.

*Question.* How does the agency account for the ability to make such significant reductions? Was it inherently inefficient prior to the reengineering effort? As the effort to further reduce the Federal budget deficit continues into future years, should it be expected that the agency will be less able to accomplish significant reductions?

Answer. Recent operational and procedural efficiencies in MMS have been motivated by a number of internal and external initiatives. These include:

—Implementation of Congressional legislation meant to reduce regulatory reporting requirements for industry.
—Implementation of Congressional and Administrative initiatives to streamline and downsize Federal agencies.
—Advances in electronic technology.
—Frequent reviews of MMS processes by internal staff and oversight organizations, to assure program objectives are accomplished and customer needs are met.

The MMS is committed to continuously looking for ways in which to improve the efficiency and effectiveness of its operations while delivering high quality service to its customers at the lowest possible cost. Through aggressive performance improvement initiatives and now reengineering, MMS has been able to identify ways to simplify its regulatory requirements; consolidate and flatten its organizational structure; and streamline or eliminate internal procedures, processes, and paperwork needed to accomplish its mission. In some cases, organizational structure, work processes, and regulatory requirements were found to be inefficient and in need of improvement, yet in other cases significant advances in technology and automation have permitted program performance gains.

In looking toward the future, the RMP Reengineering Initiative is now addressing core business processes and support systems in its accounting, financial, and compliance operations. The objective of the initiative is to design, develop, and implement new business processes and support systems for the 21st century. Continued Federal downsizing and growing expectations for better service at less cost led us to conclude that maintaining the status quo, with improvements on the margin, is not an acceptable strategy for the future. Furthermore, the Royalty Simplification and Fairness Act of 1996 (RSFA) has served to amplify the need for us to pursue a strategy of significant change. Clearly, capability for further reductions will depend on both the success of the reengineering effort and future legislative requirements.

ROYALTY SIMPLIFICATION ACT

This act was enacted in August 1996. The act provides for a seven year statute of limitations on royalty collections.

*Question.* What are the receipts implications of the act relative to this statute? Over the past three years what total sums have been "receivable" to the Treasury that are more than seven years in arrears?

Answer. The MMS does not believe the seven year statute of limitations will impact compliance collections because the major initiatives currently underway apply mostly to production that occurred prior to September 1996, the effective date of the seven year statute. Assuming these and other special initiatives are timely completed and progress is made on current reengineering initiatives, such as shortening the lease compliance periods to much less than seven years, the RSFA statute period should not impact collections.

By 2003, when the provision is fully effective, we believe we will be contemporaneous with respect to auditing as well as valuation and other issues. Our goal is to have leases verified in less than the seven year statute.

When MMS issues a bill for royalty underpayment, the payment is accounted for in the year in which it is received. An audit identifies the period and amount of underpayment and calculates interest due. While we have the basic data needed in our Auditing and Financial System, a separate report/query is not maintained that would track how much of the total underpayments are attributable to any prior year(s) period. To provide "receivables" to the Treasury that are more than seven years in arrears would be time consuming and extremely burdensome.

*Question.* How much interest has been paid by the agency since implementation of the act due to overpayment?

Answer. The RMP has processed three months of royalty data (February, March, and April) since implementing the interest programs. During each month, we process the reports and payments received during the previous month. In other words, reports and payments received during February were processed during March. Since RSFA has an effective date of February 13, 1997, for interest due to payors for overpayments, only overpayments made and corrected after that date would be included in the interest due to payors calculations. Very few payments qualified under this criteria when we ran the first cycle after implementing the software. In fact, from the first run we calculated only 18 cents in overpayment interest due payors.

The interest programs create prebills from which we verify the accuracy of the interest exceptions before the interest statements are sent to the payors. The prebill amounts have generally been reduced during prebill verification by up to 25 percent. For the March 1997 reporting month, we have verified about 50 percent and we are just issuing some of the statements which reflect interest MMS owes the payors. The third cycle, the April 1997 reporting month, is in the early verification stages. The data below summarizes the information contained on the prebills.

PREBILL INTEREST CALCULATIONS—(UNVERIFIED)

[In thousands of dollars]

| | Reporting month— | | March 1997 and April 1997 totals |
|---|---|---|---|
| | March 1997 | April 1997 | |
| Tentative interest owed to: | | | |
| Payors | $440.1 | $703.1 | $1,143.2 |
| MMS | 2,553.1 | 1,366.5 | 3,919.6 |

The interest exception processing software reviews royalty lines only after the data has been verified through royalty edits. This process generally requires 30

days. At each month end, the interest module compares due and payment dates for accepted lines to generate prebills, which are manually reviewed and processed as final statements and mailed to the payors. Overall, 75 to 90 days pass between the time the royalty lines are received and the payors mailed interest statements. Overpayment and underpayment interest are netted together. The payor either pays the balance or can apply credits to their next royalty payment. If they are no longer a payor they will receive a cash refund.

STATE BENCHMARKING STUDY

*Question.* What specific "best practices" have been identified at State auditing organizations that are likely to be implemented in the MMS Royalty Management Program?

Answer. The "Final State Benchmarking Study" report prepared by the MMS Office of Policy and Management Improvement and issued February 14, 1997, identified a variety of "best practices" of State royalty programs for potential adoption by RMP. The report states that these best practices may or may not be practicable for RMP to adopt, depending on further analysis of the feasibility of implementation, a process to be conducted within RMP's Reengineering Initiative.

The RMP Reengineering Initiative is currently addressing core business processes in its accounting, financial, and compliance operations. As a part of the process, we are examining the feasibility of adopting/adapting "best practices" of a wide variety of financial, accounting, and compliance organizations. The principal audit-related "best practice" identified in the above-mentioned report was to conduct audits in two year increments. Currently MMS conducts audits in three to six year increments. Reducing the time increments addressed by audits is consistent with one of the "stretch goals" of the Reengineering Initiative; i.e., to assure compliance with applicable laws, lease terms, and regulations for all leases in the shortest possible time, but no later than three years from the due date. However, it is still too early in the Reengineering Initiative to confirm if or how this "best practice", as well as the other "best practices" identified in the above-mentioned report, will be included in RMP's future business processes. We anticipate completing the development of the preliminary design of our future business processes by the end of the calendar year.

NATIONAL PETROLEUM RESERVE SUPPORT

The agency has been chartered to support BLM in development of leases in the National Petroleum Reserve-Alaska (NPR-A). This follows a reduction in the size of MMS's Alaska Regional Office by 50 percent. This effort is planned for fiscal years 1997–99. The Subcommittee understands that tentative plans are for BLM to pay the cost of support items which are above normal salary for MMS employees involved in this project.

*Question.* Is the above assumption about costs correct?

Answer. Yes, the assumption is correct. The BLM will reimburse MMS for all above normal salary costs. These costs include any overtime compensation as well as all non-personnel costs, e.g., travel, printing, and data acquisition, incurred by MMS in support of the NPR-A effort.

*Question.* What planned work will not be accomplished as a result of assigning MMS employees to this effort?

Answer. To allow for this effort, MMS will defer action on the Cook Inlet Sale 173 which has been proposed in the approved Outer Continental Shelf (OCS) 5-Year Plan for 1997–2002. The prelease work for this sale was to begin this fiscal year and continue through 1999, which is the scheduled date for this sale. Following completion of NPR-A review, action on the Cook Inlet Sale 173 will resume and the sale may be conducted in the year 2001. This delay in Sale 173 is not considered to be a significant action and, thus, will not affect the 5-Year Plan for 1997–2002.

*Question.* Will the MMS need to hire additional employees to compensate for the temporary loss of these permanent employees?

Answer. The MMS staff will be diverted from planned activities in support of Cook Inlet Sale 173 in order to pursue the NPR-A review. As a result, it will not be necessary to hire any additional employees, either permanent or temporary, nor will it be necessary to shift funds between planned budget activity or sub-activity levels.

OUTER CONTINENTAL SHELF—REGULATORY PROGRAM

The agency expects a significant increase in demands for services from its regulatory program as a result of renewed interest in Gulf of Mexico production. The cost of conducting the regulatory function will increase.

An additional $1.9 million is being requested. With leasing activity occurring further offshore and the number of operators increasing, the agency must enhance its attention to regulatory functions.

*Question.* With an increase of $1.9 million and 15 FTEs in this function, will demands for services match this increase? What shortfalls, if any can be expected? How will individual productivity measures be affected by the factors of greater complexity in the regulatory function?

Answer. Demands on regulatory services in the Gulf of Mexico Region (GOMR) are expected to increase rapidly for the remainder of fiscal year 1997, through fiscal year 1998, and into fiscal year 1999. These expectations are based on an understanding of industry's commitment to exploring and developing the current lease inventory as well as on current statistical observations. Offshore operators have significantly increased their lease inventories through leases obtained in recent GOMR OCS lease sales. The increase in demand on services in the GOMR in the regulatory function can be attributed to (1) an increase in activity based on higher oil and gas prices and available lease inventories; and (2) more complex operations.

Increased demand has already been experienced in two areas of our regulatory function. The amount of rig activity rose 20 percent in fiscal year 1996 and another 20 percent during fiscal year 1997. Second, the number of plans of exploration and development have increased by more than 100 percent over the past two years. Further, the plan review workload has also increased because of the additional time required to review the more complex plans, such as Deepwater Operating Plans (DWOP). Several very complex deepwater structures (Mars, Ram Powell, and Neptune) have been installed in fiscal year 1997 and several more are planned for fiscal year 1998 and beyond. These facilities represent a significant level of capital expenditures for projects that will be in place and operating over a 10 to 20 year life. These development plans, along with the industry's plans to build at least five new deepwater drilling rigs by the end of fiscal year 1998, demonstrate the offshore operators' long-term commitment to developing their lease inventories in the Gulf. These more complex facilities require a substantially longer amount of time to review and to inspect. The review of these projects now entails a multi-disciplinary review through the DWOP. Many of the projects propose to use substantial amounts of new technology. Since most of these new approaches are not addressed in the current regulations, they must be analyzed on a case-by-case basis to determine if the intent of the regulations is met. (It is not uncommon for a DWOP to request waivers from 27 regulations.)

On the inspection side, these new, more complex facilities take longer to inspect than the typical production facility in the shallower shelf region. In many cases, two or more inspectors may have to be assigned to inspect these facilities where one is the norm. These facilities also are farther from shore and will require additional helicopter travel time. Longer flight times will directly affect inspector productivity; however, the proposed inspector FTEs should offset this loss in productivity.

In addition to the deepwater activities, an increase in the activities offshore Alabama and in the Eastern Gulf have and will continue to stretch resources. Travel times to these areas, from existing MMS offices, is comparable to the deepwater areas, with equally complex facilities. To better utilize helicopter flight time, the District offices are using overtime budgets to keep inspectors in the field. The additional FTEs proposed will allow more flexibility in scheduling and better utilization of helicopter seat space.

In short, we are certain that the full $1.5 million/15 FTE increase requested in Regulatory Operations is necessary for MMS to keep up with the increased workload associated with heightened industry activity in the Gulf. Through careful management of budget and personnel resources, such as concentrating inspector resources on problem areas and performing pre-installation inspections, as described below, we do not anticipate any shortfalls.

In many cases, engineers and inspectors travel to onshore fabrication yards to inspect subsea systems that cannot be physically inspected once they have been installed on the seafloor. These trips to the fabrication yards also are used to conduct pre-production inspections for the most complex facilities. These trips often save the operator expensive changes in the field and save helicopter flight time for MMS. Due to the complexity of these facilities, consideration must also be given to the training that will be needed to support these approval and inspection activities.

*Question.* How will the costs of supporting employees involved in the regulatory function (travel, helicopter time, etc.) be affected by the greater complexity in this program?

Answer. The support costs will definitely increase, as mentioned in the answer to the previous question, because these new, more complex facilities take longer to inspect than the typical production facility in the shallower shelf region. In many

cases, two or more inspectors may have to be assigned to inspect these facilities where one is the norm. These facilities also are farther from shore and will require additional helicopter travel time.

In addition to the deepwater activities, an increase in the activities offshore Alabama and in the Eastern Gulf have and will continue to stretch resources. Travel times to these areas, from existing MMS offices, is comparable to the deepwater areas, with equally complex facilities.

The agency states that a transition is occurring in production operations from large companies to significantly smaller operators with less financial resources.

*Question.* How has this trend increased direct inspection costs? How has this transition affected compliance with regulation and policy? What are comparative enforcement activity figures for the past five years? How have FTEs assigned to the enforcement function changed over the past five years?

Answer. Many of the large multinational companies are making the move to the large fields anticipated in the deepwater areas of the GOMR. To make this transition to deepwater from the shallower shelf region, many of these companies are selling off their interest in shallower water fields to smaller companies that can make a profit based on their lower overhead. Some of these small operators, who are taking over these mature fields have never operated in the GOMR. These fields are generally characterized by aging infrastructure with declining production. Some of these facilities were installed in the late 1950s and are in need of constant attention by the operator. The MMS has concentrated some of its efforts at reviewing the condition of these facilities, prior to an operator transferring these facilities to an operator with significantly less financial resources, and in visiting the new operator to make sure regulatory compliance occurs. Our inspections have identified that some of these operators are unfamiliar with OCS regulations and compliance issues. The level of operating experience has also decreased at many of these field locations. For these reasons, our inspectors spend more time at these facilities for noncompliance and compliance education purposes. Our managers also spend time meeting with operators stressing the importance of safety.

FIVE YEAR COMPARATIVE ENFORCEMENT ACTIVITY FIGURES

| | 1992 | 1993 | 1994 | 1995 | 1996 |
|---|---|---|---|---|---|
| Incident of noncompliance | 4,139 | 4,044 | 3,662 | 3,866 | 4,826 |
| Production INCs[1] | 3,596 | 3,414 | 3,299 | 3,570 | 4,463 |
| Drilling INCs[1] | 543 | 630 | 362 | 296 | 363 |
| Warning | 1,754 | 1,587 | 1,286 | 1,482 | 1,976 |
| Component shut-in | 2,246 | 2,229 | 2,238 | 2,186 | 2,556 |
| Facility shut-in | 139 | 228 | 138 | 198 | 294 |
| Civil penalties paid | ..... | ..... | 15 | 19 | 32 |

[1] Incident of noncompliance [INC].

FTE's assigned to inspection/enforcement have been relatively stable as new efficiencies were implemented to keep up with the growing workload. While this has helped, we now need more FTEs to monitor and ensure compliance.

Enactment of the Deep Water Royalty Relief Act has spurred a significant increase in Gulf of Mexico leasing activity. The Budget Summary states that "by 1998, the enormous increase in the number of active leases in the Gulf of Mexico will require a redirection of resources" to ensure managing the program in a "safe and environmentally sound manner." This new activity will require additional resources in all areas of the regulatory program.

*Question.* Is MMS adequately prepared to keep pace? Is the $6.3 million increase sufficient?

Answer. The GOMR believes the $6.3 million increase will be sufficient to meet the demand on services through fiscal year 1998. The GOMR has made several changes to ensure that the OCS program is managed in a "safe and environmentally sound manner." These changes include promoting performance-based regulations and the Safety and Environmental Management Program (SEMP). These changes to the MMS regulatory program will lead to a different strategy in the inspection and enforcement program. In many cases, MMS will analyze trends and operator performance and will conduct risk-based inspections.

Enforcement actions will be based on these indicators rather than the current prescriptive requirements. The GOMR has also moved to the use of statistical sampling

and clustering of offshore structures to make more efficient use of current inspection resources.

*Question.* What are projections for how passage of this act will change receipts to the Treasury?

Answer. The Deep Water Royalty Relief Act (DWRRA) will impact Federal receipts in several ways. First, additional tracts will receive bids in near-term sales. Second, tracts that would have been bid on anyway will tend to receive higher bids. Third, there will be less royalties collected to the extent leases qualify for royalty relief.

Preliminary results on leasing activity tend to indicate significant positive impacts on bonus and rental receipts from DWRRA. However, it is difficult to statistically separate the impact of DWRRA from other possible effects arising from improved economic and resource factors which have also tended to spur leasing activity.

Concerning possible royalty impacts, there is not adequate data from exploration and production to reliably estimate this effect at this time. The MMS has only recently issued final regulations under DWRRA, and only one application for relief has been received (and granted). Thus, it is virtually impossible to derive accurate estimates of these various, and countervailing, factors at this time.

*Question.* Has passage of the act spurred any increased interest in OCS leases in Alaska? What additional incentives could improve Alaskan OCS production potential?

Answer. Most of the provisions of the Deep Water Royalty Relief Act apply only to the Gulf of Mexico, west of 87 degrees, 30 minutes west longitude. The one exception is DWRRA's discretionary authority to offer leases with royalties suspended for a period, volume, or value of production determined by the Secretary. The Secretary has not exercised this authority outside of the portions of the Gulf of Mexico where such royalty terms are mandatory. Therefore, DWRRA has not had any effect on the Alaska OCS program.

The MMS continues to monitor the health of the OCS industry in all regions. Should incentives be warranted, we have regulatory tools in place to provide appropriate financial incentives. On February 2, 1996, MMS published a final rule modifying the regulations governing the bidding systems used to offer OCS tracts for lease. The regulations now give the Department flexibility to offer leases with financial terms other than the traditional one-eighth royalty, including terms similar to those in place for the deep water areas of the Gulf of Mexico. The Department considers options for financial terms on a sale-by-sale basis as part of the individual lease sale planning process. As part of this process, MMS would consider any comments it receives on the financial terms in the Proposed Notice of Sale before making a final decision on those terms. In addition, on May 31, 1996, MMS published an interim rule modifying the regulations governing royalty relief on existing leases. With respect to the Alaska OCS, MMS may grant relief for producing leases if revenues are inadequate to sustain production or for projects to expand production that would be uneconomic without royalty relief.

ENVIRONMENTAL STUDIES

The administration proposes to increase funding in this program to $14.4 million. This is an increase of $1.5 million. The agency budget justification does not reflect any FTEs for this function.

*Question.* While the justification speaks to leveraging with other agencies, State and local governments, and industry, what function manages the overall studies program? What portion of this funding is associated with program administration? Assuming the Leasing and Environmental Assessment function oversees the Environmental Studies function, what amount of FTEs are attributable to the environmental studies program?

Answer. Management of the Environmental Studies Program (ESP) is carried out under the Leasing and Environmental Assessment Program. None of the ESP funding request is associated with program administration. All of the ESP budget, including the requested increase, will be directed to scientific research. The MMS has integrated management of the ESP throughout the Leasing and Environmental Assessment function so that many staff will participate in the management of studies as well as the preparation of NEPA documents. This approach facilitates utilization of studies results in NEPA documents and decisions. Approximately 43 FTE, including technical and clerical staff, are distributed in Headquarters and the Regions, and are involved in oversight of the Environmental Studies Program.

MORATORIA

The Administration now has in place a five year plan for development of oil and gas from the OCS. I believe this plan was developed pursuant to the requirements of the Outer Continental Shelf Lands Act and other relevant environmental statutes. Under the law, no oil and gas development can occur during the pendancy of the five year plan in areas of the OCS not specifically identified in the plan.

In its fiscal year 1998 budget, the Administration has requested continuation of the various OCS development moratoria that have been included in the Interior Appropriations bill for a number of years. However, I don't believe any of the areas covered by the moratoria are included as possible development sites in the five year plan.

*Question.* In light of this fact, aren't the legislative moratoria redundant? Why do you put so little stock in your own five year plan? Doesn't this amount to an appropriations rider that supersedes existing environmental statutes?

Answer. The President's fiscal year 1998 Budget does not propose to continue the current moratoria in their present form. Rather, the proposed budget includes amendments that would conform the moratoria provisions to the newly-approved 5-year OCS oil and gas leasing program for 1997–2002, which proposes leasing in an area that previously has been subject to moratoria.

The current moratoria include restrictions pertaining to a specific lease sale—Eastern Gulf of Mexico Sale 151—that had been proposed in the 5-year program for 1992–1997 but was canceled in 1995. Proposed Eastern Gulf Sale 181 in the new 5-year program for 1997–2002 would offer a small portion of the area that had been proposed for leasing in Sale 151; this new proposed sale was developed in cooperation with the States of Florida and Alabama.

Removing the outdated reference to Sale 151 is intended to clarify that the current restrictions would not apply to the newly-proposed Sale 181. In addition to striking the reference to Sale 151, the proposed amendments would replace a similar outdated reference to a specific Atlantic lease sale with more appropriate wording and would remove North Aleutian Basin drilling restrictions, that are no longer necessary, due to the expiration of all leases in that planning area. Thus, the revisions would have the effect of continuing the existing preleasing and leasing restrictions as they apply to areas excluded from the new 5-year program for 1997–2002.

By proposing to remove moratoria restrictions that are ambiguous or inconsistent with the provisions of the new 5-year program, the Administration hopes to clarify and strengthen the role of the 5-year program in implementing our OCS leasing policies while also acknowledging that there is still considerable constituent support for continuing the current restrictions that apply to certain areas excluded from the program. We have made conflict resolution a high priority in managing the OCS program, and we believe that continuing the moratoria as they apply to the areas that are excluded from the new 5-year program will support our overall conflict resolution efforts. Although we have developed a leasing program based on science and consensus, which includes the small portion of the Eastern Gulf of Mexico Planning Area that previously was subject to moratoria, we realize that longer term efforts will be necessary to resolve conflicts related to the other areas under moratoria. We believe that continuing the moratoria as they apply to those areas will provide a useful foundation for those efforts, as the restrictions serve to assure stakeholders that the status quo will be maintained while discussions of relevant issues ensue. Thus, unlike previous moratoria that did not conform to existing 5-year programs-and might be perceived as superseding existing statutes governing the formulation and implementation of those programs—the Administration views the provisions we are recommending for fiscal year 1998 as complementing the program for 1997–2002 and serving our longer term priorities.

In light of the Senate question's reference to development moratoria, we wish to clarify that the new 5-year program and the proposed fiscal year 1998 moratoria language pertain only to preleasing and leasing activities. Thus, neither the 5-year program nor the amended moratoria language will directly affect the development of existing leases, including those located in areas subject to moratoria on future preleasing and leasing activities.

*Question.* Recognizing that many areas of potential leasing are under moratoria, how have recommendations from this program affected planning for eventually proposing a complete or partial end to the moratoria?

Answer. As explained in the answer to the previous question, the 5-year program for 1997–2002 proposes a lease sale in a portion of the Eastern Gulf of Mexico Planning Area that currently is subject to the moratoria but would be available for leasing under the fiscal year 1998 amendments to the budget recommended by the Administration. Proposed Sale 181, which is acceptable to a consensus of stakeholders

including the Governors of Alabama and Florida, represents a small yet significant step on OCS moratoria.

The new program's exclusion of OCS areas subject to moratoria in which there are existing leases—Southern California, Florida Panhandle, and North Carolina—is enabling us to focus on resolving issues related to those existing leases without having to deal with additional conflicts and controversies that proposed new leasing in those areas would engender. We are addressing issues related to potential development of the Southern California leases through a multiyear study—the California Offshore Oil and Gas Energy Resources Study (COOGER)—which involves representatives of MMS, the State of California, the three affected local counties, and the lessees and operators. We have established an information office in Pensacola to conduct local education and outreach efforts relating to the Florida Panhandle leases, and we are consulting with the State of Florida and other stakeholders concerning exploration and development plans in that area. We have successfully settled buyback litigation relating to the North Carolina leases with all but two of the companies holding those leases. We also are planning to work with the State and other stakeholders to resolve issues concerning the North Carolina leases that will remain in effect as a result of the settlement that has been reached with all of the other companies. We believe that if new leasing were proposed in these areas in the program for 1997–2002, these efforts would be seriously impeded, thereby prolonging conflicts and preventing the consensus-building needed to set the stage for considering even very limited additional leasing in these areas in subsequent 5-year programs.

*Question.* How does the economic potential of areas under moratoria compare to other planning areas on the OCS?

Answer. In Alaska, the North Aleutian Basin's economically recoverable resources of 0.02 billion barrels of oil (BBO) and 0.88 trillion cubic feet (TCF) represent five percent on a barrel of oil equivalent (BOE) basis of the equivalent total Alaskan resource and less than one percent of the BOE OCS resource. The economically recoverable resources in the Pacific planning areas of 5.3 BBO and 8.3 TCF represent 25 percent of the BOE OCS resource, while the economically recoverable resources in the Atlantic planning areas of 0.4 BBO and 5.2 TCF represent five percent of the BOE OCS resource. The economically recoverable resources in the Eastern Gulf of Mexico of 1.1 BBO and 4.9 TCF represent seven percent of the BOE. Therefore, in aggregate, approximately 37 percent of the OCS economically recoverable resources are expected to be in areas under moratoria.

*Question.* Does the agency acknowledge an eventual need to enter areas currently under moratoria? If so, what steps are being taken to encourage the public's acceptance of leasing in areas presently covered by moratoria?

Answer. The Department does not rule out the possibility that changing international conditions or evolving domestic conditions and attitudes eventually could result in future consideration of leasing in areas currently under moratoria and believes that such consideration should be based firmly on science and consensus. As previously stated, we are attempting to resolve issues related to existing leases in certain moratoria areas to build public trust. The Department also is attempting to identify scientific information needs for areas currently subject to moratoria, and as part of this effort, requested that a joint subcommittee of the OCS Policy and Scientific Committees of the Minerals Management Advisory Board conduct a review and provide pertinent recommendations to the Secretary. In May 1997 the Subcommittee on Environmental Information for Select OCS Areas Under Moratoria submitted its report, which presented 10 specific recommendations in support of proceeding with environmental studies in moratoria areas. This report has been approved by both the OCS Policy Committee and the Scientific Committee. The report is under review at the Department, and the Secretary has not yet responded to the Advisory Board concerning the recommendations.

ROYALTY MANAGEMENT PROGRAM

The agency proposes to reduce this program by $3.7 million and 36 FTEs.

*Question.* With increases in production expected, does the agency project an increased demand for services from the Royalty Management Program? How will valuation, operations, and compliance be affected? Has the agency identified program vulnerabilities in this area as a result of the personnel reductions?

Answer. Although we project significant increases in the production of both oil and gas by the year 2000, it will occur mainly in the Gulf of Mexico, and be the result of deepwater drilling. Such production from a few large leases will have a much smaller impact on RMP workload than would increased onshore production which is characterized by hundreds of small lessees. The workload increases that

will be realized, we believe can be absorbed through the efficiencies gained over the past two years involving the streamlining of reporting and internal processes, and organizational efficiencies resulting from the MMS 2000 Reorganization. We have not identified program vulnerabilities resulting from personnel reductions which would impact the current valuation, operations or compliance processes, even with the increased production levels discussed above.

*Question.* Will the $3.7 million reduction in any way affect implementation of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996?

Answer. The overall reduction of $3.7 million will be achieved through several streamlining efforts that have been in development and are now providing efficiencies, such as electronic commerce initiatives which are significantly reducing the error rates of the reporters, eliminating some processes no longer considered beneficial such as late and erroneous reporting assessments, and consolidating and flattening the organizational structure which reduced the need for some management positions. The impact of this reduction on the implementation of the Royalty Simplification and Fairness Act (RSFA) has not been completely assessed at this time. The RSFA was signed into law well after many of the streamlining initiatives referred to above were initiated. The requirements of RSFA provide for many changes in the way MMS conducts business, not the least of which is the need for several significant software changes. Some of those development efforts will take place this fiscal year through system reprioritization efforts.

*Question.* Will efficiencies offset the program reductions? If not, what functions will be reduced?

Answer. Yes, efficiency-derived savings should offset the program reductions. The MMS began a compliance reengineering effort in April 1996 which has now been expanded to a full program reengineering undertaking. As a result of the compliance study, we are beginning to implement process improvements that will result in more efficient use of auditors' time. Several recommendations in the reengineering report will be implemented which will both meet the General Accounting Office audit standards, while at the same time significantly reduce the amount of administrative paperwork currently required of the auditors. This workpaper and process streamlining will enable us to continue to provide effective compliance coverage with fewer staff. In other parts of the program, several streamlining initiatives including an aggressive electronic reporting policy have enabled the program to continue to provide effective levels of service with significantly fewer Federal and contractor resources.

An Office of the Inspector General audit report (96–I–1264) cited some weaknesses in negotiated royalty settlements. One specific finding included remarks about insufficient personnel in the Royal Management program to provide necessary documentation during negotiations.

*Question.* Will there be further difficulties in carrying out basic Royalty Management functions due to a lack of personnel?

Answer. The RMP has assigned two additional FTE for paralegal personnel to the Office of Enforcement specifically to assist in documenting negotiated settlements and civil penalty actions. Team members will assume greater responsibility for assuring settlement documentation is complete. We believe this will assure all the necessary internal controls will be in place.

Interior's Office of the Inspector General budget justification states that "MMS has not been successful in ensuring that all lessees and operators comply with its requirements to accurately and timely report the production and sale of oil and gas from Federal and Indian leases." The OIG states that this occurred because of "the lack of strong deterrent against noncompliance." The OIG cited a backlog of unresolved exceptions totaling $21.2 million above the threshold for such exceptions.

*Question.* What is MMS doing to reduce this backlog? What will prevent this situation from worsening with reductions in the Royalty Management program?

Answer. To address the exception backlog the MMS added 10 employees for two-year terms to the Compliance Verification Division (CVD) and began implementation of a software development effort to streamline the follow-up process. As a result, the CVD has experienced a significant improvement in productivity and efficiency related to the Auditing and Financial System/Production Accounting and Auditing System (AFS/PAAS) comparison. During the January–April 1997 time frame, unresolved case closures increased 75 percent over the same 1996 period, from 3,200 to 5,700, while AFS/PAAS triggered royalty collections which previously averaged about $1.5 million per month approached $2.5 million in May 1997. The number of unresolved exceptions should continue to decline in the future.

The MMS has conducted a limited pilot project on royalty-in-kind.

*Question.* When additional efforts are undertaken with this program, will the agency test the OIG recommendation that royalty-in-kind involve government use

of natural gas as opposed to marketing the gas commercially? If not, what are the agency objections to this proposal?

Answer. With deregulation and easy access to an open gas market, there doesn't appear to be any additional benefits associated with designating specific production for a particular end user. In fact, such arrangements will likely result in additional transportation and administrative expenses for a given user versus acquiring the gas in the open market. Large Federal end users are currently taking advantage of the open access in the gas market and are currently negotiating better prices via the competitive market. This has been confirmed by MMS in recent discussions with the State of Texas who acknowledged this is what's happening with their own royalty-in-kind program.

## OFFICE OF SURFACE MINING, RECLAMATION AND ENFORCEMENT (OSM)

### APPALACHIAN CLEAN STREAMS INITIATIVE

A $1 million increase is planned in this program for the purpose of restoring streams to pre-coal mining conditions and to combat acid mine drainage.

Critics state that an increase to the Clean Streams Initiative has the potential to reduce funds available for high priority reclamation projects, including those that protect health and safety.

*Question.* How has State funding of programs not related to the Clean Streams Initiative been affected? Please provide data since 1994 showing total State funding program expenditures for non-clean stream initiative projects.

Answer. Since the Appalachian Clean Streams Initiative (ACSI) was first conceived, it has been OSM's intention that the initiative not displace funding for regular State Reclamation Grants, but to instead fund it only through a net increase in State Reclamation Grant funding. However, as illustrated in the table below, OSM's goal of holding regular State Reclamation Grants harmless was not completely achieved in the fiscal year 1997 appropriations process, as Congress reduced regular grant funding by $2 million to accommodate $4 million in funding for ACSI. While the fiscal year 1998 President's Budget does include a small decrease ($678,000) for regular grants, that decrease is proposed as a means to offset uncontrollable cost increases, not to accommodate the $1 million increase proposed for ACSI. It must also be emphasized that all of the Appalachian Clean Streams projects funded in fiscal year 1997 were priority two projects listed on the State Abandoned Mine Land (AML) inventory and these projects have generated more than $4 million in contributions from other sources.

The following table shows the funding history for regular State Reclamation Grants and Appalachian Clean Streams Initiative grants since fiscal year 1994. It should be noted that the history of the AML State Reclamation Grant program is characterized by fluctuating funding levels from one year to the next.

FUNDING HISTORY FOR REGULAR STATE RECLAMATION GRANTS AND APPALACHIAN CLEAN STREAMS INITIATIVE GRANTS—FISCAL YEARS

[In thousands of dollars]

| | Enacted | | 1996 [1] | Enacted 1996 | 1997 [1] | Enacted 1997 | 1998 [1] |
|---|---|---|---|---|---|---|---|
| | 1994 | 1995 | | | | | |
| Regular State reclamation program grants | 135,793 | 135,534 | 135,534 | 140,000 | 140,000 | 138,000 | 137,322 |
| Appalachian clean streams initiative | ..... | ..... | 11,009 | ..... | 4,300 | 4,000 | 5,000 |
| Total [2] | 135,793 | 135,534 | 146,543 | 140,000 | 144,300 | 142,000 | 142,322 |

[1] President's budget.
[2] State reclamation program grants.

*Question.* How is the Clean Streams Initiative applicable to non-primacy States? How are project funding decisions made in these States relative to the initiative?

Answer. The Appalachian Clean Streams Initiative is broadly aimed at remediating the effects of acid mine drainage throughout the Appalachian region in both primacy and non-primacy States. In both cases, OSM financial assistance is provided to the State. The primacy versus non-primacy distinction is important in terms of the mechanism by which OSM provides the financial assistance and the source of the funds. In primacy States, OSM provides funding for Clean Streams projects through supplemental AML State Reclamation Grants. The fiscal year 1997 Interior Appropriations, as included in the Omnibus Consolidated Appropriations Act, ear-

marks up to $4 million for such grants. By contrast, the mechanism for providing Clean Streams financial assistance to non-primacy States, such as Tennessee and Georgia, is a cooperative agreement funded through OSM's Federal Reclamation program, the roughly $2.4 million budgeted each year for Federal high priority reclamation projects. The State of Tennessee will receive $325,000 in such cooperative assistance in fiscal year 1997. At present, OSM is evaluating potential projects in primacy and non-primacy States for funding in fiscal year 1998. In non-primacy States, OSM selects Clean Streams projects in concert with appropriate State agencies and local watershed organizations.

The Department's Office of the Solicitor states that their office has provided extensive legal support to this initiative. The Office states that methods are being pursued to enlist industry's assistance in reclaiming abandoned mine lands.

*Question.* What interest has been expressed by industry in participating in the Clean Streams Initiative? Are specific projects being planned for accomplishment with industry participation? What methods of industry participation are planned (cash payment, in-kind participation, etc.)?

Answer. The Appalachian Clean Streams Initiative is an effort by OSM to establish partnerships with other government, non-government, and public groups that will work together to clean-up streams impacted by acid mine drainage (AMD). The focal point of these various partnerships is the "Statement of Mutual Intent," co-sponsored by OSM and EPA-Region III that was signed in February 1995. A strategic plan, developed as a part of the Statement of Mutual Intent, envisioned several industry-related objectives: site-specific clean-up projects with partners, including industry; industry financed projects; and encouraging more remining of AML lands in order to gain reclamation benefits such as cleaned-up or improved streams. The mining industry has been involved in the Clean Streams Initiative by contributing funds for specific reclamation projects, donating land for use in project construction, and providing in-kind services, such as equipment, design advice, or other project leadership/partnering contributions.

The OSM-sponsored Acid Drainage Technology Initiative is designed to complement the Clean Streams Initiative by focusing on coal mining operations in the planning phase, during operations, or prior to bond release. One objective of this initiative is to identify high-risk acid or toxic areas prior to permits being issued by the regulatory authority. A second objective is to use state-of-the-science design for operations so that AMD does not result in offsite damage or lead to a long-term problem that may require perpetual treatment. The success of this initiative largely revolves around the coal mining industry being willing to assist in developing workable strategies that will result in lowered risk of unanticipated AMD problems from active mines.

The OSM is also encouraging remining and its associated reclamation benefits under Title V of the Surface Mining Control and Reclamation Act (SMCRA) through various activities. Specific remining projects are being developed by industry, with participation of the regulatory authorities, which address serious water quality issues. The OSM, EPA, and States are participating on an interagency task force that, in part, is examining water issues associated with the Clean Water Act that appear to be impediments to remining.

Furthermore, OSM is working on a separate initiative to develop approaches under Title IV of SMCRA that will result in more reclamation of abandoned mine land. One specific Title IV approach could save AML Fund dollars through encouraging industry to restore abandoned mines by using proceeds from the sale of incidental coal recovered in the process to help finance the projects and to provide a reasonable profit to the operator. In fiscal year 1996 the agency obligated $7.3 million for emergency projects.

*Question.* What has been the emergency obligations for the four years prior? Does the $7.3 million include states with emergency reclamation programs?

Answer. Shown below are emergency project obligations for fiscal years 1992 through 1996 as reported in the OSM's annual reports.

*Emergency project obligations for fiscal years 1992–96 in whole dollars*

| | |
|---|---|
| 1996 | $7,240,542 |
| 1995 | 8,788,444 |
| 1994 | 10,742,901 |
| 1993 | 10,184,885 |
| 1992 | 9,532,398 |

These totals do not include emergency project obligations from States which have opted to assume the emergency reclamation program from OSM. It should be noted

that Ohio and Indiana assumed their emergency programs in fiscal year 1993 and fiscal year 1995 respectively.

Also, it should be noted that the above numbers do not reflect the $7.2 million that was provided to conduct emergency reclamation in Kentucky, as part of the President's disaster relief fund in 1994.

*Question.* What is the historic backlog of reclamation projects which can be funded from Abandoned Mine Land funds? How has this backlog been affected by the change of minimum program level funding from $2 million to $1.5 million?

Answer. The Abandoned Mine Land Inventory System reports 4,580 high priority sites remaining to be reclaimed. An estimated $2.5 billion is needed to reclaim these sites. The reduction in the minimum program funding has no discernible affect on the overall reclamation efforts of the program; it does transfer the reclamation achievement from some States to others. The minimum program States all have efficient, well run programs. Funds granted to those States are used primarily to abate health and safety hazards stemming from abandoned coal mines. This is also true of funds granted to the non-minimum program States. Thus, changing the distribution pattern due to a change in minimum program levels does not affect in a substantial way the overall amount, priority, or quality of reclamation. For the minimum program States, the reduction to $1.5 million means that less health and safety problems will be corrected than would be addressed if $2 million was the funded minimum level, as stated in the Surface Mining Act.

The Interstate Mining Compact Commission recommends higher allocations from the AML fund.

*Question.* Within existing staffing and support structure, could OSM manage an increased allocation to States from the AML fund?

Answer. If additional appropriations for grants were provided, OSM could distribute the additional funds to States without impacting the existing staffing and support structure of OSM.

The National Association of Abandoned Mine Land Programs and the Interstate Mining Compact Commission submitted to the Secretary and the Director of OSM, a proposed plan for distributing the accumulated balance in the AML Fund to the States in order to accomplish more on-the-ground reclamation projects. The Department has been petitioned to distribute the accumulated balance in the AML to the States.

*Question.* What is the agency reaction to this request? What interaction has the agency had with the States regarding this proposal?

Answer. Staff from OSM have discussed this proposal with the States and Indian Tribes on several occasions and have sent informal comments on the plan to the National Association of Abandoned Mine Land Programs. At this time, OSM is not in a position to support this proposal because it would involve amending SMCRA and would result in a substantial increase in appropriations from the AML Fund.

ACID MINE DRAINAGE POLICY

A March 31, 1997 policy statement, says that prevention, correction, and control of acid mine drainage is one of the agencies top priorities.

Concern has been expressed that emphasis on projects such as this will take funding from higher priority health and safety projects associated with the abandoned mine land reclamation fund. The agency responded that States can pursue abandoned mine funding through intergovernmental agreements with the Natural Resources Conservation Service (NRCS).

*Question.* How much funding has been utilized by States in cooperation with the NRCS for projects which could be funded from abandoned mine funds?

Answer. Acid mine drainage creates environmental and water pollution problems that frequently cause health, safety, and general welfare problems. These AMD-related problems represent as great a problem to the citizens in the coal fields as abandoned mine sites. A cooperative effort between OSM, NRCS, and the State and tribal programs is ongoing to identify areas that can be reclaimed through partnership efforts. We are encouraging State programs to maximize the reclamation they do by pursuing sources of funding other than their AML grants, including funds previously appropriated for the Rural Abandoned Mine Programs (RAMP) but not yet spent. Already two such sites have been identified, one in Oklahoma and one in Tennessee. The former has an estimated cost of approximately $250,000; the latter has a cost estimated at over $1 million. It should be pointed out that the funding coming from NRCS is AML funding from previous appropriations to RAMP that is not yet spent.

*Question.* What level of ongoing interaction occurs with NRCS relative to administration of the Rural Abandoned Mine Program? Are cooperative projects between

OSM and NRCS in operations? Is there coordination regarding expenditures from the RAMP trust fund?

Answer. In past years, RAMP and several State programs were carefully coordinating reclamation projects before the RAMP appropriation funding was curtailed. There were committees on which NRCS, OSM, and State officials sat and decided which projects would be funded and who would have the overall responsibility for a project. These committees still exist in those States and NRCS still provides input into the program. These committees also are facilitating the take-over of RAMP projects by the State programs. The OSM and NRCS are currently developing a new Memorandum of Understanding which will promote efficient use of the AML fund and the skills and talents of the NRCS personnel. In addition, OSM, NRCS, and the States are coordinating projects. Two such sites have been identified; other possibilities have been located. As each is undertaken, it will be done with a combined funding of NRCS and State, tribal, and OSM funding as applicable.

PRIMACY AND ABANDONED MINES

Currently three Tribes are administering approved abandoned mine reclamation programs but do not have primacy.

*Question.* What is the status of the effort to give Indian Tribes primacy?

Answer. Currently, SMCRA does not allow any Tribe to assume primacy. The Energy Policy Act of 1992 renewed interest in tribal regulatory program development by amending SMCRA to add a new Section (710(I)) which provides that the Secretary will make grants to the Crow, Hopi, Navajo, and Northern Cheyenne Tribes to develop tribal regulations and program policies with respect to surface mining; assist OSM in the permitting, inspection, and enforcement of surface mining activities on Indian lands; and sponsor employment training and education. Consistent with Energy Policy Act provisions, the Department of the Interior issued grants from BIA and OSM funding totaling $480,000 in fiscal year 1996 and $600,000 in fiscal year 1997 to the Tribes to assist in establishing a surface coal mining regulation unit for each Tribe.

The OSM staff met with Crow, Northern Cheyenne, Navajo, and Hopi tribal representatives in a series of meetings in 1996 to develop draft legislation that would allow tribal governments to assume SMCRA primacy. The last meeting occurred on November 13, 1996. Each meeting has resulted in bringing the Tribes closer to an agreement as to the language of the draft legislation.

On April 14, 1997 OSM sent a letter to the Tribes requesting that they review a final draft of the legislation and asked for further input. The Navajo Nation has advised OSM that they want to meet one more time to discuss the draft legislation. A meeting will be scheduled and, depending on the outstanding issues among the Tribes, OSM will then make recommendations to the Secretary on how best to proceed with the legislative initiative.

The State of Tennessee has relinquished regulatory authority.

*Question.* Are other States considering this action?

Answer. The OSM is unaware of any other State which is considering relinquishing primary regulatory responsibility.

COAL MINE COMPLEXITY

The agency budget justification speaks to increased production from a reduced number of mines. Permitted acreage has increased to 4.2 million. Technology has rapidly advanced.

*Question.* How has the skill level of OSM employees been affected by the technological changes? How have changes in technology affected the skill level of State and tribal regulators? How have agency training costs been affected?

Answer. Through OSM's Technical Training Program, the technical competence and professional knowledge of OSM, State, and tribal personnel has risen commensurate with technological advances and changes in coal mining and reclamation operations. Each year, the program trains approximately 700 State and tribal students and 300 OSM students. Regulatory and reclamation staff must make numerous and complex technical judgments while performing their duties. To update this technical expertise, the Technical Training Program continues to develop new courses in response to customer requests and advances in technology. The program has added numerous courses which specifically focus on the application of the most appropriate technology. For example, courses were recently developed to teach the latest technologies in predicting, controlling, and abating acid-mine drainage. Additional new offerings include five field intensive workshops on the most appropriate technologies and methods to abate the abandoned mine land problems of subsidence, landslides, mine fires, dangerous highwalls, and dangerous openings.

Courses are continually updated to include new practical applications resulting from technological changes including the latest materials and methods for erosion and sediment control, use of computer modeling in hydrology courses, use of global positioning units for field classes such as applied engineering, and the latest research on vegetation practices. Special emphasis is given to differences in the application of technology in different climatic and geographic areas.

By making these technological updates available through the training program, State, tribal, and OSM regulatory and reclamation staff have access to information that improves their knowledge of on-the-ground conditions and this enables staff to make better decisions about permitting, bonding, inspection, and optimal abatement of abandoned mine land problems.

The OSM has held its technical training budget relatively constant, so the training program has responded to the aforementioned trends by offering fewer sessions of several older and more fundamental classes and shifted some funding to meet advanced technical needs as newer courses are more costly. For example, more complex subject matter requires the use of additional instructors for each course, so that courses which are being offered on acid mine drainage require instructors who have specific expertise in geo-hydrology, soil science, plant and aquatic ecology, and water chemistry; the AML Design workshops require civil and mining engineers, AML project managers, and geologists; and the Wetlands Awareness and Erosion and Sediment Control courses require experts who are versed in the specific climatic conditions, soils, and vegetation of an area of the country.

This has had the effect of limiting the number of participants and increasing the travel costs because students may have to fly if only one session of a course is held nationwide. The reduction in basic course offerings means that not all State and Tribal new hires or staff requiring cross-training will have their needs met. Additionally, while the overall number of program offerings has increased, demand also exceeds available spaces for courses in advanced technology.

*Question.* How has the cost of mining coal changed? Is there comparative data available showing changes in the cost per unit for mining coal?

Answer. The OSM does not collect this type of data, and the agency is unaware of any readily available information source. However, over the last decade, coal mining productivity has risen at an average annual rate of 6.6 percent, including an eight percent increase from 1994 to 1995. Much of this productivity gain results from an increase in both the number and efficiency of underground mines using the longwall extraction technique.

The agency reduced its workforce by approximately one-third in fiscal year 1996.

*Question.* After implementation of this significant downsize has full organizational alignment been achieved? Are all employees located in the most efficient locations and properly matched with their respective specialties?

Answer. Immediately after OSM's reorganization and downsizing, the staff experienced difficulties maintaining the same level and quality of program delivery. Many employees affected by the reduction in force were placed in different programs or positions. The OSM has retrained many employees to improve their effectiveness in program delivery. Some staff were relocated to match technical expertise with workload demands. With training, redistribution of workloads, automation, and redesign of some of OSM's processes, OSM has employees located in the most efficient locations and has virtually completed its organizational realignment. The OSM will continually monitor its workload and adjust staffing locations as needed.

REMINING

The OSM has established a charter which involves the formation of partnerships with States and environmental groups to determine the status of remining in the Appalachian States.

*Question.* What levels of production can be expected through remining projects?

Answer. The OSM is unaware of any projections regarding total potential coal production from remining projects. However, in Pennsylvania, 60 percent of the active coal mining operations involve remining, as did 72 percent of the active operations in Virginia in 1994. Furthermore, in Virginia in 1994, 38 percent of the total permitted acreage consisted of previously mined lands.

*Question.* Will remining efforts affect sites that have been restored through reclamation projects? Have any sites over the past five years been reclaimed and then remined? Was the reclamation expense for any of these sites paid for with AML funds? If so, what has the cost been to the AML fund?

Answer. We do not anticipate that areas already reclaimed through the AML program will be disturbed through remining efforts. The OSM is not aware of any reclamation work funded from the AML program that has been disturbed by remining.

Our national program guidelines are quite specific regarding areas that have potential for remining. Such areas are not to be reclaimed through the AML program unless the reclamation authority can ascertain that there is little likelihood of a remining effort. Programs go to great lengths to ensure that remining does not occur on areas that have been reclaimed with AML funds. In some States, the landowner or mineral owner must complete a questionnaire which discusses any future plans to remine. If such plans are even remote, the AML program does not undertake a project. Also, the AML program discusses the site with the regulatory program and gets input as to the suitability for remining. Again, if the site is even slightly a candidate for remining, funds are not used for the portion of the site that might be remined.

STATE FUNDING, ENVIRONMENTAL PROTECTION

The agency is planning a $500,000 decrease in the State Funding Program.

*Question.* Which States will be affected by this reduction?

Answer. The OSM anticipates this reduction, of less than one percent of the total grant funds, will have no discernible impact on States. It has been determined that States are not fully obligating grant funds, as evidenced by some States consistently turning back funds at the end of the grant performance period; over $1 million was deobligated in fiscal year 1995, the latest year for which we have complete data.

*Question.* Are these reductions due to reduced matching funds by the States? If so, why have the matching funds been reduced? Is there less work to be accomplished?

Answer. This reduction is due to a reduced matching level by the States. The reasons for the reduction in State matching funds are numerous and can vary from State to State and from year to year. However, the most consistent reason is, like the Federal Government, many States are facing a financial challenge and are forced to make tough choices for dwindling or flat resources.

*Question.* What was the fiscal year 1998 grant request total on a State by State basis?

Answer. The following table shows the States' fiscal year 1998 grant estimates, which were submitted to OSM in August 1996.

FISCAL YEAR 1998 REGULATORY GRANT ESTIMATES STATES' REQUEST

[In whole dollars]

| State | Non-Federal lands (Federal shares) | Federal lands | Total |
|---|---|---|---|
| Alabama | 1,203,815 | 15,000 | 1,218,815 |
| Alaska | 173,580 | | 173,580 |
| Arkansas | 196,836 | | 196,836 |
| Colorado | 510,227 | 1,409,199 | 1,919,426 |
| Illinois | 2,239,046 | 87,486 | 2,326,532 |
| Indiana | 2,161,827 | | 2,161,827 |
| Iowa | 180,570 | | 180,570 |
| Kansas | 104,166 | | 104,166 |
| Kentucky | 13,760,504 | 359,285 | 14,119,789 |
| Louisiana | 192,563 | | 192,563 |
| Maryland | 663,173 | | 663,173 |
| Mississippi[1] | | | |
| Missouri | 573,166 | | 573,166 |
| Montana | 266,444 | 840,965 | 1,107,409 |
| New Mexico | 278,586 | 398,526 | 677,112 |
| North Dakota | 296,628 | 230,711 | 527,339 |
| Ohio | 1,551,254 | | 1,551,254 |
| Oklahoma | 899,374 | 24,030 | 923,404 |
| Pennsylvania | 12,023,329 | | 12,023,329 |
| Texas | 1,446,563 | | 1,446,563 |
| Utah | 280,028 | 1,398,181 | 1,678,209 |
| Virginia | 3,063,965 | 10,518 | 3,074,483 |
| West Virginia | 8,142,287 | | 8,142,287 |

FISCAL YEAR 1998 REGULATORY GRANT ESTIMATES STATES' REQUEST—Continued

[In whole dollars]

| State | Non-Federal lands (Federal shares) | Federal lands | Total |
|---|---|---|---|
| Wyoming | 262,250 | 1,271,732 | 1,533,982 |
| Totals | 50,470,181 | 6,045,633 | 56,515,814 |

[1] Has not yet submitted estimates for fiscal year 1998.

The Interstate Mining Compact Commission recommends reducing the State "matching" share to 25 percent from 50 percent.

*Question.* How would such a change affect the operations of OSM in terms of program accomplishment, FTEs, and project backlog?

Answer. If the State matching share is reduced to 25 percent and the overall grant appropriation of $50.7 million is increased proportionally within OSM's budget , such a change would severely impact all of OSM. The OSM would have to reduce its direct operating budget from $55 million to $32 million. The OSM operating budget could not be lowered to this level without severely impacting the agency's mission. Such a reduction would adversely affect not only coal field residents in Federal program States who are completely dependent on OSM for protection from coal-related hazards, but also primacy States who rely on OSM technical assistance and training, and who also benefit from OSM oversight and backup enforcement. At this time, the precise impact of such a decrease on OSM's programs, FTEs, and project backlog cannot be quantified.

ENVIRONMENTAL PROTECTION: STATE FUNDING

[In millions of dollars]

| Current funding | | Hypothetical funding | |
|---|---|---|---|
| Non-Federal lands cost (50 percent) | $45.324 | Non-Federal lands cost (75 percent) | $67.986 |
| Federal lands cost | 5.352 | Federal lands cost | 5.352 |
| State match (50 percent) | 45.324 | State match (25 percent) | 22.662 |
| Total program cost | 96.000 | Total program cost | 96.000 |
| Grant appropriation | 50.676 | Grant appropriation | 73.338 |

If the State matching share is reduced to 25 percent without increasing the overall grant appropriation, there would be an immediate, adverse impact on the States' regulatory programs. Under this scenario, State Regulatory Authorities' (SRA) budgets would be cut in half, as the OSM State Regulatory Grants would have to be reduced by one-half to comply with the SMCRA requirement that primacy States contribute 50 percent of the cost of the SRA's budget. A reduction of this magnitude would severely undermine States' ability to operate viable regulatory programs. Some States would not be able to maintain effective programs, in which case OSM would incur a major expense to take over the regulatory programs.

ENVIRONMENTAL PROTECTION: STATE FUNDING

[In millions of dollars]

| Current funding | | Hypothetical funding | |
|---|---|---|---|
| Non-Federal lands cost (50 percent) | $45.324 | Non-Federal lands cost (75 percent) | $45.324 |
| Federal lands cost | 5.352 | Federal lands cost | 5.352 |
| State match (50 percent) | 45.324 | State match (25 percent) | 15.108 |
| Total program cost | 96.000 | Total program cost | 65.784 |
| Grant appropriation | 50.676 | Grant appropriation | 50.676 |

The agency appears to justify a reduction of $500,000 from the State regulatory grant program because States are unable to meet the 50 percent match requirement. States appear to be having trouble meeting this 50 percent level.

*Question.* Are there mechanisms in SMCRA which would allow OSM to increase the Federal share of the program? If changes to SMCRA are required, would the Department support the changes necessary to increase the Federal share? Has the agency analyzed what the financial impact would be to the Federal Government if States begin to opt out of regulatory programs? What steps is OSM taking to make sure that the State/Federal partnership remains in place?

Answer. Section 705 of SMCRA provides that grants shall not exceed 80 percent of the total costs incurred during the first year, 60 percent the second year, and 50 percent each year thereafter. At this time, all States with active mining are at the 50 percent cost sharing level. However, if a State elects to regulate surface coal mining and reclamation operations on Federal lands, OSM may reimburse the State up to 100 percent of its costs of such regulation. For fiscal year 1998, we expect 11 States to have a cooperative agreement with OSM to regulate surface coal mining on Federal lands.

There is no other mechanism in SMCRA to increase the Federal share of program costs. However, a State must have primacy to qualify for State Reclamation grants. Because of the impact a higher matching percentage could have on budget constraints, it is unlikely that the Administration would support any change to SMCRA which would result in such increased costs. The OSM has not analyzed the financial impacts if States begin to opt out of regulatory programs. At this time, we are not aware of any State planning to do so. One of the key steps OSM has taken to make sure the State/Federal partnership remains strong is the reengineering of the oversight process. In cooperation with the States, OSM developed a new results-based oversight strategy to focus on end results and the on-the-ground success of States in meeting the SMCRA environmental protection standards. Also, OSM and the States now develop State-specific evaluation plans tailored to the unique conditions of each State program and governed by performance agreements worked out by each State and OSM Field Office.

The agency is planning a $240,000 increase in the State Program Evaluation. However, no FTE changes are shown.

*Question.* For what purposes will this increase be used?

Answer. This increase in Environmental Protection/State Program Evaluation is for a pro rata share of "uncontrollable cost increases," which includes mandated pay increases.

APPLICANT VIOLATOR SYSTEM

A Federal appeals court in February 1997 ruled that the agency's Applicant Violator System (AVS) could not be used. On April 21, 1997, OSM announced new rules which would "block permits for applicants responsible for uncorrected violations" in the past.

OSM Clarification and Response—In issuing its decision on January 31, 1997 the U.S. Court of Appeals for the District of Columbia Circuit did not address or prohibit use of the AVS. Instead, it ruled that OSM's 1988 ownership and control rules exceeded the authority provided by Section 510(c) of SMCRA. Specifically, the court held that Section 510(c) prohibits the issuance of a permit if there are unabated violations at operations owned or controlled by the applicant. This section does not, according to the court, authorize the regulatory authority to withhold permit issuance on the basis of unabated violations at operations owned or controlled by persons who own or control the applicant, as provided in the challenged regulations. The decision recognizes that OSM and State regulatory authorities have an obligation to implement Section 510(c) as interpreted by the court. The OSM and States use the AVS, which is a national database, as a tool to fulfill this obligation.

*Question.* How do these new rules address the Federal judge's actions?

Answer. The new interim final rules provide for application of the permit block sanction in a manner consistent with Section 510(c) of SMCRA as interpreted by the court. Under the new rules, regulatory authorities may not issue a permit if any surface coal mining and reclamation operation owned or controlled by the applicant is currently in violation. This differs from the previous rules, which extended the prohibition on permit issuance to situations in which any surface coal mining and reclamation operation owned or controlled by a person who owns or controls the applicant is currently in violation.

*Question.* Can any existing information in the Applicant Violatior System be used to make administrative permitting decisions in light of the judge's decision?

Answer. Yes. As required by regulations unaffected by the court's decision, State and Federal regulatory authorities continue to base permit issuance decisions on the compliance and ownership and control information in the AVS. While the court decision invalidated OSM's 1988 ownership and control rules, it did not invalidate or

otherwise negate the regulations requiring use of the AVS as part of the permitting process. The AVS and the information it contains are still essential to ensuring implementation of Section 510(c) of SMCRA.

*Question.* What specific aspects of the new rules makes the process less susceptible to a repeat decision by a Federal court that this process can not be used to "screen" applicants?

Answer. In rendering its decision, the court found that the language in Section 510(c) of SMCRA clearly authorized the use of the permit block sanction in those cases where the applicant owned or controlled violations. However, the court found that OSM had exceeded this authorization when it promulgated regulations that applied the permit block sanction to those who owned or controlled an applicant. On the basis of this single flaw in the rules, the court invalidated OSM's 1988 ownership and control regulations. In developing the April 21, 1997 interim final rules, OSM carefully considered the court's interpretation of Section 510(c) and sought to ensure that the new rules were fully consistent with that interpretation. Most significantly, the new rules do not include the provision that the court rejected. Hence, OSM believes that these rules will survive further judicial scrutiny.

The agency states that there is a continuous violation problem, referring to 4,682 [2] violations.

*Question.* What are the past five year comparative data regarding violations notices? What is the disposition history for these violations?

Answer. The following chart shows State individual violations for evaluation years 1993–1996. The 1992 data was captured at the aggregate notice of violation level, and a notice of violation may include more than one individual violation. Of the violation figures displayed, approximately 10 to 15 percent resulted in issuance of failure to abate cessation orders. The remainder of all violations were corrected to the satisfaction of the State regulatory authority.

| | |
|---|---|
| 1992 | [1] 9,178 |
| 1993 | 10,148 |
| 1994 | 10,493 |
| 1995 | 8,675 |
| 1996 | [2] 5,852 |

[1] Data for 1992 is the total number of notices of violations, all other years are individual violations cited. A notice of violation may include multiple individual violations.

[2] Preliminary numbers, the 4,682 figure above is for 9 months of data, the 5,852 is for 12 months of data.

TECHNICAL INFORMATION PROCESSING SYSTEM (TIPS)

This system has become an integral part of State programs. The agency proposes a decrease of $300,000 in this program which is attributable to accomplishment of upgrades and equipment replacement. The Western Interstate Energy Board disputes the contention that equipment has been adequately upgraded.

*Question.* Has OSM consulted with the States prior to making this budget request?

Answer. The TIPS is a technical assistance program for States and Indian Tribes which is entirely Federally funded. States and Tribes do not match the costs. The OSM did not specifically consult with the States about any reductions in TIPS funding prior to making this budget request. Given other program priorities to be funded in fiscal year 1998, the TIPS workstation upgrades were not included in the OSM budget request. The OSM has consulted with States to work toward developing an outline of the course of action and costs associated with maintaining TIPS at its current level of operation. It is intended that TIPS hardware will be replaced incrementally on a continuous five year rotating basis. Equipment replacement was initially envisioned as beginning in fiscal year 1996. However, due to budget reductions in fiscal year 1996, the replacement of equipment did not occur as anticipated.

*Question.* Will this reduction make the agency increasingly prone to system obsolescence by lengthening overall equipment upgrade and replacement schedules?

Answer. Some of the current TIPS workstations will be five years old in fiscal year 1998. This is a concern because the manufacturer's warranted maintenance and repair service agreement expires after five years from purchase. The OSM is replacing some of the older hardware this fiscal year and is striving toward a regularly scheduled cycle of replacement for all TIPS equipment. The OSM is not increasingly prone to system obsolescence due to replacement delays to date.

## DEPARTMENTAL OFFICES

### OFFICE OF INSULAR AFFAIRS

The Committee last year directed the Department to withhold from American Samoa $2 million in construction grants until the Secretary certifies that the recommendation of the immediate term financial recovery plan have been substantially implemented.

*Question.* Have these funds been released?

Answer. No, these funds have not been released.

*Question.* What progress is the American Samoa Government making with regard to implementation of the working group recommendations?

Answer. We are awaiting a report from the American Samoa Government on the status of implementing the Financial Recovery Plan. We expected the report by May 31, but apparently it is not completed.

*Question.* Would the Administration support inclusion of similar language in the fiscal year 1998 appropriations bill or report?

Answer. Yes, we would support a similar withholding attached to the fiscal year 1998 appropriation.

Similarly, the Committee has objected to the release of further funds for health care facilities pending establishment of an independent hospital authority with rate setting power.

*Question.* What progress has been made in American Samoa with regard to establishment of an appropriate hospital authority?

Answer. This issue was discussed with Governor Sunia in March. The Governor is strongly opposed to an independent hospital authority. On the premise that the primary Federal concerns are good hospital management and the imposition of a reasonable fee schedule, we invited the Governor to submit an alternative proposal that will accomplish the same objectives. He indicated he would do that and we expect his proposal at the same time as the report on the Financial Recovery Plan.

*Question.* What funds have been released to American Samoa for health care facilities in fiscal year 1997?

Answer. No funds have been released for health care facilities in fiscal year 1997. We will continue to withhold this funding until the American Samoa Government develops and implements a proposal for resolving health care problems that is acceptable to the Department and the Appropriations Committees.

The American Samoa Government is to provide a capital improvement plan that shows what projects will be funded in the current budget year and four outyears.

*Question.* Has the Department received an update of the Master Plan? If so, does the plan include any significant changes in priorities or funding requirements? If not, when does the Department expect to receive a plan update?

Answer. The Office of Insular Affairs received revisions to the Master Plan from the American Samoa Government at the beginning of June 1997. It included some changes in priorities, primarily associated with the Governor's desire to institute a program to improve village roads in American Samoa. The justification is that the village roads have so deteriorated that they are unsafe and basic services such as school buses, trash pickup, police, fire, and rescue cannot use many of the roads. We did not think the revised plan adequately demonstrated how priorities are determined and the criteria used to select specific projects. Also, although the transmittal letter referenced additional outyear information, specific lists of projects to be funded in fiscal year 2001 and fiscal year 2002 were not included. We are awaiting an improved plan and expect to receive it by mid-July.

### GUAM

The fiscal year 1997 appropriations bill provided $4.6 million to Guam for capital infrastructure projects.

*Question.* Has Guam provided the Department with a plan for allocating these funds and future funds that may be appropriated for this purpose?

Answer. Yes, the Governor has given us a plan for the use of these funds. However, shortly after receiving the Governor's plan, we were informed that the Guam Legislature enacted legislation, over the Governor's veto, that directs all Interior funding be used for new school construction. We have asked the Governor to resolve any discrepancy and offered assistance in the development of a plan that focuses exclusively on new schools.

MAINTENANCE ASSISTANCE

The Administration is proposing a $980,000 increase in the maintenance assistance program to allow for a reduction in cost sharing for certain grants to island governments.

*Question.* Given the level of Federal investment in capital projects in the insular areas and the importance of proper maintenance programs to maintain the value of that investment, does it make sense to reduce the local matching requirements for this purpose? Doesn't this send the wrong message?

Answer. We think we can avoid sending the wrong message. Our major concern is that island hospitals simply are not participating in the program. While we want to develop incentives for participation by the hospitals, including waiving, delaying, or redefining matching requirements, we do not want that done at the expense of other participants. Given the huge investment made by the Department in island hospitals, we think the maintenance improvements are worth the proposed additional expenditure. We do not foresee any adverse impact from the proposal in terms of discouraging insular governments from investing in maintenance. The proposed incentives will be temporary and strictly limited to health care facilities.

BROWN TREE SNAKE

The Administration is requesting a $1 million increase for the Brown Tree Snake (BTS) program.

*Question.* For what specific purposes will these funds be used? For research? Control? Eradication? If funded at the request level, how would BTS funds be allocated between Guam, the State of Hawaii, the Biological Research Division and other program participants?

Answer. Our major need is more research and $800,000 of the proposed increase will be used for that purpose. Research can involve both improved control techniques and eradication methods. The remaining $200,000 will go to the Commonwealth of the Northern Mariana Islands (CNMI), where a snake population appears to have developed, for control and containment efforts. The total $1.6 million budget will therefore be divided $200,000 each to Guam, Hawaii, and the CNMI for control operations, and $1 million to the Biological Research Division of USGS for enhanced research. All work funded and performed will be consistent with the Brown Tree Snake Control Plan, developed jointly by several Federal agencies and the aforementioned State and territorial governments.

ENEWETAK SUPPORT

The Department is conducting a review of the Enewetak Support program.

*Question.* Is this review complete? If so, what are the Department's findings? If not, when does the Department expect to complete its review?

Answer. The review has not been completed. We are working with the U.S. Department of Agriculture to identify an expert to perform the review. We will use technical assistance funding to pay for the work. It now appears the work will not be completed prior to the end of this fiscal year.

DEPARTMENTAL MANAGEMENT

The Department established the Franchise Fund Pilot Program which began in fiscal year 1997.

*Question.* How has establishment of this fund affected Department efficiency?

Answer. Establishment of the Franchise Fund Pilot Program has not, and was not expected to, initially affect the Department's efficiency either positively or negatively. However, over time through economies of scale and the ability to invest in new technology, the Department expects to realize benefits in efficiency of operations. No unnecessary layers of management, regulations, or other bureaucratic constraints have been imposed as a result of the pilot program. The current structure, building on pre-existing management structures including the Chief Financial Officer (CFO), the Deputy CFO, and the Administrative Services Advisory Board, oversees Interior service providers and establishes common policies and operating principles necessary to operate the Interior Franchise Fund.

*Question.* Have internal Department administrative functions been affected adversely?

Answer. Quite the contrary, the internal Department administrative functions have been impacted positively by the Franchise Fund Pilot Program. Revenues generated by the Interior Franchise Fund service providers result in funds for the acquisition of capital equipment for the improvement and implementation of Depart-

ment financial management, ADP, and other support systems. Additionally, direct costs of the service providers such as labor and benefits are shared with Franchise clients instead of being borne entirely by the Department. Also, fees charged to non-Interior agencies are helping to offset certain fixed costs associated with the general purpose computer centers maintained by the Department.

*Question.* What internal Department savings are attributable to establishment of this process?

Answer. It is too early to quantify the savings related to the Interior Franchise Fund with any precision. Nonetheless, the labor, software, and computer center charges which are now being used to support external clients, which would otherwise have been borne by Interior bureaus, are estimated at nearly $2 million for fiscal year 1997.

The Department's budget justification discusses implementation of DOINET for 57,000 employees.

*Question.* Does each bureau bear the cost of accessing the system?

Answer. Yes, the bureaus pay for their costs of accessing the DOINET through the Departmental Working Capital Fund.

*Question.* How are individual bureau costs computed for system access?

Answer. The DOINET costs are allocated to bureaus based upon what they spend annually for non-DOINET data communications and on their actual DOINET measured usage. The costs of these two elements are weighted at 50 percent each and applied against projected DOINET expenses to determine a bureau's apportioned cost.

OFFICE OF THE SOLICITOR

The Office of Solicitor reports that it has provided significant assistance to "basin wide" watershed protection efforts. A specific example includes the Columbia River area.

*Question.* As a result of these major basin wide assessment projects, is the agency devoting an increased level of resources to litigation and appeals?

Answer. No, in the short term, the watershed protection efforts require additional legal support, but in the form of client counseling, reviewing documents for legal sufficiency, legal research, interagency coordination, and negotiations, rather than increased litigation or appeals.

*Question.* Is litigation declining as a result of emphasis on basin wide areas?

Answer. Certainly in the short term the answer is no. Existing litigation is not immediately resolved. Also, as watershed management efforts are initially undertaken, novel legal issues arise. Some of these are likely to be challenged. Over the next several years, we do anticipate a reduction in litigation, as issues related to the development of watershed management programs are resolved, and litigation over piecemeal management efforts declines.

The Office has identified the lack of up-to-date computer technology as a serious problem.

*Question.* What is the specific timetable for implementation of DOINET links to all Office employees?

Answer. At this time, we do not have sufficient resources to establish DOINET links to all Office employees, given the high cost of the necessary hardware and software. Instead, we are proceeding incrementally, with our first goal being to establish a DOINET link to one computer in each of our six headquarters divisions and seven regional offices. Currently, DOINET connections have been made in all six divisions and in four regional offices, and we are making good progress in two additional regions.

Where a regional office is in reasonable proximity to a client bureau, we have generally been able to extend their DOINET connections to our office. In other locations, it will be more difficult and costly for us to make the connections. We hope to complete these initial connections this calendar year. As resources permit thereafter, we will establish additional links with our 11 field offices and extend the existing links to additional workstations in each location. In order to do so, however, we will need to upgrade our workstations and purchase additional software to take advantage of the DOINET links.

*Question.* What is the estimated timetable for implementation of the Office home page on the World Wide Web?

Answer. We expect to have an Office of the Solicitor home page on the World Wide Web, with limited features, by the end of fiscal year 1997.

The Office reports a significant increase in litigation and counseling issues with a specific note regarding Equal Employment Opportunity (EEO) programs. The Department estimates that pending cases before the Equal Employment Opportunity

Commission (EEOC) will be reduced by approximately 60. The Department also estimates that the number of new cases will continue to decline in fiscal year 1998 from its fiscal year 1996 levels.

*Question.* What are the factors affecting this decline?

Answer. As noted in the Departmental Management budget justification, policy guidance, training, and technical assistance have been provided to the bureaus to increase their effectiveness in resolving EEO allegations and complaints. The counseling program has resulted in the resolution of 79 percent of all pre-complaint allegations, and additional cases have been resolved through the use of alternative dispute resolution and settlement negotiations.

A contributing factor in these successes may be the significant backlog of cases awaiting hearing at EEOC, which has resulted in fewer cases being scheduled for hearing in fiscal year 1997. This is likely to be only a temporary respite, as we are expecting EEOC to schedule a greater number of hearings in fiscal year 1998 to reduce its backlog. In the meantime, the EEOC backlog and attendant delays have influenced some complainants to opt for agency decisions without a hearing in order to obtain more expeditious consideration of their allegations.

*Question.* What level of Office of the Solicitor involvement has assisted in the decline?

Answer. The Solicitor's Office has been heavily involved in the efforts cited by the Department, including developing written guidance and providing training for managers and EEO officials. Some recent examples include our Office's active participation in development of the Department's zero tolerance policy on harassment and discrimination, and in EEO training for managers and EEO officials in Anchorage, Alaska; Rapid City, South Dakota; Albuquerque, New Mexico; and Denver, Colorado. We also have taken a proactive role in the development of effective diversity strategies and have provided extensive counseling in EEO matters. We believe these efforts have resulted in a better understanding of the EEO process and diversity issues by managers, and an increase in the effectiveness and professionalism of the bureau EEO staffs. This in turn has contributed to earlier resolution of complaints, as well as avoiding the filing of some complaints altogether.

In addition, the Office is settling more cases prior to an EEOC hearing. The backlog in EEOC cases awaiting hearings has decreased our litigation work in fiscal year 1997, but it has substantially increased our work in providing legal review of the Department's decisions on complaints. There has been almost a 300 percent increase in our review of agency decisions over the comparable period last year.

*Question.* What is the Solicitor's cost for processing these types of cases when settled informally, resolved formally, or heard by EEOC?

Answer. We estimate that it costs our Office, on average, $170 to provide legal services in connection with a case settled at the informal stage (i.e., during EEO counseling); $2,280 for a case resolved at the formal stage (i.e., subsequent to the filing of a formal complaint but prior to an EEOC hearing); and $5,470 for a case heard by EEOC. Cases that proceed to an EEOC hearing are among the most labor-intensive and expensive in the Office, as our attorneys must provide a full range of litigation services without any assistance from the Department of Justice. The chart below shows the number of each type of case we expect to handle during fiscal year 1998, the average cost per case, and the total amount we expect to spend on these cases:

COST OF PROCESSING CASES

[Whole dollars]

| | Number of EEO cases [1] | Estimated average cost | Estimated total cost |
|---|---|---|---|
| Informal stage | 50 | 170 | 8,500 |
| Formal stage | 135 | 2,280 | 307,800 |
| EEOC hearing | 200 | 5,470 | 1,094,000 |
| Total | | | 1,410,300 |

[1] Number expected in fiscal year 1998.

OFFICE OF THE INSPECTOR GENERAL

*Question.* The OIG's statistical results are displayed on pages 4 and 5 of the OIG's budget justification. Please provide the Subcommittee with comparative data for these items for fiscal year 1992–1996.

Answer. The information is provided in the following table.

## OFFICE OF INSPECTOR GENERAL COMPARATIVE DATA

| | Fiscal year— | | | | |
|---|---|---|---|---|---|
| | 1996 | 1995 | 1994 | 1993 | 1992 |
| AUDIT ACTIVITIES | | | | | |
| Audit reports issuedor processed | 912 | 960 | 869 | 1,194 | 1,003 |
| Internal audits | 64 | 60 | 82 | 85 | 102 |
| Contract audits | 45 | 97 | 124 | 160 | 155 |
| Single audits | 803 | 803 | 663 | 949 | 746 |
| Indirect cost proposals negotiated | 350 | 425 | 471 | 436 | 408 |
| IMPACT OF AUDIT ACTIVITIES—IN MILLIONS OF DOLLARS | | | | | |
| Total monetary impact | $294.3 | $278.3 | $879.8 | $1,321.2 | $1,333.2 |
| Questioned costs | $16.3 | $16.9 | $47.9 | $19.6 | $15.5 |
| Recommendations that funds be put to better use | $191.9 | $97.3 | $380.6 | $631.2 | $291.8 |
| Lost or potential additional revenues | $86.1 | $164.1 | $451.3 | $670.4 | $1,025.9 |
| Internal audit recommendations made | 188 | 211 | 321 | 429 | 430 |
| Internal audit recommendations resolved | 147 | 172 | 198 | 636 | 238 |
| ADMINISTRATIVE ACTIONS TAKEN BY BUREAUS | | | | | |
| Matters referred for administrative action | 144 | 181 | 166 | 225 | 234 |
| Removals/resignations | 15 | 7 | 15 | 18 | 15 |
| Employee suspensions | 13 | 7 | 10 | 16 | 3 |
| Number of days | 284 | 101 | 330 | 319 | 40 |
| Downgrades | 2 | 1 | 4 | ..... | 2 |
| Reassignments/transfers | 5 | ..... | ..... | 3 | ..... |
| Reprimands/counseling | 28 | 15 | 15 | 13 | 22 |
| Contractor suspensions | 3 | ..... | ..... | ..... | ..... |
| Contractor debarments | ..... | ..... | ..... | 5 | 11 |
| Other personnel action | 12 | 1 | 18 | 3 | 3 |
| Other procurement remedies | 2 | ..... | ..... | 1 | 2 |
| Other administrative remedies | ..... | ..... | ..... | ..... | 28 |
| General policy actions | 40 | 30 | 20 | 20 | ..... |
| INVESTIGATIVE ACTIVITIES | | | | | |
| Total reports issued | 163 | 159 | 185 | 181 | 184 |

| | | | | | |
|---|---|---|---|---|---|
| Cases closed | 125 | 118 | 141 | 137 | 126 |
| Cases opened | 238 | 81 | 94 | 110 | 107 |
| Cases pending | 447 | 281 | 269 | 279 | 268 |
| Hotline complaints received | 226 | 432 | 484 | 471 | 397 |
| Hotline referrals closed | 303 | 133 | 322 | 326 | 390 |
| Hotline referrals pending | 104 | 326 | 287 | 310 | 287 |
| IMPACT OF INVESTIGATIVE ACTIVITIES | | | | | |
| Indictments/informations | 65 | 41 | 47 | 59 | 46 |
| Convictions/pretrial diversions | 45 | 25 | 36 | 51 | 58 |
| Sentencings | 37 | 41 | 40 | 52 | 60 |
| Jail (months) | 1,480 | 341 | 519 | 365 | 858 |
| Probation (months) | 1,992 | 1,536 | 1,890 | 1,796 | 1,700 |
| Community service (hours) | 1,324 | 1,050 | 1,824 | 2,703 | 4,450 |
| Cases referred for prosecution during year | 81 | 57 | 76 | 83 | 72 |
| Cases declined | 31 | 15 | 33 | 33 | 19 |
| Cases pending prosecutive action—end of year | 168 | 132 | 110 | 187 | 86 |
| Administrative actions | 118 | 61 | 82 | 79 | 100 |
| Recoveries/restitutions—in millions of dollars | $2.326 | $1.810 | $3.660 | $3.449 | [1] $8.123 |
| Civil judgments—in millions of dollars | $.003 | $9.952 | $.948 | $.008 | $1.501 |
| Civil referrals | 20 | 6 | 4 | 8 | 3 |
| Civil declination | 4 | 4 | 4 | 3 | 2 |
| Civil judgments | 1 | 3 | 3 | 1 | 2 |

[1] Fiscal year 1992 recoveries were substantially higher due to a $6 million fine in one case.

The statistics reported in the Semiannual Reports to the Congress for fiscal year 1992 to 1996 revealed that the total number of audit reports issued or processed during that time declined 10 percent, from 1,003 in fiscal year 1992 to 912 in fiscal year 1996, including a 37 percent decline in internal reports—from 102 to 64, and a 71 percent decline in contract audit reports—from 155 to 45. The major factors contributing to the decrease in the number of internal and contract audits were: (1) the Chief Financial Officers (CFO) Act of 1990 requirement to audit the Department's financial statements—this resulted in an increase of 23 staff years devoted to CFO audits between 1993 and 1996; (2) reductions in audit staff—the number of auditors and analysts decreased 18 percent, from 225 to 184, in fiscal year 1992 to 1996 because of a lack of funds to replace auditors who retired or otherwise left OIG; and (3) OIG travel funds have been reduced because funds have been used, in part, to absorb increased costs of salaries, statutorily mandated availability pay for criminal investigators, and other uncontrollable costs which were not funded over the years.

A more detailed discussion of these factors and how they have impacted audit operations follows.

CFO Act Audits. To fulfill the requirements of the Chief Financial Officers Act of 1990, the OIG has devoted an increasing percentage of staff to CFO audits. For example, in fiscal year 1993, about 26 staff years (11 percent of available staff) were charged to the five CFO audits performed for that year. By fiscal year 1996, we had fully implemented the CFO Act and performed 15 CFO related audits, which increased the resources required for these audits to 49 staff years (about 27 percent of available staff). The combination of staff reductions and increased resources devoted to CFO audits has greatly reduced the staff available to accomplish audits of programs and operations that have historically resulted in a large monetary impact.

While we are taking steps to reduce the resources necessary to conduct CFO audits, increasing requirements related to CFO audits make that difficult. These requirements include: (1) additional steps required by the Federal Financial Management Improvement Act of 1996; (2) the General Accounting Office's request that the OIG use its Financial Audit Manual as the primary audit guidance for accomplishing CFO audits; and (3) additional reviews required by new Federal Accounting Standards Advisory Board Statements including: Statement No. 4, Managerial Cost Accounting Concepts and Standards, Statement No. 5, Accounting for Liabilities of the Federal Government, and Statement No. 8, Supplemental Stewardship Reporting.

The CFO audits have resulted in significant improvements in the financial management systems within the individual bureaus and thus in the Department as a whole. However, these positive results are not reflected in the statistics in the Semiannual Report.

Reductions in Audit Staff and Travel Funds. The combination of staff reductions as a result of budgetary restraints and increased resources devoted to CFO audits has greatly reduced the staff available to accomplish audits of programs and operations that have historically resulted in a large monetary impact. As noted earlier, between fiscal year 1992 and 1996, the audit staff was reduced from 225 to 184 employees. Included in this reduction is a decrease from 30 to 16 auditors in the Virgin Islands and Guam audit offices.

In addition, the travel funds available to perform audits declined about 71 percent from fiscal year 1992 to 1996, from $1.1 million to $326,135. Because Departmental offices are in about 2,000 locations (some very remote), the number of audits we can perform has been impacted by the reduction in travel funds. During our reviews in recent years, we frequently were unable to visit the number of locations required to enable us to project audit results. Instead, we reported the monetary impact only for the locations visited. The reduction in travel funds has also impacted our ability to perform Nationwide royalty-related audits involving major oil and gas leaseholders.

The reduction in the travel budget has especially impacted our ability to perform audits in the insular areas, which include the Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Republic of Palau, the Federated States of Micronesia, and the Republic of the Marshall Islands. The total travel budget of our audit offices performing these audits (located in Guam and the Virgin Islands) has decreased from $110,000 in fiscal year 1994 to $62,500 in fiscal year 1996 despite increases in airfares, per diem rates, and other travel-related costs during that time. The travel costs in these areas are especially high because of their remote locations (where we do not have permanent staffs).

Reduction in Contract Audits. From fiscal year 1992 to 1996, the number of contract audit reports decreased from 155 to 45. However, the number of contract audits performed from one year to the next is not exclusively under the control of the

OIG. Contract audits are performed based on a request from either a contracting officer or a grant manager or upon notification that the Defense Contract Audit Agency is scheduling an audit of a Departmental contractor. The number of audits of cost proposals requested by contracting officers decreased from 53 in fiscal year 1993 to two in fiscal year 1996. Also, the number of audits of costs incurred by contractors performed by the Defense Contract Audit Agency decreased from 33 in fiscal year 1993 to 18 in fiscal year 1996. In addition, the number of special audit reports decreased from 40 in fiscal year 1993 to 13 in fiscal year 1996. The majority of these reports are prepared by the Defense Contract Audit Agency and are audits of the internal controls of major defense contractors. Other factors contributing to the decrease were: 1) the elimination of direct funding ($350,000 in fiscal year 1993) for OIG requests for audits by the Defense Contract Audit Agency after fiscal year 1993; 2) the staffing requirements of the CFO audits that reduced the number of auditors available for the OIG to perform contract audits; and 3) the decrease in BOR major dam construction activity as a result of a change in its mission that resulted in fewer requests for audits and smaller contractor claims to review. The OIG reports had typically identified significant savings in the past for these kinds of audits.

Reduction in Monetary Impact Because of CFO Requirements, Reduced Staff, and Reduced Travel Funds. The CFO staffing requirements, reduced staff, and reductions in travel funding have impacted our ability to conduct audits (including follow-up audits) in the following areas where, historically, we have issued audit reports with significant monetary impacts and recommendations to improve Departmental operations.

Bureau of Reclamation Audits. In fiscal year 1993 and 1994, we issued two BOR audit reports which accounted for about $400 million, or 18 percent, of the total monetary impact reported by the OIG during that time. Some of the recommendations in these reports are still in the implementation process. Factors discussed above have impacted our ability to conduct similar audits and follow-up audits of BOR to determine whether the recommendations are fully implemented as intended.

National Park Service Audits. During fiscal year 1992 and 1993, the OIG performed audits with major monetary impacts in concessions management, recreation fees, and special use fees. For example, in fiscal year 1993, the OIG issued one report on recreation fee charges and collections that had a monetary impact of $229 million. As a result of these audits, significant changes were made to revenue collections in the national parks. These kinds of audits involve large staffs. However, factors discussed above have decreased the staff and travel funds available to perform similar audits.

Minerals Management Service Audits. During 1992 and 1993, the OIG conducted several Federal oil and gas royalty audits that had a high monetary impact. For example, our review of gas contract settlements in 1992 resulted in recommendations that had a potential monetary impact of $754 million, and a review of offshore oil and gas leasing in 1993 resulted in increased revenues to the Government of about $181 million. Factors discussed above have impacted our ability to conduct similar audits of MMS and follow-up audits to determine whether the recommendations were fully implemented as intended.

Conclusion. While the number of audit reports and the monetary impact of the OIG program have decreased, we continue to evaluate our operations and to initiate new and innovative approaches to optimize the use of our resources to provide value and assistance to the Congress, the Administration, Departmental managers, and the taxpayers in building a Government that "works better and costs less." The value of assisting in the identification and implementation of improvements in programs and operations cannot always be easily measured in dollars and cents. For example, over the past couple of years, we have attempted to be increasingly responsive to requests from the Congress and Departmental managers for our audit services. The audits and audit assistance we provided in this regard have resulted in substantial improvements in the programs and operations of the Department of the Interior.

## OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

Secretary Babbitt, we have been dealing with the difficult issues of the United States trust responsibility since the establishment of the relationship with Natives. In relatively recent years, say within the last decade, Congress has tried to tackle the task of reconciling Native land title records, Native land and natural resource management, and trust fund management. The United States has a trust responsibility in regard to the management of 40 million acres of tribal land and 10 million acres of land owned by individual Indians, for which legal title is held by the United

States. As trustee, the Government is responsible for managing the assets, collecting the income from them, and investing and disbursing the money collected. Congress has assigned management to you, the Secretary of the Interior.

Congress created the Office of the Special Trustee (OST) in the Indian Trust Fund Management Reform Act of 1994. We did this in response to evidence that the Interior Department has failed to meet the basic obligations of a trustee.

In 1996, the Office of Trust Funds Management and other trust services functions of the Bureau of Indian Affairs (BIA) were transferred to OST. As a result, OST now has the responsibility for trust moneys of Indian Tribes and individual Indians. Other trust functions, principally natural resource asset management activities, are still carried out by BIA, MMS, and BLM.

The OST was directed by Congress to develop a Strategic Plan for trust management to ensure proper and efficient discharge of the Secretary's trust responsibilities.

The Special Trustee submitted the Strategic Plan to you and to Congress in April—after the President submitted the Department's request for funding for the OST. I'd like to talk to you about the Department's formal request and the Special Trustee's plan.

The President's Budget Request is for $39.337 million. This amounts to a $4.7 million increase related to program changes and $499 thousand in uncontrollable costs compared to the fiscal year 1997 enacted level of $34.1 million. The Budget Request includes $16 million for implementation of the Plan.

*Question.* Will the Office move forward with the Special Trustee's Strategic Plan, which was submitted in response to Congressional mandate?

Answer. The OST cannot move forward with its proposal to create a single organization to manage the U.S. Government's trust responsibilities to American Indians and American Indian Tribes for trust resource management, trust funds management and land title and records management (collectively, trust management activities). Implementation would require substantive changes in law.

However, there are no legislative changes required for certain components of the plan, and some of these proposals are currently being implemented. For example, the Office of Trust Funds Management (OTFM) is continuing to make progress in an ongoing Individual Indian Money (IIM) data cleanup effort; elimination of land title and records backlogs will proceed in earnest if funding requested in the 1998 BIA budget for Land Records Improvements is approved by the Congress.

In addition, acquisition of new systems should be able to proceed after a number of fundamental issues are addressed by the Special Trustee, including providing sufficient alternatives and benefit/cost analyses and preparing an adequate implementation plan. The proposed acquisition of a Trust Asset and Accounting Management System (TAAMS) will be reviewed pursuant to the requirements of the Information Management Technology Reform Act, (ITMRA) under the direction of the Department's new Chief Information Officer to ensure that the system meets these and other legislative requirements and is consistent with Administration policies.

*Question.* What, specifically, will the OST accomplish in fiscal year 1998 with $39 million?

Answer. The 1998 OST budget includes both ongoing operating funds, and funds for improvement efforts. About $20.6 million of the request supports on-going operations, and the remaining $18.7 million is for improvement initiatives.

*Operations.*—Approximately $16.8 million of operations funding is allocated to OTFM and its area and field staff. These funds support the management of more than $2.5 billion in balances currently held in trust. Activity in the trust funds total more than $1.9 billion in receipts annually (including investment income) and $1.7 billion in disbursements. The 1998 funding for operations includes a modest increase of $0.2 million to fund the full cost of the annual lease trust system for tribal accounts; specifically, the funds will be used to support two sub-systems needed to comply with the Chief Financial Officers Act. Specific information on base operations is included in the Budget Justification as well as the fiscal year 1997 Semi-Annual Status Report submitted to the Subcommittee on June 19, 1997.

Operations funding is also allocated to support ongoing settlement and litigation support. Specific information on base operations is included in the Budget Justification as well as the fiscal year 1997 Semi-Annual Status Report submitted to the Subcommittee on June 19, 1997. The 1998 request includes an additional $0.6 million required for the significant activities necessary to support the IIM litigation, as well as other litigation and settlement activities stemming from the tribal reconciliation project.

A total of $1.7 million is requested under Executive Direction which supports the Immediate Office of Special Trustee, its advisory board, and the Intertribal Monitoring Association.

*Improvement initiatives.*—A total of $16.8 million is requested under Strategic Plan-Systems; this amount is in addition to $13.4 million appropriated in 1997 which largely remains available for obligation. Of the $30.1 million available for 1997 and requested for 1998, the Special Trustee has proposed the following allocation to the various components of his Strategic Plan.

STRATEGIC PLAN COST

[In thousands of dollars]

| | Fiscal year— | | | |
|---|---|---|---|---|
| | Strategic plan 1997–98 request | 1997 budget | 1998 budget | Total 1997–98 budget |
| I. Standard trust asset and accounting management system and land title and records management system | 15,933 | 6,050 | 4,687 | 10,737 |
| A. Trust asset and accounting management system (TAAMS) | 8,237 | 4,800 | 3,437 | 8,237 |
| B. Land titles and records management system (LTRMS) | 3,196 | ..... | ..... | ..... |
| C. General ledger system (GLS) | 2,000 | ..... | ..... | ..... |
| D. Interface development | 2,500 | 1,250 | 1,250 | 2,500 |
| II. Information technology infrastructure | 13,215 | 1,511 | ..... | 1,511 |
| A. AITDA, BIA, MMS, BLM | 10,458 | 1,158 | ..... | 1,158 |
| B. Tribes including end-user training | 2,757 | 353 | ..... | 353 |
| Subtotal systems costs | 29,148 | 7,561 | 4,687 | 12,248 |
| III. Data conversion, reconciliation and backlog clean-up | 27,535 | 2,000 | 4,000 | 6,000 |
| A. Probate Related Backlog clean-ups | 6,000 | ..... | 1,000 | 1,000 |
| Agency | [600] | ..... | ..... | ..... |
| Hearings and appeals/administration Law | [1,400] | ..... | ..... | ..... |
| Land titles and records offices | [4,000] | ..... | [1,000] | [1,000] |
| B. File clean-up, data/document check | 4,400 | 2,000 | 1,000 | 3,000 |
| C. IIM/Lease/subsystem conversion/reconciliation | 1,375 | ..... | 1,000 | 1,000 |
| D. LRIS conversion/owner reconciliation/defective title clean-up | 2,600 | ..... | 1,000 | 1,000 |
| E. Imaging clean-up | 3,160 | ..... | ..... | ..... |
| F. Appraisal clean-up and ongoing management | 10,000 | ..... | ..... | ..... |
| IV. Implementation | 31,573 | 3,789 | 8,070 | 11,859 |
| A. Imaging | 2,730 | 500 | ..... | 500 |
| B. Training AITDA, BIA, MMS, BLM | 6,417 | ..... | 4,859 | 4,859 |
| C. Policy, procedure and legal manuals | 4,000 | 2,000 | 1,000 | 3,000 |
| D. Risk management | 4,520 | ..... | ..... | ..... |
| E. Archives and records management | 10,406 | ..... | ..... | ..... |
| F. External professional services | 3,500 | 1,289 | 2,211 | 3,500 |
| V. Management | 3,687 | ..... | ..... | ..... |
| Total | 91,943 | 13,350 | 16,757 | 30,107 |

The Special Trustee's Strategic Plan is ambitious—and, I understand that you, the Administration, and OMB oppose it.

*Question.* Why?

Answer. The Department believes that the Special Trustee's Strategic Plan goes beyond the objectives of the American Indian Trust Fund Management Reform Act. This Act specifically states that the office was established to oversee and coordinate reforms of Departmental practices relating to the management and discharge of Indian trust responsibilities to ensure that reform of such practices in the Department are carried out in a unified manner. The Department does not believe the Act envisioned fully removing trust accounting and management functions from the Department.

The plan recommends major investments to bring Indian trust asset management functions up to commercial trust standards, without providing sufficient alternatives and benefit/cost analyses to support the proposed level of investment. Such analyses are required by the Clinger-Cohen Act (ITMRA) and envisioned by the Trust Reform Act and its legislative history.

The plan's usefulness to the Administration and Congress is limited because it only offers one model, the creation of a Government Sponsored Enterprise (GSE). Inherent in this proposal is the assumption that the Congress will be able, in these tight budgetary times, to adequately fund a stand alone GSE which would provide enhanced financial and banking services to 300 Tribes and 300,000 individual Indians. Such an assumption is unrealistic, given the numerous competing demands the Government faces to fulfill its current responsibilities.

Additionally, given the Special Trustee's own assessment that BIA trust functions have been seriously underfunded and understaffed, the Administration questions the conclusion that BIA could not perform these functions if it was provided adequate resources—particularly if improvement efforts were overseen by a Special Trustee with budgetary control over improvement dollars, as proposed in the President's 1998 Budget request. Indeed, a number of such improvements to trust funds management were implemented prior to the transfer of financial trust services to OST. While some reorganization of trust functions within BIA or the Department may be warranted, the Administration simply cannot support the separation and dissipation of the government-to-government trust relationship that would result if this proposal were implemented.

The Special Trustee has asked us to appropriate $80–$100 million for fiscal year 1998, compared to the Department's $39 million request. There is a gap of almost $50 million between the President's request and the Special Trustee's request, just through 1998. In addition, the Special Trustee states that an additional $76 million would be required in 1999; and between $56 million and $61 million would be required thereafter in on-going recurring costs for Phase I.

In the first phase, the Special Trustee proposes the creation of an "American Indian Trust and Development Association" (AITDA), a new independent government enterprise. Authority, responsibility, and funding of all Indian trust activities are proposed to be transferred to AITDA, including natural resource management and land records and title functions of BIA; inspection and enforcement of oil and gas leases on Indian lands by BLM; and royalty management of Indian leases of MMS.

Phase I of the Strategic Plan is designed to bring the trust management and management information systems up to commercial standards within two years. The Special Trustee says he needs $80–$100 million in each of the next two years to accomplish all of this.

In total, implementation of the Special Trustee's recommendation for Phase I would mean transferring about $250 million from the budget of the Department of the Interior to the American Indian Trust Development Association.

I understand that OMB, the Administration, and you, personally, oppose the Strategic Plan.

*Question.* Do you support this part of the Special Trustee's plan?

Answer. The Administration does not support transferring funding and responsibility for Indian trust management activities from the Department to the American Indian Trust and Development Administration, a new independent government enterprise.

*Question.* Do you oppose it because it will cost too much to the Department, or do you disagree with the idea generally? What do you object to?

Answer. The Administration does not simply oppose the plan because it costs too much. The plan recommends major investments to bring Indian trust asset management functions up to commercial trust standards, without providing sufficient alternatives and benefit/cost analyses to support the proposed level of investment. Such analyses are required by the ITMRA and envisioned by the Trust Reform Act and its legislative history.

The Administration objects to the removal of Indian trust resource management functions from the Department and the broadening of the Department's investment responsibilities. Rather than expanding financial services to Tribes and individuals, we should be concentrating our efforts to improve the performance of our current responsibilities. Additionally, while there is general agreement about the need to replace or acquire new systems, the Administration has serious concerns about the level of analysis and implementation details supporting the systemic recommendations in the plan.

*Question.* How much of your objection to the idea of moving all trust functions into a single agency relates to a fear of what the loss of $250 million of Interior Department funding would mean?

Answer. None. However, the Department would object to redistributing this level of funding from other programs in the Department, or elsewhere from the Federal Government, given the current level of analysis prepared in support of the Special Trustee's recommended funding levels.

I have heard that some Tribes have expressed concerns over this proposal, claiming that they do not think the Office of the Special Trustee will be able to manage these functions.

*Question.* Have you heard from the Tribes on the idea of consolidating all trust management functions into a single agency? Do they support consolidation? Why or why not?

Answer. The Special Trustee's Strategic Plan does not propose to move all trust functions to the Office of Special Trustee; rather the plan proposes a single organization, distinct from OST, to perform trust management activities, and would operate as follows, per the Strategic Plan:

This will involve consolidating trust resource, trust funds and land ownership and records management processes into a single, independent institutional unit with its own management structure to accommodate the restructuring and reorganization contemplated by Phase I of the Strategic Plan. The unit should be organized by function and dedicated exclusively to trust management. The unit should be managed by a full time Chairman and a Board of Directors appointed by the President and confirmed by the Senate. The unit's proposed organizational form is as an independent GSE subject to Congressional oversight.

A majority of the participants in the consultation hearings on the Special Trustee's draft Strategic Plan preferred that the management of natural resources remain with BIA and Self-Governance Tribes, rather than be transferred to AITDA as proposed in the draft Strategic Plan. The Special Trustee believes he has adopted this preference in the final Strategic Plan by proposing that resource management functions will continue to be performed by BIA, but will be subject to the oversight of AITDA. The AITDA will have authority and budget control (all funding is proposed to be appropriated under AITDA) over natural resource management and will out source such activities to BIA, which will act as a service bureau to the Trustee.

The Tribal Consultation Report on the Draft Strategic Plan has been previously provided to the Subcommittee. The following letters are additional written comments received subsequent to the issuance of the Strategic Plan on both the draft plan and the final plan, for the Subcommittee files.

[The letters follow:]

LETTER FROM THE COUNCIL ANNETTE ISLANDS RESERVE

METLAKATLA INDIAN COMMUNITY,
*Metlakatla, AK, March 24, 1997.*

House of Representatives,
*Interior Appropriations Subcommittee,*
*Washington, DC.*

MR. CHAIRMAN: Our tribe recently received a copy of the draft "Strategic Plan to Implement the Reforms Required by the American Indian Trust Fund Management Reform Act of 1994".

While certain aspects of the Plan have merit, we are concerned that a majority of the Plan needs more careful study. The Special Trustee has recommended that trust management duties, responsibilities and activities, including Trust Resources Management, Trust Funds Management, and Land Title and Records Management be transferred to a new government sponsored organization outside the Department of the Interior. The proposed plan would fundamentally change the way American Indian trust activities are managed by the Federal Government and needs considerable review and examination.

In its current form, the Plan does not provide sufficient information as to how the Plan is intended to address a range of key issues such as funding and accountability. In addition, it is not clear that the Plan would succeed in establishing a more effective trust management, nor is it clear that the Plan will protest the principles underlying federal trust responsibility.

In that regard, we strongly urge restraint in any appropriations which would implement any portion of the proposal as it relates to removal of further functions from the Bureau of Indian Affair.

We expect to continue our review and actively participate with other tribes in evaluating the Plan. As you know, plans for Indian Country of the past have not worked well when they don't have the full participation of the tribes in their development. We will expect to communicate further with your committee as the process moves forward.

Sincerely,

JAMES E. SCUDERO,
*Acting mayor.*

LETTER FROM THE KLAMATH TRIBES

THE KLAMATH TRIBES,
*Chiloquin, OR, April 10, 1997.*

Re Response to the OST strategic plan proposal.

Mr. BRUCE BABBITT,
*Secretary, Department of the Interior,*
*Washington, DC.*

DEAR SECRETARY BABBITT: By this letter the Klamath Tribes will make known its position and opinions concerning the proposals being forwarded by the Office of Special Trustee (OST).

The Klamath Tribes resolutely and steadfastly reject the recommendations being presented by the OST. We base our rejection upon the following:

—1. The OST has not consulted properly with Tribes. The four regional meetings conducted by OST do not and can never be considered as consultation with the 535 tribes.

—2. The answers to questions raised at the four meetings have not been distributed to the tribes with sufficient time to review, analyze and understand the answers. The questions posed were to issues which cut to the heart of the federal/tribal relationship.

—3. The Tribes were not involved in the formulation of the charge to the OST, nor involved in the development of the OST agenda.

—4. The creation of a development bank may be a reasonable idea, but the bank should not be used as a means to gain control of Indian monies and land.

—5. The recommendations of OST appear to define trust responsibility to mean only trust as it applies to monetary accounts and land issues, all other trust related responsibilities of the Federal Government are dismissed as governmental responsibilities. This redefinition of trust responsibility is tantamount to financial and political termination of the tribes.

Lest you believe the Klamath Tribes may not understand the issues or the implication of the recommendations of the OST, I would like to provide you with some information which will give you context for our Tribes' response.

The Klamath Tribes has been intently following those issues which led to the formation or the OST. Like most people, the Klamath Tribes suspected there might have been mismanagement with the monetary accounts of tribes and individual Indians. But unlike most, the Klamath Tribes has had first hand experience with the federal government's mismanagement of tribal and individual tribal members financial and land affairs through that great injustice of the mid-fifties called termination.

During the termination era Klamath's had their land and resources taken from their control and were forced to either accept a single cash payment or have your assets placed into a special trust administered by a bank.

Some members chose the single cash payment and others had their assets placed in control of a bank. The emotional and spiritual scars of this arrangement notwithstanding, the assignment of tribal members assets to a special trustee led to a whole catalogue of abuses which the tribe was powerless to stop. The special trustee sold lands and assets and resisted any and all attempts by tribal members for an accounting of the assets and land sales. In addition the special trustee charged the tribal members accounts to support their brutal mismanagement of Indian assets and monies. Meanwhile, tribal members were literally forced to beg the special trustee for access to their own funds. And the Special Trustee could and did determine how much money and when a tribal member could access their funds.

I can continue with a litany of other equally horrific tales of my people's experience with banks and Special Trustees, but suffice it to say the Klamath Tribes will not agree to the recommendations and will steadfastly resist any and all attempts by the Federal Government to implement the current OST recommendation.

The Klamath Tribes would however, support a position whereby the Tribes can become an active participant in the crafting and development of recommendations on how best to address the issues of the fractionated lands, development banks and trust responsibilities and services required of, and provided by, the U.S. Government. If I can provide you with any additional information on this topic, please feel free to call upon me.

Sincerely,

JEFF C. MITCHELL,
*Tribal Chairman.*

LETTER FROM THE TIGUA INDIAN RESERVATION

TIGUA INDIAN RESERVATION,
YSLETA DEL SUR PUEBLO,
*El Paso, TX, March 27, 1997.*

Hon. BRUCE BABBITT,
*Secretary of the Interior,*
*Washington, DC.*

DEAR MR. BABBITT: Enclosed are comments from the Ysleta del Sur Pueblo regarding the Draft Strategic Plan Proposed by the Office of the Special Trustee for American Indians.

Overall, the Pueblo is opposed to the plan since it appears to be in the best interest of big government. The Pueblo feels the plan focuses on creating another bureaucratic tier without any assurance of its success. Duplication of services is not the solution in our opinion.

Should you have any additional requests, feel free to call us at (915) 859–7913.

Sincerely,

VINCE MUNOZ, *Governor.*

Attachment:

---

YSLETA DEL SUR PUEBLO'S

COMMENTS ON THE DRAFT STRATEGY PLAN PROPOSED BY THE OFFICE OF THE SPECIAL TRUSTEE FOR AMERICAN INDIANS

*Revampment yes. More bureaucracy, no.*

The Ysleta del Sur Pueblo agrees that there needs to be a revampment of the current trust funds management system, however, disagrees with the methods proposed by the Special Trustee. We support reform efforts that would strengthen regulatory standards and practices for the management and accounting of trust funds, as well as agree to the need for reconciliation and updating of land titles and records. We further support efforts to update and centralize record keeping systems, but creating an entirely separate bureaucratic tier in order to do this seems ludicrous. It seems to us that strong sanctions penalizing the mismanagement and misaccounting of trust funds would be a stronger message to send than just "Let's start all over." We should alleviate the problem, not make it worse which is what we think is going to result from this new system.

*Strategic plan poses questions as to whether a separate organization is needed to handle trust mismanagement issues and carry out the Government's trust responsibility.*

The plan suggests that the American Indian Trust and Development Administration (AITDA) will assume the legal trust responsibility while the BIA will continue to address areas of general trust responsibility and continue providing other services which have been scrutinized. If the plan is approved, the efforts of the Reorganization Task Force will prove to be futile. The entire goal of the Task Force is to diminish the BIA, however, this plan will only make it that much more difficult. What about funds to operate this new system? Where will they come from? Will the AITDA compete for the same limited financial resources? It seems hypocritical that the Special Trustee identified the competition for scarce financial resources as a reason for trust resource mismanagement, yet under this plan would be doing the exact same thing.

Talk about starting big. There are five management sections with 43 divisions for Phase I alone. This organizational set up is not justified. How much will it cost the tribes to fund the AITDA? This tribe would be interested to see a budget inclusive of start up costs and salaries being that they will most likely be commensurate to those in the private industry. The tribes will be affected by this proposal in one way or other, regardless of how much they say it will not.

*Conclusion*

We stress the need for change within the current trust funds management system, however, are not convinced that the creation of a separate organization is justified, nor necessary.

LETTER FROM THE INTER-TRIBAL COUNCIL, OF THE FIVE CIVILIZED TRIBES

FEBRUARY 28, 1997.

Hon. HILDA MANUEL,
*Deputy Commissioner of Indian Affairs,*
*Bureau of Indian Affairs,*
*Washington, DC.*

DEAR MS. MANUAL: The Choctaw Nation of Oklahoma is very concerned in regard to the proposed transfer of all trust management duties, responsibilities and activities carried out by the Bureau of Indian Affairs to newly created Government entity.

I am requesting that Muskogee Area Director of the Bureau of Indian Affairs, Jim Fields, and the appropriate support staff attend a meeting scheduled for March 12, 1997, in Albuquerque, New Mexico to provide technical assistance to Muskogee Area Tribes at this meeting.

A copy of the letter from special trustee Paul Homan is attached for your informal. Your consideration in this matter will be appreciated.

Sincerely,

CHIEF HOLLIS E. ROBERTS,
*President, Inter-Tribal Council,*
*the Five Civilized Tribes.*

---

LETTER FROM THE KAW NATION

KAW CITY, OK, *March 24, 1997.*

Re Comments to the Consultations for the "Draft Strategic Plan" proposed by the Special Trustee for American Indians.

Mr. PAUL M. HOMAN,
*Special Trustee for American Indians, U.S. Department of the Interior, Office of Special Trustee for American Indians, Albuquerque, NM.*

DEAR MR. HOMAN: The Kaw Nation recognizes and appreciates the hard work, commitment, and diligence you, your staff, and the Office of Trust Funds Management have demonstrated in the reconciliation and acknowledgement of the problems with the American Indian IIM and tribal trust funds. There are many more years (100's) of problems with the recording and management of Indian land, natural resources, and money. The very short period officially examined by the Office of the Special Trustee (OST) only exhibits a near term problem compounded by over 100 years of poor records. Treaties, legislation, Court Decisions, agreements, etc. with Indians have not been thoroughly abided to by the Federal Government according to its Trust Responsibilities and Fiduciary Duties.

The many problems in the management, documentation, accounting, and recording of Indian land transactions, management of Indian natural resources, continued due diligence in the reconciliation of past problems, and the management recording, and accounting of trust funds needs perpetual dedication, oversight, management, and reconciliation. The "new (relatively) BIA" is much different than the "old BIA" in that it is staffed with a majority of Indian people who are dedicated to tribal and Indian needs. However, the current employees of the Bureau are "stuck" with poor record-keeping, poor accounting, not enough funding/staff, and lack of separation of duties (Trust Functions vs. general trust responsibilities). They are building upon poor management/accounting and because of this poor base, they can only compound the situations and problems.

The Kaw Nation, at the March 12, 1996 OST Strategic Plan Consultations, was represented by Walter I. Hare, Jr., Kaw Nation Administrative Services Director. In addition, the Kaw Nation has been in possession of the written "draft" Strategic Plan and the Special Trustee's Assessment, although only for a short period of time prior to the Consultations in Albuquerque.

The Kaw Nation does not agree with the dismantling of the BIA and the removal of the Trust Functions from the Department of the Interior to any "independent government sponsored entity." However the Strategic Plan's recommendation for a "modern, up-to-date, and technology up-grading system" is an intelligent and workable concept. For many years, as evidenced by the immediate past and the Reorganization Task Force, the Honorable Senator John McCain's Senate Bill to re-organize the BIA, the OST reconciliation efforts, and even the 1978 BIA Reorganization task force, attempts to address the many problems have been studied recommended, and continue to collect dust. A re-organization/re-structuring of the BIA is entirely possible using your "technological modernizations, including constant up-grading"

and general organizational chart, only within the BIA and/or the DOI, if properly structured.

The TDbank as an independent government sponsored entity (e.g. Farm Credit Bank) including life-line/full service banking, depository accounts, investment services, retirement accounts for tribes/Indians, some trust department services, etc., is credible and needed. The funding for start-up and operations, including subsidies, will be a problem that can be addressed in the near future. The Kaw Nation currently owns and 100 percent manages a small, but highly successful, Bingo Hall, a full service travel plaza, Kansa Travel Plaza on Interstate-35, that includes gasoline/diesel fuel, a convenience store, a restaurant, and a motel; two smokeshops; over 54,000 sq. ft (Kanza Greenhouses—14 greenhouses, warehouses and office/maintenance building) Greenhouse enterprise; a retail greenhouse within Ponca City city limits; a pharmacy; and is examining future business operations in Oklahoma and Kansas. In addition, the Kaw Nation is currently constructing and/or planning a Gymnasium/Community Multi-purpose facility, a wellness center that includes an indoor swimming pool, cardiovascular and physical therapy services, weight room and aerobics rooms, etc; a new clinic for rural health services, and a museum/social services building. The life-line banking services could greatly assist the Kaw Nation in the management of current resources and future Economic and Business Development activities.

In addition, the Kaw Nation participates as a Self-Governance tribe in both the Department of the Interior's and the Indian Health Services Programs. The clinic, gymnasium/community multi-purpose center, and wellness center are located in Rural areas and will fulfill much needed rural health and recreational unmet needs. However, the maintenance and operations costs for the facilities will be expensive and the Kaw Nation is investigating assisted living for the elderly and additional services.

If you have any questions, you may contact me or Walter I. Hare, Jr., Administrative Services Director, at the address and phone numbers listed on Kaw Nation letterhead. The fax number is (405) 269–2301.

Respectfully,

WANDA STONE,
*Chairperson and CEO.*

*Question.* Why do you think the Tribes oppose the idea? The BIA has done an awful job.

Answer. The Tribes reasons for opposing consolidation of trust functions are varied and are outlined in the consultation report and the additional written comments provided to the Subcommittee.

*Question.* Would you agree with the idea of consolidating trust management functions assuming that professionals in the areas of records management, natural resources management, and oil and gas leasing were hired into the agency?

Answer. At this juncture, the Department does not support consolidation of trust management activities in the manner proposed by the Special Trustee. However, some consolidation may be desirable. Any proposal to consolidate trust management functions either within or outside the Department must be carefully evaluated against other organizational alternatives based upon a complete understanding of mission and underlying activities, core processes, and resources; be supported by a detailed implementation plan; and involve substantive tribal consultation.

*Question.* Could Tribes continue to contract for these functions, as they do now from the various agencies? I don't see why they couldn't.

Answer. Yes; the Strategic Plan proposed by the Special Trustee envisions that Tribes will continue to have the ability to contract or compact trust functions under the Self-Determination Act and Self-Governance Act. Specifically, the Strategic Plan states:

Like a private trustee, the proposed administration of the trust activities would rely on a common set of laws, policies, practices, regulations, and a common Trust Asset and Accounting Management System and a means through annual audits and reviews and administrative oversight and supervision to assure performance by the Self-Governance Tribes. The Self-Governance Tribes would act as service bureaus under delegated authority from AITDA to provide trust management services for which they had expertise. Thus, increasingly in the future, service bureau management of nearly all of the trust management activities could and should be provided by qualified Tribes or American Indians, themselves, under appropriate compacts and contracts, subject to the rules, oversight and supervision of the Federal trustee.

The Special Trustee proposes that during Phase 2, the AITDA would transform into the American Indian Trust and Development Bank—a full service banking, trust, and financial service for individual Indians and Tribes. It would include a national headquarters building, a national archives and records center, and nationwide

branch offices. The Federal Government would provide $500 million in equity contributions and $3 billion in direct long-term loans, and would be required to maintain permanent equity capital equal to five percent of assets.

*Question.* Do you support this part of the plan? It is a purely financial function.

Answer. The Administration does not support the establishment of a Federal American Indian Trust and Development Bank to fulfill the requirements of the American Indian Trust Fund Management Reform Act. However, full banking services are often not available in Indian Country, and the Administration has developed legislative proposals to address the absence of such services. In 1996, the Administration proposed the Native American Financial Services Organization Act to provide technical assistance to local lending institutions with the intention of overcoming barriers to housing and community development lending to help improve Native American housing and economic situations. Similar to the Administration's position on Phase 1 of the plan, the Administration would not support Phase 2 without a clear examination of alternatives and benefit/cost analyses.

*Question.* Are you opposed to specific parts of the plan or to the entire plan? If you are opposed to only parts, which parts? Which parts would you support, and why?

Answer. The Administration objects to the removal of Indian trust management functions from the Department and the broadening of the Department's investment responsibilities. Rather than expanding financial services to Tribes and individuals, we should be concentrating our efforts to improve the performance of our current responsibilities.

There is agreement on the components of the plan relating to the clean up of the accounts and elimination of trust asset processing backlogs; however, the cost estimates to eliminate these backlogs are not fully substantiated and may be overestimated or underestimated. There is also general agreement to improve or replace systems; however, the Administration has serious concerns about the level of analysis and implementation details supporting the systemic recommendations in the plan.

*Question.* If you, the President, and OMB oppose the Special Trustee's plan, what is happening over at OST right now? What do you propose for the Special Trustee? Is Congress spending money wastefully to continue to fund this office if the Administration will not support it?

Answer. The Special Trustee has been requested to address a number of fundamental concerns regarding his proposal, including ensuring that the requirements of the Clinger-Cohen Act and OMB guidance on systems acquisitions are met; developing a realistic implementation plan; and coordinating with impacted Bureaus. The Administration supports effective implementation of the Office of Special Trustee as envisioned in the American Indian Trust Fund Management Reform Act. That is, an office that would ensure Indian trust reform efforts were coordinated. The funding requested in the President's Budget for the immediate Office of Special Trustee is necessary to perform the activities envisioned in the Act.

In a press release commentary on the plan, Mr. Secretary, you were very critical of the plan's overall direction, saying it adds another layer of bureaucracy by creating a quasi-private, quasi-government agency to manage and administer trust funds. In the press release of your commentary you also express concerns that the plan seems to lack a fundamental understanding of the relationship between sovereign tribal governments and Federal trust responsibility.

*Question.* What do you think the Federal trust responsibility entails? Where does it begin? Where does it end? Does it end?

Answer. The United States unquestionably has a trust responsibility with respect to the administration of Indian trust funds and assets, and this responsibility carries with it the fiduciary duties attendant to a trust relationship. The Government's trust obligations arise whenever the United States exercises sufficient control over, or management of, trust property or trust money of Indian Tribes or individual Indians that the necessary elements of a common-law trust are present: a trustee (the United States), a beneficiary (the Tribe or individual Indian), and a trust corpus (timber, lands, funds, etc.). The trust responsibility does not extend to strictly commercial moneys that are the proceeds of Indian business enterprises, such as gaming revenues or revenues from tribally-owned firms.

In general terms, the Supreme Court has described the trust responsibility as a moral obligation of the highest responsibility and trust. The more specific contours of the fiduciary relationship are defined by statutes, regulations, treaties, and executive orders. Congress has enacted a variety of statutes vesting the Secretary with the authority and responsibility to maximize returns from the management of individual Indian and tribal assets and investment of individual Indian and tribal trust funds, consistent with the specific requirements of the statutory provisions. There

also are a number of other statutory provisions delimiting the Government's trust responsibility, including specific requirements for the disbursement, transfer, deposit, and investment of Indian tribal and individual trust funds, as well as related regulatory provisions.

Courts also have relied on common law trust principles to supplement the various statutes and regulations in defining the United States' fiduciary obligations. Accordingly, the Government, like a private trustee, has a general obligation to exercise such care, diligence, and skill in managing and dealing with the trust property as a person of ordinary prudence would exercise in dealing with his or her own property. The United States must administer trust resources in the interest of the beneficiary, so that any profits gained through administration of the trust accrue to the beneficiary. The Government must promptly place trust income into interest-bearing accounts, and maximize trust income through prudent investment. The United States also has an obligation to make a full and proper accounting and to keep clear and accurate accounts.

At the same time, courts also have recognized that the Government's trust obligation is unique and distinctive, in that Congress has required the Government to wear many hats and perform many functions, some of which may be in direct conflict. In this regard, the Government may not always be able to follow the fastidious standards of a private fiduciary, who would breach his duties to his single beneficiary solely by representing potentially conflicting interests without the beneficiary's consent. Consequently, all rules governing the relationship between private fiduciaries and their beneficiaries may not necessarily apply in every situation; rather, the precise scope of the fiduciary obligation of the United States must be determined in light of the relationship between the Government and the particular Tribe.

In sum, the United States' trust responsibility with respect to the management and administration of individual Indian or tribal trust funds or property is best understood as comprising various statutory, regulatory, and other directives, as supplemented by common law principles applicable to trusts and trustees. Its application in each situation may differ depending on the context and particular authorities at issue, but may be guided by the Government's affirmative duty to ensure that tribal and individual Indian trust property and trust funds are protected, preserved and managed in a diligent and prudent manner, so as to produce a maximum return to the Tribes and individual Indian owners, within applicable statutory or other regulatory requirements.

Specifically, the current investment authority for Indian trust funds is limited. Investments are limited to direct investments in U.S. Government securities (Treasury and other agency issues) and insured deposits or deposits collateralized by U.S. Government securities. The Special Trustee proposes a whole new range of trust management products, including savings deposits; voluntary tribal and IIM deposits from all sources, including gaming revenue; income from Federal taxation; and acceptance of retirement accounts.

*Question.* Does the Federal trust responsibility go as far as the Special Trustee's plan proposes?

Answer. No. The Federal trust responsibility does not require acceptance of voluntary deposits or provisions of the additional trust management products proposed by the Special Trustee.

*Question.* Do you believe that the Federal Government's trust responsibility extends into "private banking" for Natives?

Answer. No, however, the Administration is very supportive of efforts similar to the proposed Native American Financial Services Act to ensure that Native Americans are afforded banking services that most Americans take for granted.

On previous occasions, you've expressed the view that the management of trust funds should be handled by a financially-oriented organization like Treasury or the Federal Reserve.

*Question.* Why not support this plan, which proposes moving trust funds out of BIA? Wouldn't this be the solution you've been advocating?

Answer. The Department's expertise is in natural resources management. The Department has felt that the purely financial management components of trust funds could be better handled by financially oriented organizations who deal with these issues on a day-to-day basis as part of their core mission. The Department has never advocated movement of land management functions to a financial organization as the Special Trustee has recommended.

*Question.* If you do not support the plan, why should the Committee provide the $16.7 million included in the President's Budget Request to implement the Strategic Plan?

Answer. The Department believes there is general agreement about the need to acquire adequate systems, cleanup accounts, and eliminate processing backlogs, for

which the $16.7 million is necessary. In brief, the current status of BIA/OST systems can be characterized as follows:

—we have an inadequate IIM accounting system;

—we have no overall accounts receivable/tickler systems;

—we have no overall trust resource/asset management (including lease management) system; and

—improvements to land records systems are necessary to improve efficiencies.

The Department believes supporting systems (e.g., records management) also may require improvements. Additionally, current systems are not integrated, which creates inefficiencies. The lack of overall systems have necessitated that BIA Areas and Agencies develop their own local systems, which are sometimes manual. Such systems are difficult to audit on a comprehensive basis, and therefore we can not easily demonstrate proper management of our trust responsibilities. Current systems that meet BIA and OST needs appear to be available off-the shelf (IIM, accounts receivable, and trust resource).

Additionally, there is an urgent need to commence a thorough clean-up of the probate backlog, the IIM and Tribal account files, the land and title records backlog, and the appraisals backlog. Delaying this necessary process will make it impossible for the Government to comply with the requirements of Section 101 of the Act for the foreseeable future exposing the Government to increasing liability. Because Interior does not have the internal financial and managerial resources to conduct the clean-up effort, this initiative should be out-sourced to independent contractors. The Strategic Plan contains an action plan for each of the clean-up reforms. The information and cost estimates in the plan were developed by the Office of Special Trustee and have not been verified. For example, the Land Titles and Records Offices (LTRO) and Office of Hearings and Appeals probate related backlogs may be overestimated; the agency probate backlogs may be underestimated.

The President's Budget request was released before the Special Trustee published his Strategic Plan.

*Question.* In light of the Special Trustee's proposal, does the Administration wish to amend its budget request for fiscal year 1998?

Answer. No. At this juncture, the Department believes that the 1998 President's Budget will be sufficient to implement agreed upon reform efforts.

*Question.* Has the Special Trustee laid out alternatives for you to his plan? If you do not like his plan, what do you propose to address the problems, and can you do it within the President's request?

Answer. The Special Trustee did not adequately lay out alternatives in his Strategic Plan, or present an adequate implementation plan. The Department has requested the Special Trustee to do so, and a response has recently been received and is under review. At this juncture, the Department believes that the 1998 budget request should be sufficient to perform implementable activities in 1998.

In the press release I have seen of your comments, you also expressed the opinion that the plan requires large, new budget outlays.

*Question.* Would you please elaborate on your concerns about the budget impact? If Congress decides that an independent agency is just what the doctor ordered, what accounts and programs do you recommend that we reduce to raise the additional $50 million or so for fiscal year 1998?

Answer. The plan recommends major investments to bring Indian trust asset management functions up to commercial trust standards, without providing sufficient alternatives and benefit/cost analyses to support the proposed level of investment. The Department therefore would not support reducing any accounts anywhere in the Government to raise the additional funds the Special Trustee has proposed in his Strategic Plan.

Mr. Secretary, we've only scratched the surface on this issue, today. Clearly, there is a great deal of concern over how or whether the Federal Government is meeting its trust function, in particular, the management of the trust funds. I don't think the budget justifications for the fiscal year 1998 budget for the Office of the Special Trustee sufficiently explains any strategy or plan.

*Question.* If you and this Administration do not support the Strategic Plan of the Special Trustee, which this Administration chose for this job, when can we expect to see an alternative plan, and at what cost?

Answer. The Department has requested the Special Trustee to lay out alternatives to his plan and prepare detailed implementation plans. A response has recently been received and is under review.

INDIAN GAMING PROPOSED RULEMAKING

Last year, the Department issued an advance notice of proposed rule making in response to the Seminole decision. As you know, this proposed rule making to establish procedures for Departmental authorization of Class III gaming raised strong objections by State governments and members in Congress.

*Question.* Can you tell the Subcommittee the status of the Department's review of the advance notice of proposed rule making? The closing date for comments was July 1, 1996.

Answer. Based in part on the comments received, the Solicitor has been carefully reviewing the question of whether the Department has the authority to issue regulations governing such gaming procedures. If the Solicitor concludes that the Department does have such authority, the Department will publish in the Federal Register a Notice of Proposed Rulemaking regarding Class III gaming procedures. We anticipate that the Solicitor will complete his review in the very near future.

*Question.* Has the Solicitor made a final recommendation on the proposed rule making? If yes, what was the decision? If no, when do you expect the Solicitor to render a decision?

Answer. No, as stated in preceding answer we anticipate that the Solicitor will complete his review in the very near future..

I have learned that the Department plans to run the Solicitor's recommendation through the Justice Department before making a final decision.

*Question.* Has this occurred? If not, can you give us an estimate on when you expect this report to be transmitted to Justice? If so, how long do you expect the Justice Department's review to take?

Answer. No, although it is correct that the Department will consult with the Department of Justice prior to finalizing our review.

*Question.* If the Solicitor and Justice determine you have the authority to permit Class III gaming to Tribes under the Indian Gaming Regulatory Act or some other Vehicle, do you expect to exercise this authority? Do you plan to consult Congress prior to doing so?

Answer. If the Department decides to promulgate regulations governing procedures, it would do so in accordance with the requirements of the Administrative Procedure Act; all interested parties, including Congress, will have the opportunity to comment.

*Question.* Has the Department or one of its subdivisions done any drafting of rules or procedures in the event the decision is in favor of Secretarial authority to permit Class III gaming? If so, the Subcommittee would like to receive a copy of any draft rules or procedures developed to date.

Answer. Staff in BIA have drafted proposed rules which might be suitable in the event the Solicitor's Office determines that we do have the authority to promulgate such rules.

NATIVE LAND IN TRUST

A number of Indian Tribes are devoting significant portions of their budgets, including funds allocated to them by the Federal Government, to acquire additional land, and that is their right under the current law. Yet, the use of scarce resources for land acquisition necessarily limits the amount of funds that the Federal and tribal governments can jointly devote to programs that address the fundamental needs of Native American people (e.g., health care, education, and law enforcement). It also limits the amount of funds that can be spent to properly care for the lands already within their ownership.

*Question.* Should we consider changes in policy or funding allocations in order to focus limited financial resources on the fundamental needs of Native American people?

Answer. The Department does not believe policy changes are necessary because Tribes are not using BIA funds for land acquisition. As a matter of fact, BIA has not requested any appropriations for general acquisition of lands for Indian Tribes in the past 18 years.

Furthermore, Indian Tribes are not devoting significant portions of their budgets to acquire additional land. As a matter of fact, for the period 1992 through 1995, the Secretary accepted title to only about 215 thousand acres in trust for Indian Tribes.

*Question.* Do you believe Tribes have a mutual obligation with the Federal Government to address the needs of their members?

Answer. The Department agrees that Tribes have a mutual obligation to meet the needs of their members. The Department believes that the Tribes are doing this as evidenced by the high priority Tribes place on Tribal Priority Allocation programs.

Tribal governments are actively involved in addressing the needs of their members. One of the most effective mechanisms available to tribal governments, in its effort to meet the fundamental needs of its members, is the acquisition of lands that are more suitable for economic development. Lands more suitable for development enables the tribal governments to establish economic enterprises that will generate the capital needed to more adequately address the fundamental needs of the tribal membership.

The primary purpose of taking land into trust is most often to reacquire land lost under the General Allotment Act (between 1887 and 1934, over 90 million acres passed out of Indian ownership under the allotment policies of the General Allotment Act); to provide tribal sovereignty; to provide land for Indian housing; and to allow Tribes a means of economic development.

A Tribe's acquisition of land, and the Government's taking of land in trust are two different things. A Tribe can acquire land to reclaim its aboriginal homeland, or it can acquire land for speculation or economic development.

*Question.* In deciding whether or not to take land in trust, does the Department consider the competitive advantages that accrue to tribal enterprises (i.e., with respect to tax and regulatory status)?

Answer. Yes. When an acquisition is for economic development, the Secretary is required by regulation to take all State and local concerns into consideration as well as the following additional criteria: the existence of statutory authority for the acquisition; the need of the individual Indian or the Tribe for additional land; the purposes for which the land will be used; the anticipated economic benefits to the Tribe; the impact on the State and its political subdivisions resulting from the removal of the land from the tax rolls; and jurisdictional problems and potential conflicts of land use.

Each acquisition application is evaluated on its own merits. The Secretary additionally considers: whether the State or local entities oppose removal from the tax rolls; whether there is factual conclusive documentation to support the opposition; whether the Tribe has made good faith attempts to mitigate any anticipated adverse impacts; whether the Tribe offered to offset the loss of the tax base by some other income source or benefit to the State or local government; and whether the offer was accepted, along with other factors.

*Question.* In the past five years, how much land has been taken into trust for Indian Tribes that is not contiguous or located within that Tribe's reservation boundaries?

Answer. The BIA does not maintain a breakdown of acres acquired and located on or off (not contiguous) to a Tribe's reservation boundaries. The BIA has made a special data collection effort for the time period 1992 through 1996. At this time, data are available for the period 1992 through 1995. For the period 1992 through 1995, the Secretary accepted title to approximately 215,000 acres in trust nationwide for Indian Tribes. The BIA is currently compiling the annual real property caseload and acreage report for 1996. This report will be completed by September 1997 and will be made available to the Committees at that time.

Between 1887 and 1934, over 90 million acres passed out of Indian ownership under the allotment policies of the General Allotment Act.

Last April, the Department changed its regulations to provide 30 days notice to State and local governments for written comments on an application by a Tribe to have land taken in trust.

*Question.* Since this regulation was implemented has the Department received more or less comments from State and local governments over the placement of lands in trust?

Answer. The regulatory change in April, 1996 was not for the purpose of providing 30 days notice to State and local governments for written comments on a Tribal land acquisition application. The 30 day notice regulation has been in place since 1980.

The regulation promulgated in April, 1996 provides additional procedures to ensure the opportunity for judicial review of decisions on trust acquisition. Since April, 1996, all interested parties have the right to file action in Federal court to prevent a trust acquisition if they disagree with the final administrative decision to take land into trust, giving all interested parties the opportunity to file lawsuits to overrule land acquisition decisions through the Federal courts.

Since implementation of the new rule in April 1996, there has been an increase in the number of administrative appeals filed on decisions to approve applications to take land into trust status.

According to the Code of Federal Regulations (25 CFR 151.11), the Secretary is required to consider, "the impact on the State and its political subdivisions resulting

from the removal of land from the tax rolls (and) jurisdictional problems and the potential conflicts of land use which may arise."

*Question.* How much consideration is given to this? What is given greater priority a Tribe's desire to have land place in trust or the concerns of the State or local government in which the land is located?

Answer. The Department gives a great deal of consideration to this factor. Some of the items that the Secretary considers when weighing this factor are:

1. Does the tax bill include any special district assessments, and if so, does the special district actually provide services/benefits to the property/landowner; or does the Tribe have an infrastructure plan to provide similar services to benefit the property?
2. Will the Tribe be able to offset the loss of the tax base by some other income source or benefit the State or local government?
3. Have the State or local entities submitted justifications for opposition to removal from the tax rolls?
4. Will removing this property from the tax rolls impose severe economic distress on the non-Indian jurisdictions?
5. Has the applicant made good faith attempts to mitigate any anticipated adverse impacts, and does the record demonstrate so?
6. What are the anticipated economic benefits to the Tribe?
7. What are the anticipated economic benefits to the local community?
8. Does the use comply with local jurisdiction zoning laws? If not, is it compatible?

The Federal Government enjoys a special relationship with Indian Tribes that is rooted in the U.S. Constitution. This relationship gives rise to certain rights and privileges that no other group of citizens is afforded such as self-determination and self-governance. The Federal Government is committed to promoting tribal self-determination, self-sufficiency, and economic development. However, the Department does consider the interests of the State and local governments as well as local citizens in decision making about trust acquisitions.

*Question.* In what circumstances will the Department place lands in trust for a Tribe despite concerns and/or objections by a State or local government or local citizens?

Answer. Each trust acquisition application is unique and must be evaluated on its own merits. Decisions are based on an evaluation of the information submitted to support and justify the respective concerns by the applicant Tribe, State and local governments, and/or local citizens. It is not possible to state precise circumstances which would result in the Department placing lands in trust for a Tribe despite concerns by a state or local government or local citizens. It is fair to say that over the past three years, no lands have been taken into trust when there was strong opposition from state and/or local governments or citizens.

*Question.* Approximately how often does this occur?

Answer. Our experience shows that most local communities express little or no objection to tribal efforts to acquire lands located within the exterior boundaries of the Tribe's reservation for the improvement of the health and welfare of tribal members. The BIA field staff indicate that about 75 percent of all trust acquisitions are routine and non-controversial, as most local governments recognize the positive effects that will result from Indian trust acquisitions.

The cases that appear to generate the most contentious positions and strong opposition are acquisitions proposed for gaming or similar large economic development projects.

We would like to note for the record that a number of Tribes and States have negotiated, or are in the process of negotiating, state-trial tax compacts that accommodate the needs and rights of each party. The Department facilitates this type of negotiation as it is the most favorable way to resolve the issues. In the negotiation process, both sides can discuss revenue needs, economic development objectives, and economic concerns.

Where there is some controversy, many States and municipalities have been successful in negotiating agreements with Tribes such as the following examples reported by the National Conference of State Legislatures:

—The Cherokee Nation has signed agreements with the State of Oklahoma to make in lieu of tax payments to the state equal to 25 percent of all applicable excise tax on cigarettes.
—The Fort Peck Tribes concluded a cigarette tax agreement with the State of Montana.
—The State of Louisiana and the Chitimacha Tribe entered into a tax compact.
—Nevada and the Reno Sparks Tribe have an agreement on Tribal excise tax on tobacco products and a sales tax on retail sales on the reservation.

—The Warm Springs Confederated Tribes and the Oregon Department of Revenue hold an agreement to share revenues generated by tribal collection of state tax on cigarettes.
—Four Tribes have entered into tax agreements with the State of South Dakota on cigarette and tobacco tax.
—New Mexico and the Pueblos of Santa Clara and Pojoaque have been working on the development of a unified tax collection system that will allow shared revenues.

However, there have been a limited number of cases where some communities do not understand the unique status of Tribes and our government-to-government relationship. Local governments are concerned that continued expansion of tribal land bases will deprive the local governments of a significant tax base in the future and object to any proposed acquisition by a Tribe. The Federal Government's trust responsibility to Indian Tribes is to promote economic development, self-sufficiency, and self-determination pursuant to the 1975 Indian Self-Determination and Education Assistance Act, as amended. As previously stated, the United States has a special relationship with Indian Tribes that is rooted in the U.S. Constitution.

I understand that new procedures implemented last year would require the Department to specify in its decision letter the proposed use of the property that is taken in trust if this information is known.

*Question.* Does the Department include this information in its 30 day notice to the States and local communities? If not, why?

Answer. Yes. The Department's decision document requires an in-depth analysis and evaluation of the Tribe's application for trust status. The decision document includes a summary of findings of fact supporting all statements and references that support the decision to approve or disapprove an application. One of the primary factors considered is the purpose for which the land will be used. The decision document is furnished to all interested parties to the decision.

When land is taken in trust, it is removed from local tax rolls, depriving communities of badly needed revenues even though they will continue to be responsible for providing certain services to Native American communities.

*Question.* Do you believe that Tribes should be responsible for maintaining lands on the tax rolls, even if they are placed in trust?

Answer. No, the acceptance of title to land in trust status changes the character of title to the United States for the benefit of Indian Tribes. Requiring Tribes to continue to pay taxes on land held in trust status by the United States would be contradictory to the Federal Government's recognition of Indian Tribes as domestic dependent nations under the protection of the Federal Government. Federal lands generally are not subject to taxation. If this approach is taken, logic would imply that all lands where title is held by the United States should remain on the tax rolls. This would mean that all public (national forests, parks, wilderness areas, etc.) and reserved lands (military bases) should remain on the local tax rolls.

*Question.* Or, alternatively, should Tribes be required to make in-lieu-of-tax payments?

Answer. No. Tribes in the exercise of their governmental authority are entering into agreements with the local governments for some type of compensation for in-lieu-of-taxes. These agreements are beneficial to both the local government and the Tribes. Requiring Tribes to make in-lieu-of-taxes would impinge upon tribal sovereignty.

*Question.* Or, should the Federal Government be obligated to make local governments whole?

Answer. Discussion with BIA staff indicate that about 75 percent of all trust acquisitions are routine and non-controversial. Among the cases where there is controversy, many States and Tribes are resolving their problems through negotiation of tax agreements. In addition, while the Payment in Lieu of Taxes program (PILT) compensates local governments for losses to their real property tax base for Federal lands within their boundaries, most of the PILT land holdings have been set aside for preservation and other purposes which place inherent limitations on economic development. Conversely, Indian trust acquisition usually results in increased economic benefits to the community as well as the reservation.

*Question.* Do you know what affect the addition of that responsibility would have on the Federal Government's Payment in Lieu of Taxes program, which the Administration has proposed cutting by $13 million for fiscal year 1998?

Answer. The effects to individual units of local government from the addition of new trust lands to the PILT land base would not be significant. In 1996, the PILT entitlement land base was comprised of over 484 million acres.

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

BUDGET PRIORITIES

Mr. Secretary, many of the details of "the budget deal" will have to be hammered out through the appropriations process this summer. And while reports are that the overall domestic discretionary number will not be below the current level, and may actually increase, the specific 602(b) allocations to the Subcommittees have not yet been made. So while I hope Chairman Stevens will look favorably upon the needs of the Interior Subcommittee, I also know that he will be under extraordinary pressure from all of the Subcommittee Chairmen—each of whom will be making the case as to why they should receive better treatment than the other Subcommittees.

Regardless of the allocation this Subcommittee receives, it is unlikely that the budget as submitted will be approved without change by the Subcommittee. Thus, your task will be to work with us to address the most critical priorities. The President has proposed $527 million in increases above the comparable fiscal year 1997 levels for the programs in this bill. Of that amount, $389 million is for the agencies under your jurisdiction.

*Question.* If additional resources are made available above the fiscal year 1997 level, but not to the full amounts requested for fiscal year 1998, what would you characterize as most critical of the increases that have been proposed in the budget?

Answer. The Bipartisan Budget Agreement accepts the high priority that the President placed on his 1998 request for the Department. Discretionary spending in the Environment and Natural Resources Function (73 percent of the Department's budget) is specifically designated as a priority, as is spending for the Bureau of Indian Affairs' (BIA) Tribal Priority Allocations (10 percent of the budget). The Education Function, which includes the BIA education program (seven percent of the budget), is also designated a priority. The Department expects that these priorities will be reflected in the 602(b) allocation to the Subcommittee. However, the Department is prepared, as it has been in the past, to continue a dialogue with the Subcommittee concerning priorities once 602(b) allocations have been made.

*Question.* How much of the proposed increase for your Department that is within this Subcommittee's jurisdiction is linked strictly to maintaining current levels of service and is not associated with new or enhanced programs?

Answer. Almost all of the increases proposed for the Department cover increased costs of doing business or address backlogs of operational, maintenance or other needs. In the Fish and Wildlife Service (FWS) Resource Management account, for example, $9.9 million is sought to cover increased pay and other costs. Program increases of $9.7 million for the National Wildlife Refuge System address large backlogs of operational and maintenance needs identified in the new Refuge Management Information System. A program increase of $10 million for the Endangered Species program reflects a growing workload.

Department-wide, fiscal year 1998 uncontrollable costs for Interior agencies under the Subcommittee's jurisdiction are estimated to total $114.0 million, including $21.5 million attributable to the 1.51 percent increase in agency contributions to the Civil Service Retirement System agreed on in the Bipartisan Budget Agreement.

*Question.* If the Subcommittee is held at a level that is roughly level with fiscal year 1997, what would you consider to be the highest priority issue that needs to be addressed of those proposed in the fiscal year 1998 budget request?

Answer. The Bipartisan Budget Agreement accepts the priority that the President has placed on many of the Department's programs. The Department expects that the Subcommittee's 602(b) allocation will reflect the agreement on these priorities.

*Question.* What will it mean to the Department of the Interior's presence in my State of West Virginia if the funding requested in fiscal year 1998 is not appropriated? Do you anticipate any changes in staffing, or office closures, or program terminations?

Answer. Denial of the requested increases would not result in program terminations, but it would mean curtailment of services to the public. For example, Harpers Ferry National Historic Park would not receive $117,000 needed to maintain services and address increased requirements. Denial of increases requested for the National Conservation Training Center would prevent full operation of this important new facility in which the public has made a significant investment.

It appears that one aspect of the budget deal may be a significant increase for land acquisition. Two of the largest pieces may be for the New World Mine, and for the Headwaters Forest. This still leaves nearly $400 million for additional land acquisition, if our understanding of the deal is accurate.

*Question.* What capacity does the Department have to expand significantly its land acquisition program in fiscal year 1998 with current levels of staffing?

Answer. The National Park Service (NPS) and FWS could not significantly expand their land acquisition programs in fiscal year 1998 without proportionate increases in funding for acquisition management, appraisals, and transaction costs. Significant expansion of the land acquisition program will add workload associated with identifying, appraising, negotiating, closing cases, and surveying of tracts to be acquired. Some of this work can be accomplished through contracts with outside sources, such as appraisals and surveying. Other work can be accomplished through agreements with nongovernmental organizations that have historically assisted the Government with land acquisition. The nature of Federal land acquisition and the unique regulations and laws to which it is subject require a cadre of experienced realty professionals on staff to manage and review appraisals, to negotiate purchase agreements, to conduct title curative activities, and to control budgets and obligations of funds.

The Bureau of Land Management (BLM), on the other hand, has some limited capacity to expand its land acquisition program in fiscal year 1998 with current levels of staffing, particularly in those States which have received consistent Land and Water Conservation Fund appropriations over the past few years. Acquisition partners greatly enhance its ability to acquire property. These third party partners often concentrate on purchasing numerous small tracts, often inholdings, to convey to the BLM in one subsequent transaction. Opportunities for matching Federal funds with private sector moneys are among the BLM's highest acquisition priorities. By working with partners, BLM is able to make maximum use of its staff and has the ability to expand its acquisition program with its current staffing level.

*Question.* What would be the operational requirements of adding new units to the Department's land base?

Answer. The operational requirements resulting from additional land acquisitions vary among BLM, FWS, and NPS as follows:

The BLM operational requirements would not significantly increase as a result of adding new units to the BLM land base. Most additions to the land base would be inholdings of private lands within areas BLM already manages. One of the objectives of the BLM land acquisition program is to increase public lands efficiency through the consolidation of public lands into manageable areas. In addition, BLM has focused on acquisitions that have minimal outyear costs associated with them. For those acquisitions that do require facilities or significant operations costs, BLM has used acquisition partners to leverage additional funding.

The operational requirements of adding new FWS units will depend on the individual units under consideration. The FWS land acquisition program currently focuses on acquisition of lands at existing units of the National Wildlife Refuge System. The President's fiscal year 1998 Budget does not request any funding for land acquisition that would establish new refuges. Moreover, of the 131 projects on the Land Acquisition Priority System list, only nine (or seven percent) are proposals for new units to the system. The FWS planning and budgeting for land acquisition emphasizes acquiring needed lands at existing units of the Refuge System.

Each time a new unit is added to the National Park System, the operational responsibilities of NPS are necessarily increased. These costs are identified during the process which looks at the feasibility of establishing a new unit and the alternative methods of protecting the resource, should that resource be judged nationally significant. Each new unit brings with it varying degrees of new operational requirements. Before testifying in favor of new units, NPS carefully weighs this consideration, and for this reason, the Department of the Interior and the Congress have, in recent years, looked into new kinds of partnership arrangements such as heritage area designations, where the costs of operation and development are spread among several partners at the State, local and Federal level.

*Question.* Aren't there already numerous units that are understaffed?

Answer. While all NPS and FWS units may not have an optimum number of staff, the bureaus provide at least minimum services for the programs offered to the public at the various sites. To help mitigate this problem, both bureaus perform "cluster management" of units that are geographically close together.

*Question.* Do you think the priority should be on adding new units before addressing adequately the needs at existing sites?

Answer. The Department develops its position on potential new units depending on the merits of the resources in question. For instance, new units have been added to the National Park System at roughly the same pace for the last three decades; new units will undoubtedly continue to be added. It would be wrong to lose a nationally significant resource due to a policy forbidding new units. On the other hand, the documented NPS operational shortfall and infrastructure backlog has led both the Administration and the Congress to explore, when feasible, other alternatives to Federal ownership. In general, a mix of establishing new units when clearly ap-

propriate, while providing additional financial resources for existing units, has proven a successful strategy.

In the last two years, funding for the Interior bill is down about $1 billion, or approximately seven percent, from where it was in fiscal year 1995. The Interior Department has taken its fair share of these reductions.

*Question.* How has the Department handled this reduction in its funding? How have personnel levels decreased, and what program changes have been implemented?

Answer. Since January 1994, 10 of Interior's Bureaus and Offices have experienced reductions in staff of more than 10 percent. These reductions were made through aggressive use of buyouts, hiring freezes, and the separation of close to 2,000 employees through Reductions-in Force (RIF) in 1995 and 1996. The largest RIF occurred as a result of the legislated closure of the U.S. Bureau of Mines. Concurrent with these reductions the Department has undertaken a major streamlining and reinvention effort consistent with the President's Reinventing Government initiative. The Department has made significant progress in changing business practices and finding more cost-effective and efficient management strategies with a focus on partnerships and cooperative funding. Despite our best efforts at reinvention, however, the Department has suffered some program degradation. Indian Tribes have born much of the burden with a Congressionally imposed 11 percent reduction in fiscal year 1996 to Tribal Priority Allocations, the account which funds tribal governments, law enforcement, housing improvement, general assistance, and other reservation programs. While about a third of these funds were restored in fiscal year 1997, Tribes are still not able to maintain adequate services. For the land managing bureaus, the impact manifested itself in the curtailment of some services at parks and refuges and a growth in maintenance backlogs.

NATIONAL CONSERVATION TRAINING CENTER (NCTC)

The fiscal year 1998 budget proposes an increase of $4 million for operations of the training center.

*Question.* How will the proposed funds be used? Are they necessary because fiscal year 1998 will be the center's first full year of operations?

Answer. The President's fiscal year 1998 Budget requests an additional $4.1 million to operate the NCTC at the level for which it was designed during the first year of operation. The additional funds are needed to annualize the fixed costs related to the operation of an adult residential training campus, such as utilities, maintenance, and security; increase the number of course offerings to 250; begin to implement distance learning programs; and continue the technical assistance and development of partnerships in conservation education.

*Question.* If the full amount of funding requested in the budget is not appropriated, what consequence will this have on the Fish and Wildlife Service's ability to make use of this new facility?

Answer. Any reduction to the funding level requested would impact the FWS ability to operate the NCTC. Training and education course offerings would be reduced, course development would be curtailed, distance learning programs deferred, and facility operations would be reduced.

The fiscal year 1997 budget included funding of $500,000 each in the budgets of the National Park Service and the Bureau of Land Management in support of NCTC operations since these bureaus will also be users of the facility. Through direct and reprogramming actions, these funds were approved.

*Question.* Is it your understanding that BLM and NPS funds provided in fiscal year 1997 are continued in the fiscal year 1998 budget? Are these funds considered to be a permanent part of the base?

Answer. The fiscal year 1997 budget included funding of $500,000 each in the budgets of NPS, FWS, and BLM in support of NCTC operations since these bureaus will also be users of the facility. These funds are part of the permanent base for NCTC operations into the future.

CANAAN VALLEY NATIONAL WILDLIFE REFUGE

This refuge, the Nation's 500th, was established in 1994—nearly three years ago. Yet it has taken several years to establish a presence.

*Question.* How many refuges are staffed below the custodial level—a refuge manager, maintenance worker, and a biologist?

Answer. There are 509 "units" in the National Wildlife Refuge (NWR) system. Of this total, 274 units are staffed and 235 are not staffed. (The majority of the 235 unstaffed units are satellites of small acreage which do not warrant staffing. Also,

FWS has "clustered" management activities at logical sites to oversee some of the far flung units of the refuge system, such as in North Dakota).

According to a preliminary analysis, the system is staffed at the custodial level. For the job series in question, the following table displays refuge manning levels for the 274 staffed units:

REFUGE MANNING LEVELS

| Job series | Staffed sites | Percent |
|---|---|---|
| Refuge managers/wildlife administrators | 257 | 94 |
| Biologists | 154 | 56 |
| Maintenance/equipment operators | 228 | 83 |
| Total staffed units | 274 | |

*Question.* What funding level would be necessary to bring all refuges currently in the system to this minimal level?

Answer. The President's Budget request includes funding to address the highest priority operational needs of the NWR system. The budget includes a three-tiered effort to address the highest priority operational and maintenance needs of the Nation's 509 NWRs. First, operational increases total $13.8 million, or eight percent (including $4.1 million for pay and FERS retirement cost increases). Second, the budget continues the recreation fee demonstration program which will initially generate approximately $1 million for on-the-ground project work at the refuges which collect the user fees. Third, construction funding totaling $22.2 million will be used for the highest priority infrastructure backlog needs including the rehabilitation of roads, dams and bridges; as well as $17.1 million in ongoing operations funding for routine maintenance. The $17.1 million plus the $22.2 million in the construction account will address the highest priority needs identified in the Maintenance Management System.

The first increment of the operations increase is $9.8 million to protect wildlife, improve habitat, enhance recreation and education, and to accelerate comprehensive planning. The new Refuge Management Information System (RMIS) database was used to systematically rank priorities against nationwide goals to ensure project integrity and to compile a project list tied to the $9.8 million increase.

The additional funding requested for habitat enhancement will be used to restore natural water flows and replant trees and prairie grasses. This funding will reverse the damaging effects of previous land uses which often include drainage, tree clearing, and elimination of native grasses. Restoring habitats now will ensure healthy and diverse ecosystems; ensure sustainable populations of fisheries and wildlife; and provide habitat for threatened and endangered (T&E) species. Implementation of wildlife dependent recreation and education projects will provide additional opportunities to the 29 million annual refuge visitors. Funding will also allow additional comprehensive management plans to be completed and guide future management of the refuge system.

The second increment of the operations increase is $4.1 million to fully fund required pay and FERS retirement system costs for the approximately 2,800 employees of the refuge system. This ends the chronic hidden problem of eroded base funding which has been absorbed in recent years. For an average refuge, this could mean an additional $20,000 that won't be siphoned away from operations.

RESEARCH/SCIENCE AT INTERIOR

Mr. Secretary, you have been a staunch advocate of the need for independent science within the Department so that land management decisions can be made with the most accurate information possible. Your efforts in this regard, however, have been scrutinized by many, often out of concern about possible impacts on current management practices and uses.

*Question.* Now that the Biological Resources Division (BRD) has been established within the U.S. Geological Survey (USGS), what is your assessment of the consolidation of biological science independent from the land managers?

Answer. The integration of BRD into USGS is progressing positively. The BRD's top priority is to address Interior bureaus' needs. Continuing efforts over the next few budget cycles will demonstrate the ability to match up differing scientific disciplines in efforts that result in better protection of the Nation's natural resources

and in providing reliable scientific information and management options supporting land management needs.

As you are probably aware, Mr. Secretary, there are some who still advocate disbanding the consolidated approach and allowing each land management agency to continue to have its own research element.

*Question.* What would be the consequences if the Congress were to consider breaking apart the BRD and reassigning the functions to the various bureaus of the Department?

Answer. In recent years, the need for broader and more timely biological information has been apparent in the numerous controversies and potential economic dislocations surrounding various issues, e.g., endangered species. Consequences of breaking apart BRD would reduce the ability and effectiveness of the Department to address issues that are of common concern to the resource management bureaus, particularly issues that involve several geographic regions of the Nation. Each bureau would have to create costly duplicate science structures with overlapping services, activities, and functions to address the same need.

For example, NPS, FWS, BLM, and other bureaus share a common concern about invasive species, noxious weeds, and exotic species. The BRD is in the best position to provide the scientific approach that can address those needs specific to each bureau and also simultaneously apply the broad perspective necessary to address the needs that extend across larger geographic areas. This broad perspective has been enhanced by the recent merger with the physical science divisions of USGS.

An important aspect of ensuring the success of the consolidated research approach is to be ever vigilant to the needs identified by the land managers of NPS, FWS, and BLM.

*Question.* How are you dealing with the concerns that continue to surface from within these agencies that they are not consulted adequately in determining how the BRD spends its money?

Answer. It is the responsibility of USGS to meet the priority biological needs of the Department of the Interior. The BRD has worked hard at maintaining and fostering its working relations with the resource management bureaus. Improvements and changes in identifying Bureau Information Needs (BIN) are being pursued to ensure that the critical needs of the bureaus are communicated to BRD and that the science conducted by BRD is responsive to these needs. Other bureaus are fostering positions and plans that strengthen their link to BRD scientists. The FWS has established and filled a senior management position to coordinate identification of information needs within FWS. The BLM has formalized its strategic science planning process to systematically provide its science information needs directly into the BIN process in a timely manner. These actions have enhanced communication between BRD and other bureaus at all levels.

One important aspect of the BIN process is reporting back to the bureaus on BRD responses to their information needs. The BLM recently received a report on the status of their information needs and on projects and activities underway in BRD to address them. The BRD Research Centers hold workshops and meetings with counterparts at the regional level to discuss progress in addressing the needs.

Programs developed specifically for other Interior bureaus continue with substantive input from those agencies. For example, BRD has the primary responsibility for science issues for developing standards and protocols for Long-Term Prototype Monitoring in National Parks, but all reviews and decisions (including funding) are made cooperatively with NPS. The FWS is beginning to implement a systematic process to assess contaminant threats to refuge lands with their resources while BRD provides technical support and continues the development of guidance and data management tools for this effort. Other examples of BRD focused activities designed to meet specific information needs of the bureaus include: the Natural Resources Preservation Program which addresses needs of national parks; the quick response program which provides short-term information needs for FWS land managers; and offshore environmental studies which provide information for the Minerals Management Service use in offshore leasing and development decisions.

The proposed increases for fiscal year 1998 reflect the priority needs of the bureaus identified through the formal BIN process, developed by a multi-bureau task force in fiscal year 1994 and initiated in fiscal year 1995. Based on the total resources available and the biological research capabilities of BRD scientists, the proposed fiscal year 1998 budget increases would address the highest priority biological information needs. The broad areas of research proposed for increases respond to bureau information needs (e.g., restoration ecology, invasive weeds). Because many resource problems are not confined to a single park, refuge, or BLM tract, USGS maximizes efficiency by focusing efforts on broad resource problems that transcend boundaries, and applying findings at the local level. Using this strategy and the BIN

process to identify highest priority issues of the bureaus, USGS serves the needs of its Interior constituency.

The fiscal year 1998 budget proposes an increase of $7.5 million for the BRD. These funds are proposed to be used for biological research and to improve long-term monitoring of biological resources.

Mr. Secretary, a major focus of this Subcommittee has been to respond to the aspects of this appropriations bill which touch most directly the American people. Thus, the emphasis has tended to be on the resources necessary to provide for the visiting public—whether it be through the NPS, the Smithsonian, the Forest Service recreation program, or any of the other public aspects of the bill.

*Question.* Given the demands to continue funding these public use programs, what do you see as the correlation between dollars spent on science and the experience the average American has when visiting a national park or national wildlife refuge?

Answer. The mission of the Department to provide for the conservation and recreational use of the Nation's parks and wildlife refuges is enhanced when natural resource management decisions are based on objective scientific information. To this end, BRD conducts a full range of inventory, monitoring, and research from local needs affecting a single unit to large-scale issues affecting many resources. Results from these studies provide natural resource managers with the appropriate tools and information they need to deal with issues and problems associated with visitor use of the Nation's public lands. Thus, the experience of the average American visiting a national park or wildlife refuge is enhanced because potential conflicts over natural resource use are minimized and the continued health and sustainability of these areas is ensured for present and future generations. Examples of efforts by BRD include restoring the blackfooted ferret on the Charles M. Russell National Wildlife Refuge, evaluating the effects of mercury contamination in fish and wildlife on national parks and refuges in Maine and Florida, determining the distribution and the causes for decline of amphibians in North Cascades and Olympic National Parks, and modeling responses of the complex ecological processes of the Florida Everglades National Park to natural and human-induced changes to assist in the restoration of this park.

NATURAL DISASTERS

The emergency supplemental approved by the Senate Appropriations Committee recommends a total of some $327 million in funding for your bureaus. A small portion of this is offset, but most is declared as emergency spending. While the single largest component is the funding to begin restoring Yosemite National Park, vast portions of the Department were affected by this winter's storms.

*Question.* Based on the most recent estimates from the field, will the funds recommended in the supplemental address the most critical recovery needs?

Answer. The funds recommended in the supplemental will address the most critical recovery needs of BLM, USGS, FWS, NPS, BIA, and the Bureau of Reclamation (BOR). In addition to the funding that it requested, BLM and NPS are also utilizing funding from the Federal Highway Administration, and therefore our ability to repair damage is also dependent on Federal Highway Administration's success in obtaining their requested funding.

*Question.* Are there any major elements that you feel the Committee has not addressed?

Answer. While we believe that all major elements were addressed by the Committees, USGS believes that additional elements warrant consideration. Non-emergency funds could be used by USGS to properly document the flood for purposes of improving risk estimates and improving forecasting capabilities for future floods. Large floods such as those that took place this year in the far western States, in the Ohio River Valley, and in the northern Great Plains provide information that is critical to the accurate assessment of risk, which is needed for design of future flood control works, for proper flood plain zoning and flood insurance rate mapping, and for improved calibration of the National Weather Service flood forecasting models. The physical evidence (e.g., high water marks) needed to make these improvements is highly perishable. If the field measurements are not made quickly, the evidence is destroyed by natural processes. If the USGS does not do these field investigations, the communities which have been devastated by recent floods will be no better prepared the next time significant flooding occurs.

*Question.* What would be the impact on the Department of the Interior if there are delays in the supplemental being enacted?

Answer. The 1997 Emergency Supplemental Appropriations and Rescissions Act (Public Law 105–18) has been enacted.

*Question.* How will the Department address additional recovery requirements that might not become known until after action on the supplemental is completed?

Answer. Our response cannot be determined in advance. If significant additional recovery requirements are made known to the Department, we will decide whether to request another supplemental, manage the requirements through the regular appropriations process, require the bureaus to absorb the cost of these additional actions within current funding levels, or forego the recovery actions.

*Question.* Would you anticipate requesting further funds, or will the affected agencies have to address these requirements out of their base program?

Answer. At this time, it does not appear that significant additional recovery requirements exist.

*Question.* And if they have to absorb it out of the base, what effect does that have on other responsibilities?

Answer. Should unknown significant recovery costs become known at this late period, the bureaus would have trouble absorbing new cost requirements in the last quarter of the fiscal year. Field offices in some bureaus would have to severely curtail significant mission-related field activities. However, we will keep the Committee informed of significant additional needs.

FULL YEAR CONTINUING RESOLUTION PROVISION IN THE SUPPLEMENTAL

Despite my efforts to have it stricken from the bill, the Supplemental contains a provision that serves as a full year continuing resolution for fiscal year 1998, but at the fiscal year 1997 funding level.

*Question.* What would be the impact on the Interior Department if funding were frozen at the fiscal year 1997 level? What would be the consequence on the Department's programs if the proposed funding to pay for fixed costs is not forthcoming?

Answer. The Department would have to absorb nearly $100 million in uncontrollable costs and forego increases critical to providing adequate funding for parks, refuges, public lands, Indian Tribes, and high priority ecosystems restorations. The most significant impact would be felt in infrastructure maintenance and repair, where historically inadequate funding has resulted in backlogs well in excess of $10 billion for the Department; and in the Bureau of Indian Affairs (BIA), where funding would be too low to address increasing school enrollment and deficiencies in funding for local reservation programs.

MONUMENTS IN THE WASHINGTON, DC AREA

*FDR Memorial*

Recently, the President dedicated the newest addition to the National Park Service's responsibilities in the monumental core with the official opening of the FDR Memorial.

There has been considerable attention lately to the monument's components and the manner in which President Roosevelt's fight with polio is addressed.

*Question.* What role would the Interior Department play in any decisions to modify the memorial? How would any modifications to the Monument be financed?

Answer. Senate Joint Resolution 29 provides that the Secretary conduct a study and develop recommendations for an appropriate addition to the memorial depicting FDR's disability and to report to Congress upon completion of that study. It also provides that any addition be privately financed. The Department plans to use appropriated funds for salaries and administrative expenses associated with the study and private funds for design and construction.

*Question.* What method will be used to select the designer for any addition to the memorial? Do you anticipate an open competition?

Answer. This has not been determined. While it may be appropriate to utilize one or more of the original sculptors who participated in the memorial, a fresh start with an open selection process may be the better approach.

*Question.* What timeline has the Department developed for planning, design, and construction of the addition to the FDR Memorial?

Answer. If the experience with the Vietnam Memorial is representative, the Department believes that this process may take several years.

*Korean War Veterans Memorial*

Recently, attention has been focused on the need for considerable repairs at the Korean War Veterans Memorial, even though this memorial is just a few years old.

*Question.* Can you describe for the Committee the actions the Department and NPS are taking to address these repair needs?

Answer. The work which has to be completed is related to the construction and design of the memorial. The NPS is meeting with the group which was authorized

to construct the memorial, the American Battle Monuments Commission, to ascertain how the commission will fund work to complete the memorial.

*Question.* What will happen if agreement cannot be reached with the contractor or other parties regarding funding for the repair?

Answer. The American Battle Monuments Commission will have to seek a special appropriation, or as alternatives, it could reestablish the fund-raising campaign, or each branch of the armed services could contribute funds to the construction work.

*Question.* What is the estimated cost to conduct the necessary repairs?

Answer. The U.S. Army Corps of Engineers, the original construction manager for the Korean War Veterans Memorial project, has reported to the American Battle Monuments Commission the amount of $783,000 for the construction repair work.

*Question.* What steps is NPS taking to ensure that responsibility for repairs is specified before monuments or memorials are turned over to the Service?

Answer. The NPS is not always the contracting officer for the design or construction of a memorial. In these cases, the Park Service has no authority to effect changes in design, material, construction contract terms, or operational requirements. However, NPS has used Memoranda of Conveyance with the authorized group to address any continuing relationships and responsibilities between the Park Service and the group following completion of the memorial. The NPS has no authority to require the authorized group to retain funds to address latent design or construction issues.

The Park Service does request that construction contracts contain extended warranty periods for major or unique components of the memorial. The NPS also requests all authorized memorial groups to work with the architect, sculpture, and design contractors to develop a manual of information which comprehensively details the memorial and its features, its operation needs, materials, and finishes. This manual of information is used as a management tool. Examples of these are manuals for the Vietnam Veterans Memorial and the National Law Enforcement Officers Memorial. The information is formatted to indicate guarantee periods, contractors, sculptures narrative, and design maintenance.

Many groups, pleased to be at the end of the construction cycle, budget their remaining funds for dedication ceremonies and other public announcements of their achievement. They frequently do not retain the necessary funds to address latent design and construction issues nor to complete detailed operation and maintenance manuals to guide the NPS efforts.

Future Congressional authorizations to construct memorials on park land could include requirements for the authorized group to establish contingency or retention funds to address unforeseen design or construction issues, similar to the process used in construction projects undertaken with appropriated funds. This requirement could be in addition to an endowment for future maintenance and operating needs.

OFFICE OF SURFACE MINING (OSM)

A proposal has been developed for a cooperative research effort with the National Mine Land Reclamation Center to reduce formation of acid pollutants that can drain into streams and rivers where coal is mined. The objective is to pursue advances in technology to be used in the identification, evaluation, and development of methods that will be cost-effective and environmentally beneficial. The National Mine Land Reclamation Center can serve as a technical clearing house to identify and develop "best science" approaches to acid mine drainage related issues.

*Question.* Do you agree that there is benefit in seeking to address acid mine drainage issues in a non-confrontational manner, apart from the regulatory environment?

Answer. Yes. We believe that in order to make true progress in finding solutions for acid mine drainage problems, it is necessary to involve all parties—industry, States, academia, citizens, government agencies. This can be done best in a non-regulatory environment.

*Question.* Has OSM participated with the National Mine Land Reclamation Center in devising this program to address the need to be able to predict acid mine drainage occurrence and develop successful prevention efforts?

Answer. The OSM is participating extensively with the National Mine Land Reclamation Center (NMLRC). At OSM's request, with the agreement of the industry, the NMLRC serves as the Secretariat for the Acid Drainage Technology Initiative (ADTI). This initiative is a partnership-based joint venture, in which OSM has joined with industry, the States, academia, other governmental agencies, and other groups to identify science-based solutions to acid mine drainage problems. In addition, OSM, in conjunction with the Environmental Protection Agency (EPA), is providing funds to the NMLRC to: (1) organize a public meeting at the appropriate time to discuss the results of the ADTI prediction and prevention task groups ef-

forts; and (2) assist in the technical review and development of acid mine drainage stream restoration projects.

*Question.* Are other Federal agencies involved in acid mine drainage work? What activity have they had in working with OSM on this issue? How do you ensure that there is no duplication of effort?

Answer. Many other Federal agencies are joining in the partnership effort to address acid mine drainage problems. The EPA is a major partner both in the Appalachian Clean Streams Initiative and in the Acid Drainage Technology Initiative. Other Federal agencies that are actively partnering with us and the States include: Natural Resources Conservation Service (NRCS), U.S. Army Corps of Engineers (COE), Tennessee Valley Authority, USGS, Forest Service, Department of Energy, BLM, and FWS. Some of these agencies (e.g., EPA, NRCS, COE) are participating in the Appalachian Clean Streams projects that are being funded this fiscal year. Some (e.g., Department of Energy, USGS, EPA) participate on the Acid Drainage Technology Initiative work groups. Duplication of effort is avoided by the extensive coordination that takes place between the agencies involved in acid mine drainage issues. For example, the Eastern Mine Drainage Federal Consortium, comprised of 14 Federal agencies, meets regularly to discuss and coordinate issues relating to mine drainage. The work groups involved in the Acid Drainage Technology Initiative provide a coordinating mechanism for technical analysis. For the Appalachian Clean Streams Initiative, we conduct a conference call every two weeks to discuss progress and issues. Several Federal agencies (EPA, COE, NRCS) always participate in the conference calls.

*Question.* What need is there to move from small-scale research to large-scale demonstrations of acid mine drainage abatement under operational conditions?

Answer. There is a definite need to move in the direction of providing large-scale demonstrations of acid mine drainage abatement techniques under operational conditions. Our hope is that through a combination of Clean Streams projects funded through the Abandoned Mine Reclamation Fund grant appropriation and non-OSM contributions, and industry participation through the Acid Drainage Technology Initiative we will be able to field test techniques under actual operational conditions. That is one reason why we believe that continued funding for the Appalachian Clean Streams Initiative grants and OSM's technical assistance activities are important.

MAINTENANCE/INFRASTRUCTURE BACKLOGS

The maintenance backlog for the Interior Department is estimated to exceed $10 billion. The largest segments of this backlog are for NPS responsibilities and BIA. To assist in efforts to address demands placed on the public land agencies, Congress established a recreation fee demonstration program that allows agencies to retain funds collected on-site to address high priority requirements.

*Question.* What has been the reaction of the public thus far to this program? Has there been any resistance to paying fees at sites participating in the program?

Answer. The national and local press have been almost unilaterally supportive of the Recreational Fee Demonstration Program. Public response has thus far been positive. The NPS has, to date, received few letters regarding the program. The Park Service will continue to monitor the reaction to these new fees and to provide information that illustrates that they directly enhance the visiting public's experience.

The NPS has already begun its evaluation of the Recreational Fee Demonstration Program by contracting with researchers from the University of Minnesota. A dozen case studies will be conducted to sample public opinion on the new fees.

The first evaluation project has already been concluded at Colonial National Historical Park. This park raised the entrance fee for its Jamestown unit from $2 to $5 per person and instituted a new fee at the Yorktown unit at $4 per person. An admission fee for both units is $7 per person and an annual family pass can be purchased for $20. Preliminary findings culled from the focus group meetings held there from May 30 through June 2, 1997 show:

—Over three-fourths of those paying fees thought the fees were about right, or too low;
—Slightly less than one-fourth of the fee payers thought the fees were too high;
—Half of those gaining entrance using a Golden Age passport thought the free entry provided by this pass to senior citizens was right; and
—Slightly less than half of the Golden Age pass users thought that seniors should be charged at least something for entrance.

*Question.* What is your current estimate of revenue that can be generated by this effort?

Answer. Although the President's Budget had estimated that revenues generated by this effort in fiscal year 1998 would total $48 million, that estimate is now being revised as a result of amendments to the program earlier this year.

*Question.* Can you provide examples of how the funds will be used?

Answer. Several projects that are under consideration for the use of the funds include the rehabilitation of the Beaver Meadows Visitor Center, replacement of vault toilets, rehabilitation of trails and relocation of trailheads, and historic structure preservation at Rocky Mountain National Park. Others include improved public restrooms; improvement or provision of handicap access; utility system repairs at Yellowstone National Park; new toilets and dump stations; stabilizing the Widows Ledge ruin site; rehabilitating Wahweap picnic area; and stabilizing and rehabilitating five historic structures in the Lonely Dell at Glen Canyon National Recreation Area.

FIRE

*Question.* Please describe Departmental policy and any other Federal-level policy on the use and amount of "prescribed burns" and mechanical thinning on Federal lands to better manage accumulated fuel load.

Answer. The Federal Wildland Fire Management Policy and Program Review Final Report dated December 18, 1995, establishes joint fire management policy for both the Department of the Interior and the Department of Agriculture. The role of wildland fire as an essential ecological process and natural change agent is prominently featured as one of the overall guiding principles for Federal fire management. Goals of the policy include the use of wildland fire to restore and maintain healthy ecosystems and to minimize undesirable fire effects, and to manage wildland fuels at levels consistent with wildland fire protection and resource management objectives identified in management plans. Federal agencies are directed by the policy to implement expanded use of prescribed fire to manage fire-dependent ecosystems, and reduce hazardous fuel loading. Actions specific to the Federal agencies' use of prescribed fire are as follows. Federal agencies will:

—Jointly develop programs to plan, fund, and implement an expanded program of prescribed fire in fire-dependent ecosystems;
—Facilitate the planning and implementation of landscape-scale prescribed burns across agency boundaries. Seek opportunities to enter into partnerships with tribal, State, and private land managers to achieve this objective;
—Require appropriate treatment of fuel hazards created by resource-management and land-use activities;
—Conduct all prescribed fire projects consistent with land and resource management plans, public health considerations, and approved prescribed burn plans;
—Implement the National Wildfire Coordinating Group (NWCG) interagency prescribed fire qualifications and certification standards;
—Train and maintain a qualified and adequate work force to plan and implement interagency prescribed fire projects safely and effectively, and make these personnel available when needed;
—Jointly develop simple, consistent hiring and contracting procedures for prescribed fire activities;
—Conduct research and development on fuel treatment alternatives and techniques;
—Seek authority to eliminate barriers to the transfer and use of funds for prescribed fire on non-Federal land and among Federal agencies;
—Seek authority or provide administrative direction to eliminate barriers to carrying over from one year to the next funds designated for prescribed fire; and
—Jointly develop tools to identify, assess, and mitigate risks from prescribed fires.

In addition, the 1998 Wildland Fire Management Appropriation Request includes language that would allow for funding to be available from the Wildland Fire Operations account to support an expanded prescribed burning and mechanical fuels treatment program. This would provide funding needed to accomplish the tasks identified in the "New Federal Fire Policy." Without this funding the opportunities to meet the identified action items will be extremely limited.

The amount of acreage to be treated over the next few years is planned to be two to three times greater than treatment levels in the recent past. The actual treatment amount will depend on fire management plan updates, available funding, environmental conditions in any given year, and available resources such as personnel and equipment.

*Question.* With current/renewed interest in scientific management of public lands, do you see more such activities in the near future?

Answer. The land management plans of Interior bureaus now incorporate concerns about the role of fire in restoring and maintaining healthy ecosystems. The bureaus are developing plans to utilize appropriate management tools, including mechanical thinning of forests and the use of fire, to reduce fuels to a more natural condition. As part of this program, the bureaus have projected an increase in acres treated from about 400,000 acres in 1997 to nearly 900,000 acres in 2001. This represents an approximate 25 percent annual increase for the next four years.

*Question.* Are all of the land managing agencies under your purview undertaking such activities?

Answer. Yes, all of the Interior bureaus are expanding fuels management programs on their lands and are developing integrated programs to manage hazardous fuels and prescribed burns across Federal administrative boundaries. This will increase the efficiency of treatments and will complement more comprehensive efforts to manage lands on an "ecosystem" basis rather than as isolated units.

*Question.* In what manner are such contemplated actions coordinated with interested parties including adjacent landowners and local residents?

Answer. Hazardous fuel treatment plans and prescribed burn projects are covered under environmental assessments that are submitted for public review and comment. In addition, many administrative units conduct town meetings and other public outreach programs to explain the purpose, timing, and possible impacts of these programs on local communities. The ongoing Mineral King Risk Reduction Project at Sequoia National Park is a good example of such an effort. That project involves extensive prescribed burning and mechanical fuels reduction both to restore fire to giant sequoia groves and to protect the property of private inholders in the National Park. All bureaus are expanding efforts to develop cooperative fuels management programs with adjacent State, tribal, and private landowners.

FIREFIGHTING PROGRAM INFRASTRUCTURE

In the past several months there have been reports of inoperable or inaccurate flood gauges. The result was inaccurate predictions of flood cresting. This basic infrastructure provides early warning of possible dangerous conditions.

*Question.* With the fire season approaching, and starting early in some regions of the country, is there any reason to be concerned about the reliability of such basic firefighting infrastructure as weather stations, lightning detection facilities, and lookouts?

Answer. Although the basic infrastructure is sound, there is a need to modernize many fire management facilities to meet health and safety codes and to support expanded fire management efforts. The Interior bureaus continue to modernize and improve their capabilities to identify critical fire weather conditions, and to detect and quickly respond to lightning and human caused wildland fires. Current automated lightning detection systems are adequate to provide coverage throughout most of the lightning-prone areas of the country.

There is also an ongoing program to expand the capability of remote automated weather stations to track weather and fuel moisture conditions and provide early warning of unusual or dangerous conditions. Further investments in these networks will help to support detailed assessments of appropriate management strategies on wildland fires, and prescribed weather and fuel moisture conditions on prescribed burns.

The fire weather forecasting section of the National Weather Service has always provided a critical service to the wildland fire program. We are concerned with efforts to reduce specialized fire weather forecasters and replace them with core forecasters. It is important to maintain specialized skills in these offices to support local and spot forecasting needs identified by the bureaus. In some cases, additional services may be required to support expanded prescribed burning programs.

Many fire lookout towers are old and in need of repair, but still provide a critical detection service. The bureaus support a continuing program within the funding provided to upgrade such facilities along with guard stations, fire engine storage areas, air tanker bases, and fire equipment caches.

SCIENCE

The Administration's budget for the Biological Resources Division of USGS includes $10.93 million and 151 FTEs for Cooperative Research Units (CRU). These 40 units are located in land grant and historically black colleges and universities. Coordination and approval of research in these units is done within the unit and among the Federal, State agency, and university partners. Similarly, the NPS budget request includes $2.4 million and 16 FTEs for Cooperative Ecosystem Study Units (CESU). These units, not funded in fiscal year 1997, would help focus science

research regionally. In its budget, NPS proposes to work collaboratively with the USGS BRD to establish the CESUs and reorganize former NPS university-based Cooperative Park Study Units (CPSU).

SCIENCE MISSION

*Question.* How does the mission of the BRD CRUs differ from that proposed by NPS for its CESUs? Why are the CESUs being established? What role will they play that is not being met by other existing Interior research labs?

Answer. As envisioned, the CESU network will enable close collaboration among researchers and resource managers to provide research, technical assistance, and education needed by land resource managers to solve complex interdisciplinary management issues that span the physical, biological, economic, social, and cultural sciences. The CESUs will not compete with the BRD CRUs or former Cooperative Park Study Units, but will identify resource information needs within parent agencies, and will offer improved access of managers to BRD and university expertise and capabilities.

SCIENCE COORDINATION

*Question.* The NPS describes working with the BRD in fiscal year 1998 to establish the CESUs, yet the BRD does not identify this coordination with the NPS as work in fiscal year 1998.

Answer. Within fiscal year 1997 budget allocations, BRD already has research scientists stationed at universities. There is no additional cost for BRD to participate in the CESUs, and BRD will benefit by having better levels and points of contact with its partner agencies.

PLANNING ISSUES

Habitat Conservation Plans (HCP)—Cooperative planning efforts among stewards for habitat on private, local, State, and Federal lands have been in the news lately. Several HCPs and Natural Communities Conservation Plans (NCCP) have been debated and approved in the larger public forum including the Southern California NCCP, the Balcones (Texas) Conservation Initiative, and the Brevard County (Florida) Scrubjay plan. These show the benefits of dialogue and coordination of interests and concerns at all levels.

*Question.* Please describe the future of such planning activities, and the lessons learned from the process thus far.

Answer. This program has been successful because the Department has forged strong partnerships with private, local, and State landowners to find innovative solutions that are biologically, economically, and politically feasible for all parties, and conserve listed species.

The growth in HCPs is due to several factors, primarily the greater incentives that have been offered to landowners. Previously, the fear of new listings, the potential for additional mitigation measures and the potential to have to redo a plan left landowners leery of entering into a long-term agreement. The Administration's new "no surprises" policy (a deal is a deal except under extraordinary circumstances) also provides certainty to landowners and encourages them to come to the table to develop long-term contracts to protect T&E species while allowing economic activities to proceed. The "no surprises" policy has been critical to the willingness of landowners to participate in the HCP process.

Additional factors which have increased the use of HCPs and also benefits both wildlife and landowners include: the development of multi-species HCPs covering larger geographic areas; substantial process improvements detailed in a new user-friendly HCP handbook; vastly improved coordination between FWS, the National Marine Fisheries Service, and other Federal parties; and a change in the FWS role from providing technical assistance only to full participation with landowners through all stages of the process.

These are the kinds of lessons learned which can help guide the national debate over reauthorization of the Endangered Species Act (ESA). The Department continues to explore additional ideas to forge strong partnerships with private, local, and State landowners to find endangered species habitat solutions. The Department has aggressively accelerated the use of additional existing authorities under the ESA to ease the regulatory burdens of the ESA on private, State, and other landowners. The Department would not be adverse to incorporating the "10 Principles" into the ESA. Many of those principles grew out of our early involvement with the HCP process.

The "safe harbor" program encourages landowners to provide habitat for listed species. Under this program, private landowners with assistance from FWS or with other qualified Federal or State agencies develop a management program to be carried out on their lands for the benefit of listed species. Based on such a program, a safe harbor agreement is entered into by FWS and landowner. The FWS, in turn, will issue the private landowner a permit for the future take of listed species above the existing baseline conditions at the time of the agreement.

The "no surprises" policy assures private landowners participating in HCPs that no additional requirements will be imposed on plan participants for species covered by the HCP except under "extraordinary circumstances."

These are partnership agreements where the landowner approaches the Department to develop a solution to allow economic development to proceed while protecting T&E species. The Department is confident that adequate safeguards are built into the permit process to avoid future potential problems. Within the framework of the HCP, it is the applicant's responsibility to carry out FWS-approved monitoring regimes to determine the effectiveness of the terms and conditions of the agreement to minimize and mitigate the effects of the action. The FWS is responsible for ensuring the compliance with the terms of the HCP and evaluating the effectiveness of the actions on the covered species.

In addition, FWS incorporates adaptive management clauses into HCPs that may cover a species for which FWS may not have all of the scientific information needed at the time of HCP development. Where these data gaps occur, not all of the questions regarding the long-term effects of implementing these HCPs can be answered. In these cases, FWS has begun to work with the applicants to incorporate adaptive management into the strategies designed to mitigate the effects of the HCP. These provisions are especially useful for species whose biology is not fully understood when the HCP is developed and the landowner wants to cover them. These provisions allow FWS to work with the landowner to change management strategies within the HCP area, if new information about the species indicates this is needed.

Cooperation to date has been impressive. Indeed, our field offices report a surge of additional non-required "monitoring" and "consultation" visits requested by eager HCP permittees.

GATEWAY COMMUNITIES

In fiscal year 1997, NPS is undertaking a pilot program to work collaboratively with four "gateway" communities on mutual planning and development related issues.

*Question.* What are the four communities?

Answer. The NPS identified several candidates for pilot projects addressing gateway communities in response to recommendations in the Vail Agenda. The initial pilot projects were Sitka in Alaska; Elbe, Ashford, and Greenwater near Mount Rainier in Washington; and Tusayan adjacent to Grand Canyon in Arizona. Larimer County Colorado, Springdale, Utah, and Gettysburg, Pennsylvania also have been recognized as models for cooperative relationships with adjacent national park units.

*Question.* What is the scope of these projects?

Answer. At Mount Rainier and several other units conservation assistance projects have helped local communities develop visions of the future and specific goals in the early stages of general management planning for the adjacent park. In some cases such as the Grand Canyon, the park's general management plan has addressed alternatives for the adjacent community to become a staging area for visitor information, transportation, and other services. Rocky Mountain National Park cosponsored a conference with local officials in other surrounding jurisdictions to share ideas about cooperative planning. At Sitka, the park's general management planning project has been coordinated with local plans for visitor services and interpretation, transportation (including a shuttle bus system), design assistance for signs, and overall visual quality.

*Question.* What is the projected outcome of these joint efforts?

Answer. In general, the expected outcome is improved cooperation with the communities on transportation, public services, visual quality, future development patterns, and other matters. For example, the community assistance projects at Mount Rainier provided a basis for improved coordination with the communities throughout the general management planning process. At Sitka, a plan is currently helping to guide local decisions. The Grand Canyon general management plan's recommendations for improved visitor services in adjacent communities are being addressed as more detailed implementation plans and are being developed by the NPS and the towns around the park.

*Question.* How were the communities selected for the pilot?

Answer. The NPS Regional Offices were invited to submit nominations for the selection of the initial pilot projects in 1993. Twenty-five candidates were submitted, reviewed in the Headquarters Office, using criteria such as likelihood of success, and the best proposals were identified as pilot projects.

*Question.* Is this a model which will be incorporated into future NPS planning efforts?

Answer. Yes, NPS recently conducted two seminars on lessons learned in cooperative planning with gateway communities. Several suggestions are currently under consideration for how to assure that lessons learned with these pilot projects and other initiatives are incorporated into routine park management as well as future planning projects. However, one of the conclusions is that successful cooperation between parks and adjacent communities requires tools and relationships that are designed to fit local circumstances. Park managers, planners, and local communities will be encouraged to learn from past experiences, but to choose from various models one that is most likely to work for their specific purposes.

*Question.* Do you anticipate any new starts of such efforts in fiscal year 1998?

Answer. Lessons learned from these pilot projects will be incorporated in new general management planning projects wherever possible. The Rivers, Trails, and Conservation Assistance program also is expected to continue placing a high priority on support for some projects in communities adjacent to NPS units.

*Question.* Are there any plans to coordinate these efforts on an interagency basis in areas where other Federal land managing agencies have a presence?

Answer. Cooperative planning efforts with local communities routinely involves coordination with other Federal land managers. Interagency efforts with the U.S. Forest Service have been most evident in examples at Grand Canyon, Sitka, and Mount Rainier, but other Federal, State, and local agencies have been involved as well. Cooperation with other Federal agencies is expected to continue in future projects.

VOLUNTEERS

The Department and the land managing agencies have taken some creative approaches to supplement Federal funding of public lands management. In the past several years there has been an enhanced revenue stream through the recreation fee demonstration program, through the efforts of cooperating associations and friends groups, the use of volunteers, and partnering with private industry (i.e., recent American Airlines announcement).

*Question.* Please describe the use of volunteers in each applicable Interior agency and the impact that volunteer, community service, and internship programs has had on the ability of the agencies to accomplish their responsibilities.

Answer. The BLM, USGS, FWS, NPS, BIA, and BOR all have successfully used volunteers to supplement the work of bureau employees as follows:

Since 1981, volunteers have played an important role in helping BLM achieve its mission. Each year over 19,000 volunteers provide vital assistance to BLM in the management of public lands and associated resources. Volunteers not only contribute work time, which is estimated to be valued at over $13 million each year, but they are taking on increasingly important roles in serving as team members, providing customer service, serving as important links to local communities, and providing innovative ideas and resources. Each of the 12 BLM State Offices has an active volunteer program where people of all ages pitch in without compensation to do such things as build trails, restore watersheds, patrol cultural sites, write informational brochures, staff visitor centers, train wild horses, clean-up recreational sites, provide engineering support, program computers, and conduct educational programs. Recently BLM honored eight outstanding volunteers for their dedication and contributions in the following areas: educational and public presentations about the BLM Adopt-a-Horse program, mechanical engineering skills, recording archaeological sites, conducting weekly maintenance of trailheads and campsites, conducting interpretive talks, staffing information desks, and greeting visitors.

The BLM is also actively involved in community service through such events as the National Public Lands Day, an annual volunteer program designed to bring thousands of citizens to public land sites for hands on restoration work and conservation education. The BLM also sponsors a number of environmental education programs for all age groups of school children in both classroom settings and field site exercises. Outdoor classrooms provide information and instruction in a variety of subjects, including geology, archeology, wildlife, and botany. The programs are designed to spark interest in children in both stable and at risk environments to learn about cultural and natural resource issues and gain a better understanding and appreciation for their world.

AmeriCorps participants are accomplishing essential on-the-ground work in environmental protection and restoration activities for the Department and to the mutual benefit to both the Federal Government and our partners.

At Fort Ord, AmeriCorps participants have worked to protect 7,250 acres by building fences and barriers which protect many acres of new habitat created for the reintroduction of endangered species as well as 300 habitat improvement and erosion control projects. Protection of sensitive wetlands and endangered species habitat through the planting of shrubs and grasses continues. Transformation of the former military base to public recreation lands and wildlife habitat has begun.

The USGS Volunteer for Science Program is an invaluable component of the USGS workforce. Every year nearly 10,000 volunteers from all segments of the American population—from school children to scientists emeritus—perform tasks ranging from entry-level clerical to highly technical scientific services. The Volunteer for Science Program is dynamic and flexible enough to satisfy high school students' community service requirements, provide internship opportunities for college students, give retired scientists and technical experts a place to continue to be productive and valuable to this Nation, and fulfill personal desires to contribute to the wise management of our natural resources.

The USGS gains significantly by receiving nearly one-half million hours of assistance annually in support of its mission. On a cost basis, volunteers replace nearly $6.5 million in salary dollars. In some cases, volunteer time is key to project success and tips the balance from not getting the job done to accomplishing the job within the needed time frame. Even if USGS were provided the resources to hire employees to replace volunteers, it would be difficult to find the numbers of people with the expertise to do what our volunteers do free of charge. Many volunteers are expert in geology, digital mapping, engineering, computer science, ornithology, parasitology, mammalogy, ichthyology, ecology, and biology. Others are experienced in public education, technical writing, accounting, animal husbandry, and other specialties.

In 1982, FWS was aided by 4,521 volunteers who contributed 128,440 hours. Participation has steadily increased to 25,840 volunteers and 1.1 million hours in 1996. These volunteers work at a variety of tasks ranging from construction and repair projects to orienting and educating visitors to assisting with fish and wildlife surveys and habitat improvement projects. Volunteers include individuals, boy scouts, girl scouts, American Association of Retired Persons, Friends groups, local Audubon Chapters, and school groups to name a few. The FWS also uses volunteers from organizations such as the Student Conservation Association and AmeriCorps.

Volunteers supplement FWS resources, as described in the following examples: Edwin B. Forsythe NWR volunteers assisted in piping plover nest surveys and population monitoring when the refuge staff was unable to continue its weekly waterbird surveys. Ash Meadows NWR volunteers removed 240 inactive utility poles during April and May. They donated 504 hours and saved $100,000 for FWS. At Bitter Lake NWR, the Roswell Job Corps constructed a handicapped-accessible Watchable Wildlife overlook.

At the Rio Grande project, AmeriCorps participants have restored 150 acres of riparian habitat, planted some 15,000 seedlings for erosion control, and conducted vegetation studies as well as photo documentation of oil spill contamination and cleanup efforts. Over 70 ecosystem, fish, wildlife, and water quality research projects have begun and been completed. In addition, endangered species "tool kits" for teachers have been created.

The NPS considers anyone to be a volunteer who contributes his/her time and expertise to the agency for no pay. Official NPS volunteers must sign a volunteer agreement to be covered under the provisions of P. L. 91–357, as amended. The NPS uses volunteers in nearly every sector of the agency and almost every unit of the National Park System. Volunteer activities in NPS are summarized in nine general categories. The following list summarizes NPS volunteer activities for fiscal year 1996: Administrative Support, five percent; Campground Hosting, eight percent; Curation, two percent; Archeology, one percent; Interpretation, 39 percent; Maintenance, 16 percent; Resource and Visitor Protection, five percent; Resource Management, 19 percent; and Other, five percent.

At the Everglades-South Florida ecosystem project, AmeriCorps participants have conducted 78 fish, wildlife, and water quality research projects at four National Parks and six Fish and Wildlife units. Automated water monitoring stations and Coral Reef nurseries for future marine habitat restoration have begun. Exotic plant removal has been accelerated.

Volunteers are nearly always beneficial in BIA response operations. However, much of the response to recent storm damage undertaken by BIA required use of equipment and trained personnel for major repair work. No volunteer equipment

and/or operators were available to assist during the disaster periods. On the community services side, Indian communities came together to work for the common good during the crises. Both the youth and elderly of Indian communities assisted by filling and stacking sandbags; evacuating homes; providing shelter for family, friends, and neighbors; helping unload trucks; and delivering food. The communities did what they could do within their limited resources and abilities to assist each other. Unfortunately internship programs are not available in all communities to assist in the necessary repairs and carry out the needed rebuilding and construction of damaged buildings, roads, irrigation structures, etc.

The BOR has many volunteers which have proven to be a successful tool in productivity and efficiency for the Bureau and local communities. Volunteers in BOR are used in a variety of ways. Some examples from the past year include: providing clerical and administrative support; providing visitors to Hoover Dam with information and assistance; assisting in cataloging and curating Hoover Dam's museum quality documents, photos, and other historical items; and serving as judges for the National Science Fair. In one region alone, specific programs include: Partners in Education, 47 volunteers/607 hours; Participation in Paint The Town 28 volunteers/156 hours; Participation in Rake-Up-Boise 31 volunteers/124 hours; Catch A Special Thrill (C.A.S.T.) Fishing 90 volunteers/720 hours; Idaho Adopt-a-Highway 10 volunteers/40 hours; Christmas Adopt-A-Family 23 volunteers/64 hours; Employee-Sponsored Scholarship Fund 20 volunteers/90 hours; and Area Pond Clean-Up six volunteers/48 hours.

EDUCATION

*Question.* Is the Department working with the Department of Education on science issues in education?

Answer. The Interior Education Committee, which includes representation from each of the bureaus, has worked with the Department of Education to keep abreast of the Federal role in science education. The Goals 2000 Subcommittee to the Interior Education Committee has convened meetings on matters relating to the Educate America Act—Goals 2000. The Department of the Interior's school partnership program is one of the focuses of the subcommittee. The subcommittee also keeps abreast of new initiatives sponsored by the Department of Education.

*Question.* Which agencies are involved in this effort?

Answer. The USGS has cooperative education projects with the National Aeronautic and Space Administration and the National Oceanic and Atmospheric (GLOBE Program) in addition to cooperative projects with other bureaus within Interior, including NPS and BIA. A subcommittee to the National Science and Technology Council with interagency representation meets to discuss grant programs in educational technology for school districts (K–12). The Subcommittee on Educational Technology is sponsored by the Department of Education and the Office of Science and Technology Policy. The USGS represents the Department on this committee for fostering technology in education.

*Question.* Describe how the Department shares with the children in America's schools the lessons learned though research on public lands and in the bureaus.

Answer. The USGS has 14 partnership schools nationwide in accordance with Executive Order 12821. The Interior Subcommittee works with the bureaus to provide guidelines for administering a formal School Partnership Program. The USGS also serves students with the Volunteer for Science Program, which dovetails with community service programs in most schools nationwide. The USGS administers the Excellence in Education Initiative, a project-based program, to develop materials for the K–12 education community and to teach teachers about the latest scientific developments in the earth and biological sciences. The USGS Visitors Center hosts about 10,000 visitors each year from schools throughout the DC metropolitan area via a tour program, activities-based learning, and science summer camp.

EMPLOYEE DEVELOPMENT

*Question.* How does the Department ensure that its employees are kept current on emerging technologies and competencies in professions relating to the sciences?

Answer. The Department encourages state-of-the-art technical competency by promoting and supporting continuous academic development including graduate course work, research, and independent study. Because of the job relatedness of technical academic studies, most course work is paid for by the employing bureaus. Technical professionals are also encouraged to attend conferences and symposia, to be active members in professional societies, and to subscribe to professional journals and publications. Costs associated with these activities, including travel and fees, are typi-

cally borne by the bureaus; employees are usually permitted to participate on Government time, as part of their regular duties.

*Question.* Do the bureaus have similar employee development goals and moneys available for training?

Answer. Employees of bureaus such as USGS, FWS, and the Bureau of Reclamation are regarded worldwide as experts and leaders in their fields. This level of recognition is gained only by state-of-the-art competency acquired through constant employee development. The financial commitment to this development is many times greater, in absolute terms and as a percentage of overall funding, than in non-scientific bureaus. Non-scientific employees in all bureaus are also supported in maintaining a high level of technical competency in their occupational areas.

GOVERNMENT PERFORMANCE AND RESULTS ACT

The Government Performance and Results Act (GPRA) requires that each agency submit by September 30, 1997 a strategic plan for program activities.

*Question.* What Congressional consultations have taken place to date, both on a departmental and bureau level?

Answer. The following table summarizes Interior's consultation process with the Congress since November of 1996. To date the Department and all eight of its bureaus have consulted with Congressional staff including the House GPRA team.

CONGRESSIONAL CONSULTATION SCHEDULE

| Bureau | Date | Parties consulted |
|---|---|---|
| Department, NPS | Nov. 20,1996 | House/Senate Appropriations staff. |
| Department, NPS, OSM | Dec. 16, 1996 | Do. |
| MMS | Feb. 4, 1997 | Do. |
| Department/NPS | Feb. 7, 1997 | Senate Energy staff/Senate Environment and Public Works staff. |
| FWS | Feb. 24, 1997 | House/Senate Appropriations staff. |
| MMS | Feb. 26, 1997 | Government Operationsand Reform staff. |
| USGS | Feb. 28, 1997 | House Appropriations staff. |
| MMS | Mar. 5, 1997 | House Resource Committee staff. |
| NPS, BLM | Apr. 18, 1997 | House GPRA team. |
| FWS, USGS | Apr. 25, 1997 | Do. |
| BOR, WRD–USGS | May 2, 1997 | Do. |
| MMS, OSM | May 9, 1997 | Do. |
| BIA | ...do | Do. |
| Department | May 8, 1997 | Do. |
| FWS | June 26, 1997 | Do. |
| Department | July 11, 1997 | Do. |
| Department—Insular Affairs | Aug. 21, 1997 | House Appropriations staff. |
| FWS | Aug. 25, 1997 | Do. |

While the Senate is still organizing its GPRA review process, copies of draft strategic plans have been sent to Majority and Minority staff for the following Committees: Senate Appropriations; Senate Budget; Senate Governmental Affairs; Senate Energy; and Senate Environment and Public Works. The Department has offered and is available for further consultations.

*Question.* Please describe the efforts undertaken to date by the various land managing bureaus to coordinate development of meaningful goals and measurements for responsibilities common to the bureaus.

Answer. The Department of the Interior, as part of its strategic planning process, has established a Strategic Planning Steering Group to guide the development of the Interior bureau strategic plans. This group is composed of senior planning officials from each bureau, as well as representatives from the Departmental budget and financial management offices. This group is working closely to develop the bureau components of the Department's strategic plan and providing the mechanism for the bureaus to coordinate the development of strategic goals and measures.

The BLM has sponsored the Natural Resources Performance Measures Forum that has brought senior planners from BLM, FWS, BIA, NPS, USGS, the Environmental Protection Agency, Department of Agriculture, Department of Defense, Corps of Engineers, National Oceanic Atmospheric Administration, and other agen-

cies together over the last year to share plans and discuss goals and performance measures for common issues. This group has been successful in establishing the dialogue needed for agency plans to be more complementary.

*Question.* What mechanism is in place to review the multiple plans submitted to the Department by the bureaus?

Answer. The Office of Planning and Performance Management, which reports to the Assistant Secretary—Policy, Management and Budget, is responsible for coordinating the review of all the bureaus plans. Bureau plans are forwarded to key Departmental Offices for agreement with policy, legal, and budgetary issues.

*Question.* How will different measures of common goals be managed?

Answer. The Department of the Interior deals with many complicated issues in the management and preservation of the Nation's public lands. The Department has a diverse set of missions and program responsibilities that inherently are "in tension" with each other.

Each bureau is developing a plan with goals that support its legislated mission. While several bureaus have land management responsibilities, in most cases the legislation requires different land uses with different outcomes. For example BLM is required to manage lands for multiple use including consumptive as well as recreational uses while NPS legislation directs the agency to preserve the natural and historic resources of the land and provide for the public's enjoyment of those lands in perpetuity. Because of these fundamental differences, each bureau has developed goals and measures that allow the organization to measure performance and manage their organizations to fulfill their legislated mission.

*Question.* Do you anticipate common vocabulary among the land managing agencies in terms of defining goals and measuring progress?

Answer. The Natural Resources Performance Measures Forum sponsored by BLM has worked extensively on these issues and progress has been made but much remains to be done. The forum has worked to define "recreational opportunities" and the "health of the land" but there is no consensus for measurement across the Government. Resolving this and related cross agency issues are anticipated to be one of the challenges that will be addressed as future iterations of strategic plans are developed.

GRAND STAIRCASE-ESCALANTE NATIONAL MONUMENT

The President created the Grand Staircase-Escalante National Monument in September 1996, and BLM has been charged with planning and operating the Monument. The BLM has begun an estimated three-year planning process.

*Question.* Please describe efforts to coordinate facilities, tourism, and visitation issues with other recreational facilities in the vicinity of the Grand Staircase-Escalante National Monument area. These other recreational facilities include Utah State Parks, as well as Forest Service and NPS units.

Answer. The Monument planning team has taken a number of steps to ensure full coordination with other recreation facilities near the Grand Staircase-Escalante National Monument. The Monument planning team includes five members nominated by the Governor of Utah, who was invited to do so by the Secretary. These members have a thorough knowledge of local development issues, including tourism. They include a community planner from the Five County Associations of Governments, an employee of the State Parks Division, and an employee of the Wildlife Resources Division. The planning team has also been in frequent contact with representatives from Bryce Canyon National Park, Capitol Reef National Park, Glen Canyon National Recreation Area, Dixie National Forest, and Kodachrome Basin State Park. The BLM will continue to work closely with these representatives during the planning process. The planning team also includes two experienced BLM recreation planners who will be coordinating with local tourism and recreation interests.

Through the agreements with Kane and Garfield Counties, BLM has already taken steps to ensure that the planning team will be kept fully abreast of important local information, including:

—Socioeconomic information, including population trends and data;
—Opportunities to create and maintain sustainable community economies;
—Infrastructure;
—Public safety needs including law enforcement, search and rescue, and aid to visitors in the Monument; and
—In the case of Kane County, an updated county plan.

*Question.* Please describe efforts to involve the local communities in the planning efforts for the Monument.

Answer. The BLM has established a variety of formal and informal mechanisms to ensure that the planning team works closely with local communities and govern-

ments during the planning process. Monument manager Jerry Meredith, who served formerly as Cedar City District Manager, has brought to the planning team extensive experience in working with the local communities and governments. He has met with all the mayors of communities near the Monument, with the exception of Big Water. Monument staff participate in regular meetings with each county, as well as in meetings of the Southern Utah Planning Advisory Council. The planning team has a formal working relationship with the Community and Economic Strategic Planning Committee, which is appointed by the Governor. As noted earlier, the Secretary invited the Governor of Utah to provide five members for the planning team. Among the five full time members nominated by the Governor and agreed to by the Secretary is a community planner from the Five County Association of Governments who has considerable background and familiarity with local needs and concerns regarding the Monument.

The BLM has also acknowledged the important role of communities and local governments in the planning process by providing them with financial assistance. In the fall of 1996, BLM offered to extend cooperative agreements with both Kane and Garfield Counties to help them participate in the planning process. Although Garfield County initially declined the offer, both counties have since joined BLM in signing cooperative agreements which will be used to facilitate the counties' participation in the Monument planning process.

The BLM is also a participant, on an ex-officio basis, on the State of Utah's Community and Economic Development Strategy Team. The team, made up of representatives of local towns, counties, civic organizations, and business groups appointed by Governor Leavitt, has been charged with the development of a strategic plan for lands adjacent to the Monument as well as looking at other Monument-related issues that directly affect surrounding communities.

The NPS is currently working with four "gateway" communities near national park sites to develop planning documents and guidelines for development.

*Question.* Will the lessons learned from that experience be of value to BLM during its planning for the Grand Staircase-Escalante National Monument?

Answer. The BLM understands that in planning for the Monument, the planning team must build on its own experience, as well as that of other agencies, including NPS and the Forest Service. Shortly after the designation, BLM contacted Warren Brown, Program Manager for Park Planning and Special Studies of NPS, to determine what information could be learned from NPS park and Monument planning efforts. In addition, BLM has consulted with individuals from the Great Basin National Park, Golden Gate National Resource Area, Crater Lake National Park, Mojave National Preserve, Columbia River Gorge National Scenic Area, Mt. Saint Helens National Volcanic Park, and the El Malpais National Conservation Area. These areas were all designated relatively recently. The BLM will continue to consult with these individuals throughout the planning process to take advantage of their knowledge and experience, particularly with regard to gateway communities.

*Question.* Please describe opportunities for employment of local residents.

Answer. The BLM anticipates that the Monument will stimulate long-term, sustainable employment opportunities, particularly within the communities adjacent to the Monument. The area has already seen an increase in the demand for visitor services and information, as well as a need to address concerns over public safety. The BLM also anticipates that the Monument plan will provide for infrastructure improvements at campgrounds and day use areas, which in turn will be tied to job opportunities for local residents. Public interest and support for the Monument is already apparent. In May, 1997, the Escalante Visitor Center reported 4,000 visitors, twice the previous monthly high of 2,000. The number of visitors to the Monument itself is estimated to be much higher still. These visitors will provide economic benefits for restaurants, motels, gas stations, and other recreation-related businesses. Moreover, while it is difficult to assess long-term growth in employment opportunities outside the Monument's boundaries, BLM expects that the Kane and Garfield counties' success in attracting new and more diverse businesses will only be heightened by visitor interest in the Monument.

VANISHING TREASURES INITIATIVE

For fiscal year 1998, NPS has proposed a new 10-year, 41-park initiative in the arid west to bring historic and prehistoric structures maintenance from emergency repairs resulting from deteriorating conditions to a stabilized condition that will allow maintenance and preservation on a routine basis. The fiscal year 1998 request for the "Vanishing Treasures" initiative is $3.5 million and involves physical restoration as well as 18 new FTEs and associated training. The FTE proposed essentially doubles the number of personnel now occupying positions of similar respon-

sibility, and begins the growth curve in personnel currently identified as necessary to carry out the 10-year initiative.

*Question.* Given the large investment in attracting and training skilled preservation maintenance workers and archeological and cultural resource preservation personnel, and given the fact that many other Federally-managed arid lands in the west have similar resources, do you anticipate that other land managing agencies will look to NPS to provide FTE and technological resources for stabilization of their resources?

Answer. The NPS acknowledges its responsibility under the National Historic Preservation Act and other authorities to provide training, technical information, and other assistance to other Federal agencies in preserving prehistoric and historic places under their jurisdiction or control. However, the Vanishing Treasures proposal described in the budget request has been calculated in terms of expertise and work needed in 41 parks in the arid west. The requested dollars and FTE were not calculated to enable NPS to provide money or FTE to do work on other Federal lands. It is possible, however, that other agencies and parties such as owners of certain types of National Historic Landmarks could participate in Vanishing Treasures-sponsored training and could benefit significantly thereby.

*Question.* Are there similar resources on BLM, FWS, and Bureau of Reclamation lands that might also need protection?

Answer. Most extensive tracts of Federal lands, including lands managed by other Federal agencies in the arid west contain prehistoric and historic ruins of varying degrees of significance, preservation, and preservability.

*Question.* What about on BIA lands?

Answer. The above answer applies to resources on BIA lands as well as to those on BLM, FWS, and BOR lands.

*Question.* Are there plans for technical assistance to the BIA?

Answer. Presently, there are no plans for such technical assistance, but should BIA request NPS assistance, NPS would do its best to help.

*Question.* Are there similar assemblages of sites or artifacts elsewhere in the U.S. that could be protected through similar initiatives?

Answer. One could group historic and prehistoric resources into categories and describe their needs in that way. The problems of preserving ruins in the arid west are so similar from one park to another, and the specific needs so acute, that the Vanishing Treasures parks make up an obvious grouping within which to solve their problems. The Vanishing Treasures initiative is only part of the larger $6.5 million request for increased cultural resource management, and other elements of the request are proposed to assist other sites in the United States.

INFRASTRUCTURE

*Roads maintenance*

A 1997 joint reinvention study between BLM and the Forest Service identified savings of up to 20 percent in the efficiency and amount of road maintenance that could be accomplished through sharing equipment and improving coordination between among the agencies.

*Question.* Are the recommendations in this study being implemented?

Answer. Yes, many of the recommendations in the report are being implemented. All States are evaluating their heavy equipment needs and equipment for opportunities for cost saving through increased utilization and partnering with the Forest Service. The BLM Washington/Oregon State Office is currently piloting interagency crews. Several local agreements are being pursued in many western States. The BLM and Forest Service are in the final steps of establishing a national level Interagency Agreement which can be used by local offices to streamline coordination and resource sharing.

*Question.* Are there lessons learned that can be applied to cooperative work with other agencies?

Answer. Yes, BLM and the Forest Service are leading the way in working together to better service the general public and commodity users in transportation management. Because the missions of these two agencies are closely aligned, there are more opportunities for cost saving and improved efficiencies between BLM and the Forest Service. However, opportunities exist with FWS, NPS, BIA, and other Federal, State, and local land managing agencies. The national agreements will become models for other agencies to follow.

FEDERAL LANDS PROGRAM

Since the 1982 authorization of the Highway Trust Fund, almost $1.1 billion has gone to NPS through the Federal Lands Highway Program and the Park Roads and Parkway Program. In order to bring the roads and related facilities to a condition in which the parks would be able to maintain that infrastructure through annual operations funding, FHWA and NPS analyzed data which indicate a $2.2 billion backlog of necessary projects.

*Question.* How does NPS propose to address these necessary projects?

Answer. There are some 8,000 miles of public park roads and more than 1,250 bridges under the jurisdiction of NPS serving units of the National Park System. About 60 percent of these roads are paved. The current condition ratings of paved park roads are 38 percent "good"; 22 percent "fair"; and 40 percent "poor/failed". Of the more than 1,250 bridges in the National Park System, 35 percent are deficient. At the currently authorized Federal Lands Highway Program level of $84 million, FHWA engineering analyses indicate that an additional one percent of park roads will continue to deteriorate to a "poor" or "failed" condition each year. Based on FHWA estimates, approximately $120–125 million annually is needed to reverse this rate of deterioration. In line with that estimate, the Administration is requesting a total of $161 million beginning in fiscal year 1998 under the Federal Lands Highway Program, subject to Congressional reauthorization of the program, which will be utilized to address National Park Service Road and Transportation needs as follows:

—$120–125 million annually to prevent further deterioration of the paved park road and parkway infrastructure to "poor" or "failed" condition;

—$25–35 million annually to complete construction of Congressionally authorized parkway projects; and

—$5–15 million annually to implement alternative transportation systems in selected parks.

*Question.* Is there a priority list of projects?

Answer. Yes, NPS maintains and periodically updates a Servicewide priority listing of needed road and bridge projects.

*Question.* Do immediate safety concerns take precedence over planned projects?

Answer. Yes, and dependent upon the availability of funds, such problems are addressed as soon as possible.

Speed limits on roads which run through NPS sites has been the subject of much debate recently. There has been public concern over the number and severity of accidents which have occurred on the George Washington Memorial Parkway in Virginia. Excessive speed has been cited as the cause of most of the accidents. In Organ Pipe Cactus National Monument in Arizona the speed limit has recently been raised to 65 miles per hour-far above the 45 mph set in regulations for most of the NPS roads.

*Question.* How does NPS plan to deal with the issue of roads serving dual purposes, visitors and through travelers?

Answer. The problems associated with park road serving dual purposes presents an ongoing challenge to park managers. In response to several highly publicized accidents on the George Washington Memorial Parkway, park management there has added additional Park Police patrols to enforce posted limits, and is using two mobile, radar speed indicator display signs to slow down traffic. Also, NPS recently began installing additional median guardrails to lessen the potential for head-on collisions on the parkway north of Spout Run in Virginia.

The roadway through Organ Pipe Cactus in Arizona is a locally administered highway with the speed limit set by local authorities. Park management there has been engaged in negotiations with the State officials in an attempt to get the speed limit lowered, and NPS is on record in opposition to their recent decision to raise the speed limit.

With respect to the general issue of park roads, NPS, in cooperation with the Federal Highway Administration, is currently developing various management systems and investment strategies to influence future park road program focus. Factored into this strategy as a key component is the need to address the through travel issues, growing congestion, and associated resource concerns that have become increasingly serious problems in national parks.

Where appropriate, alternative transportation modes are being considered to help handle the rapidly growing traffic demands and to reduce the resource impacts associated with increasing numbers of visitors and motor vehicles. A study on alternative transportation in parklands was submitted to Congress in 1994. Also, a Presidential memorandum dated April 22, 1996, directed the Secretary of the Interior, in consultation with the Secretary of Transportation, to enhance access to, and mo-

bility within, our parks. In line with this, NPS has initiated a multi-year program of planning efforts for alternative transportation systems, which is now well underway in Yosemite, Yellowstone, Denali, Zion, and Grand Canyon National Parks. Additional transportation planning efforts have also been initiated at Acadia, Crater Lake, Sequoia, Mount Rainier, Indiana Dunes, the Presidio, and Bandelier.

*Question.* Is there likely to be an increase in construction and upgrading of the roads in response to more traffic and higher speeds?

Answer. In response to more traffic, NPS intends to look primarily at various alternate transportation modes. In line with this, and in response to many years of funding shortfalls, and to maximize use of limited fiscal resources, NPS, in cooperation with FHWA, is currently developing enhanced investment strategies using various management systems to influence future program focus. Factored into this strategy as a key component is the need to address the congestion and associated resource concerns that have become an increasingly serious problem in national parks.

In terms of increased speeds, NPS continues its law enforcement presence in order to ensure the safety of the roadway. Unfortunately, NPS law enforcement personnel can not be in all places at all times, so there are accidents that result from excessive high rates of speed.

*Question.* How would priorities be set for projects of this type?

Answer. A study on alternative transportation in parklands was submitted to Congress in 1994. A Presidential memorandum dated April 22, 1996, directed the Secretary of the Interior, in consultation with the Secretary of Transportation, to enhance access to, and mobility in, our Nation's parks. It is estimated that $5–15 million annually is needed to initiate a multi-year program of planning efforts and projects for alternative transportation systems in selected parks.

MAPPING PROJECT

In fiscal year 1998 the USGS proposes to establish a mapping and modeling database over a three-year period using Landsat data and mapping technologies to track population growth and land development.

*Question.* Which cities have been selected for this program?

Answer. The four metropolitan areas proposed are Chicago, New York City, Philadelphia, and Portland, OR.

*Question.* Are these areas of ecological concern or where HCPs are under development?

Answer. The four cities were selected from the American Farmland Trust (NFT) list of high priority cities where urbanization threatens agricultural land. Further refinement of the list was done by examining cities where there was concern for impacts on ecological diversity in very different ecological regions. Specific city selections had additional regional criteria as well. Philadelphia and New York were then identified as major urban areas that would continue the work started in the Washington/Baltimore area, thus expanding into major portions of the Eastern Corridor and the Eastern Megalopolis. Chicago was identified as a critical mid-western city that met the NFT and ecological criteria. Portland, Oregon was selected because the effect of different land use planning models being used in Washington and Oregon can be compared in subsequent research. It met the other NFT and ecological criteria as well. All cities were chosen to meet multiple criteria important for geographic research.

---

## QUESTIONS SUBMITTED BY SENATOR TED STEVENS

BROOKS RIVER, KATMAI NATIONAL PARK ACCESS ISSUE

The National Park Service (NPS) has prepared a final Environmental Impact Statement (EIS) and Record of Decision which would establish a management plan for the Brooks River area in Katmai National Park. The plan's intent is to regulate day users in order to lessen stress on bears. However, NPS picked the most expensive alternative, which requires moving Brooks Camp to the other side of the River, rather than building bear viewing boardwalks in the heavily used areas. I am advised that moving Brooks Camp may require a $9 million appropriation. In addition to adopting a plan that would require high funding, the plan would also regulate day use through caps and include overnight guests and anglers in these caps. Very recently, it has been reported that NPS is enforcing these caps through requiring registration of people taking flights to the Brooks River area.

Management could occur through a system of boardwalks to contain heavier day uses to the bear using areas and vicinity, while allowing a greater number of people to enjoy their country's park system and reducing costs substantially.

*Question.* Under what authority has NPS adopted the policy of requiring registration of users going to the Brooks River area?

Answer. Under the fee demonstration program that was authorized by the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P. L. 104–134).

*Question.* What steps are involved in the registration process?

Answer. Advance reservations can be made by calling Destinet, who is handling reservations for Katmai under the NPS reservation contract. The visitor or commercial operator can also pay the user fee and check in upon arrival at Brooks Camp if they prefer. For 1997, there is no cap on the number of people using the area.

*Question.* Is registration provided through travel agencies for groups of tourists from outside Alaska?

Answer. Yes, travel agencies have been advised that Destinet will make group reservations through them if they want. For example, Alaska World Tours, one of the biggest travel agencies in Alaska, is up-to-date on the reservations system and is utilizing it. If a client of a travel agency does not use Destinet's service, they are still able to pay their fee upon arrival.

*Question.* Have the access needs and use patterns of Alaskans been considered in establishing registration procedures?

Answer. Yes; the development concept plan examined the following areas in establishing the reservation system: historic day use patterns at Brooks Camp, Limits of Acceptable Change (defining when visitor impacts have reached unacceptable limits for the visitor—the Limits of Acceptable Change study indicated that increasing visitor numbers were having a negative impact on the quality of the visitor experience), numbers of bear/human interactions per year, and local visitor use of the Brooks Camp area. Special allowances have been made for the local private visitors from the villages near Katmai.

*Question.* Is NPS intending to restrict visitor access to the Brooks River Area in any manner this summer?

Answer. No, NPS does not intend to restrict access to the Brooks River area this summer.

*Question.* If so, how have affected Alaskan interests, e.g., concessionaires, the State of Alaska, pilots, and anglers, been notified?

Answer. Even though no day use restrictions are in place for 1997, NPS has been working with affected Alaska interests to gather input and provide adequate advance notice of the 1998 day use regulations. The results of over eight years of meetings, drafts, and input were included in the development concept plan. In addition, four meetings for commercial operators were conducted in May and June of 1997: one in Homer, two in Anchorage, and one in King Salmon. The goal was to get input from the operators regarding implementation of the day use limit and reservation system for 1998.

*Question.* Why is NPS willing to spend $9 million on tearing down one facility and moving it a relatively short distance away without first trying a more extensive boardwalk system to handle the bear viewing day users?

Answer. The issue and the development concept plan focuses on other issues than visitor use. Brooks Camp is on top of a major archaeological site which is a national historic landmark and listed on the National Register of Historic Places. This site contains human burials, subterranean dwellings, and significant ethnographic resources for Native Alaskans. The NPS wants to be sensitive to this important cultural resource. Operation and maintenance of NPS and concessionaire facilities continues to cause resource degradation of these cultural sites. In addition, the campground is located in a major bear travel zone, which impacts visitor safety. The new site does not include critical bear habitat or potentially significant archaeological sites. The current location would not have been selected had there been awareness of the cultural sensitivity of the area. Additionally, there is considerable cost associated with maintaining the aging infrastructure and protecting the archaeology in the current location.

*Question.* Why would visitor caps include persons not there for bear viewing?

Answer. The visitor cap was established based on day use patterns and statistics gathered over the last several years. These statistics represented all day users to the area and were not separated according to type of use such as fishing, bear viewing, or photography. The average daily high for day use at Brooks Camp is about 110. However, due to inclement weather, some days reached peaks of 170 users which negatively impacted the visitor experience. All visitors to the area impact the visitor experience and the resources as identified in the Limits of Acceptable Change study portion of the development concept plan. The Brooks River corridor is less

than 200 acres of land, and all park visitors, whether or not they are there for bear viewing, congregate in this small area.

KANTISHNA MINING CLAIMS

When the Kantishna mining district was added to Denali National Park in 1980, the local miners received assurances that mining could continue. Just a few years later, environmental groups sued and the court imposed an injunction on mining until an EIS could be completed. Because it took NPS fours years to complete the study, many miners went bankrupt while they were prohibited from mining.

This Subcommittee met in Alaska with the Kantishna miners in 1989. Because NPS refused to approve a single plan of operation allowing mining to continue, in fairness to the miners, I agreed to a buy-out plan to acquire the mining claims so the miners could get on with their lives.

The U.S. Geological Survey (USGS) estimated that one family's claim, the Wieler brothers, was worth $4 million. Yet NPS appraised it at $200,000. Because $400,000 of reclamation work needed to be done, NPS said the family would have to PAY the Government $200,000 to sell its claim.

It has now been nine years since this Subcommittee met with the Kantishna miners in Denali, but many of the claims are still unresolved. Over the past several months, my staff has met with your budget director, the NPS regional director in Alaska, your personal representative in Alaska, others on your staff, and anyone else who would listen about this case.

On May 16 my staff was told that the case was just too complicated and no one knew what to do because the brothers were in bankruptcy. If your lawyers can't come up with a solution under existing law, I urge you to ask them to draft legislation that will resolve this matter.

*Question.* Would you be willing to submit a recommendation to the Committee by July 1 which includes a fair appraisal process, so we may consider it in the fiscal year 1998 Interior bill?

Answer. To the extent possible, the Department is interested in resolving the impasse that has been reached in our efforts to come to agreement with the owners of unpatented mining claims in Kantishna regarding the monetary value of their claims. Various ways of resolving this impasse include: (1) paying more than the appraised value of the claims, which is subject to Congressional review and approval; (2) having the courts decide what amounts constitute "just compensation" for these properties through a declaration of taking; and (3) enacting a legislative taking. Attempts to alter the appraisal process are not needed.

For the record, the Department would like to summarize the history of mining claims in Kantishna.

There are currently two bankruptcies in Kantishna. In the case of the Gold King claims, the bankruptcy was filed two years prior to the 1985 court injunction, at a time when plans of operation submitted by Kantishna miners received inadequate regulatory review and routine approval by NPS. This bankruptcy was filed after many years of mounting debts and unpaid creditors. The other bankruptcy was filed several years ago by an individual who had received title to substantial amounts of patented acreage and who showed no recent interest in mining.

Very few miners have submitted plans of operation to mine in Kantishna. Of the plans submitted, most have been so incomplete as to not allow NPS to evaluate them under the provisions of the Mining in the Parks Act. To date, two plans have been approved and one plan has been disapproved.

In 1983, an estimate of value of the Kantishna claims was prepared by DOWL Engineers/Plangraphics, Inc., under contract to the U.S. Bureau of Mines. This report has been reviewed and found to be highly flawed in its methodology and estimates. The purpose of the DOWL report was not an appraised fair market value, and therefore did not follow accepted mineral appraisal standards. The NPS has subsequently contracted with a mineral appraisal firm respected in the mining industry. Using actual market transactions as the basis of their determinations, we believe they have prepared realistic estimates of the fair market value of the claims appraised.

Industry respected environmental firms have surveyed the Kantishna claims for hazardous materials contamination. These firms have also prepared estimates of the costs to cleanup any contamination identified. These estimated cleanup costs are what it would cost for a professional firm to conduct the cleanups under contract. Most contamination on the claims in Kantishna consists of petroleum spills. It is recognized by NPS and the claimants that cleanups could be done by the claimants themselves or by other non-professionals for substantially less than the costs estimated by the environmental firms. Some claimants have now partially remediated

the contamination on their claims, and additional efforts are underway to complete the cleanups. The NPS has reduced the costs of cleanup by paying the owners to remove personal property, including old batteries, barrels of hazardous materials, and other potential contaminants. Additionally, NPS has removed substantial amounts of debris from the entire Kantishna Hills area, further reducing the contamination problems on the mining claims.

The Gold King claims are currently subject to bankruptcy proceedings and pending litigation. The Department does not believe it is possible to legislate a solution to this situation.

---

## QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

### NATCHEZ NATIONAL HISTORIC PARK

It is my understanding that construction of the new visitor center at the Natchez National Historic Park will be completed during fiscal year 1998.

*Question.* What additional operating costs will be required to support the National Park Service's (NPS) presence in this new facility?

Answer. The amount that would be needed in fiscal year 1998 for a partial year is $121,000. The full year amount is $242,000.

*Question.* Is this included in the President's Budget?

Answer. The President's Budget contains numerous increases for park operations; however, at the time the budget was submitted to the Congress, this proposal was not included.

*Question.* What additional staff requirements will exist for this new facility?

Answer. The facility requires two FTEs.

*Question.* Does the Park have sufficient FTE's to meet this need?

Answer. The NPS has sufficient FTEs to meet this need; however, any FTE requirements are contingent on available funding.

*Question.* Does the President's Budget include the allocation of these additional staff years?

Answer. The President's Budget would provide two additional FTEs to the park, but for a different purpose.

*Question.* What funds would be necessary to ensure adequate access by the physically challenged at the Park?

Answer. Natchez National Historical Park has requested a study by National Center for Accessibility at the University of Indiana for a comprehensive Accessibility Plan. Until the study is complete, the amount of necessary funding is unknown.

*Question.* Does the President's Budget include funds to do so?

Answer. The President's Budget did not include such funding.

Mr. Secretary, I know substantial funds are being spent on some big, expensive, new projects in Florida and California, and I hope our 60 year effort to complete the Natchez Trace Parkway will not be forgotten or delayed in the excitement over these other initiatives.

*Question.* What are the plans of this Administration for the completion of our historic and scenic Parkway?

Answer. Good progress has been made in completing the Natchez Trace, and the Parkway is complete in the States of Tennessee and Alabama. At the present time, only 12 of 444 miles remain to be completed, about eight miles near Jackson, Mississippi, and about four miles near Natchez, Mississippi. The current construction estimate for completing these two sections is $62.1 million dollars. The financial scope of Parkway construction has made it difficult to accommodate it as a priority within the normal line item construction program for NPS. We are encouraged by the inclusion of a provision to give priority to completing legislatively mandated roadways such as the Natchez Trace in the Administration's proposed Federal Lands Highway Program section for the ISTEA reauthorization.

There has been substantial interest over the last few years for the development of a trail to run alongside the Natchez Trace Parkway. The legislation which established the Parkway included this trail in its original plans.

*Question.* What steps has NPS taken to establish this trail, as authorized?

Answer. In 1994, Congress directed NPS to consider the need for a bicycle/mixed use trail within the Parkway's boundary in the Jackson, MS metropolitan area. However, the development of such a trail is conditional if such a trail could be included without significantly increasing the cost of Parkway construction.

In response, NPS prepared and issued a Multi-Use Trail Study in 1996, concluding that a 21 mile multi-use trail could be developed on Parkway lands from near Interstate–20 to a point along Ross Barnett Reservoir. This trail would be separate

from the Parkway motor road and would seek to include provisions for linkages with other bicycle and similar trails that may be developed by the State, surrounding counties, or cities. The NPS identified the time-frame for construction of the multi-use trail as contingent upon appropriations and opportunities for partnerships with local governments, organizations, sponsors, and individuals.

One such collaborative effort is nearing fruition. The NPS has been working since mid-1996 in a formal partnership with the City of Ridgeland, MS to design and construct, at no cost to NPS, the initial two mile segment of the multi-use trail with funding obtained by the City by virtue of an ISTEA grant. The enthusiasm the City of Ridgeland has shown in working with NPS to develop and maintain this segment of the multi-use trail demonstrates the level of involvement and commitment that are decisive in advancing this type of quality outdoor recreational opportunity for residents in the Jackson metropolitan area. The NPS plans to highlight the anticipated accomplishments from this partnership in an effort to stimulate similar local community-Parkway trail project collaboration, especially since this may afford additional ISTEA funding for trail construction pursuant to requests by local government.

The initial two mile segment of the multi-use trail, which is about to be developed, corresponds with a substantial portion of the priority trail segment identified in the NPS 1996 Study. This segment was assigned its priority in order to resolve existing conflicts between heavy motor vehicle traffic and bicyclists sharing the Parkway motor road between Interstate–55 and Old Canton Road.

*Question.* What studies have been conducted to ascertain whether a detached or attached trail would be most feasible, cost effective, and useful to potential users?

Answer. In 1996, NPS addressed the question of augmenting the standard 22 foot paved width of the Parkway motor road with paved shoulders to accommodate bicycle and other recreational trail uses. The evaluations concluded that paving the roadway shoulders would constitute an inappropriate departure from the Parkway's design integrity and historic landscaped character. However, NPS also evaluated separate options related to a continuous multi-use trail, as well as a segmented multi-use trail. While both of these options are feasible, there are high costs associated with such construction.

In the past, this Subcommittee has endorsed the construction of the trail as part of new parkway construction when feasible.

*Question.* What construction has taken place in compliance with this report language?

Answer. The NPS has been working to coordinate future construction funding requirements for the Parkway motor road with those for parallel portions of the proposed multi-use trail. The NPS has moved to incorporate the multi-use trail as part of the major unconstructed Parkway motor road bridges being planned for the Interstate–55 to Interstate–20 section of the Parkway by widening these structures to carry the trail adjacent to one side of the Parkway motor road. The portion of the proposed multi-use trail north of Interstate–55 cannot be included in corresponding Parkway motor road construction funding requests since this portion of the Parkway already exists. Separate funding plans would be necessary for this portion of the multi-use trail or the funding could be provided where local governments are willing to act as a sponsor, in collaboration with the NPS, in seeking alternative sources of funding.

FISH AND WILDLIFE SERVICE

*Question.* In relation to water resource development projects in the Lower Mississippi Valley, please summarize the specific role of the Fish and Wildlife Service (FWS) throughout the planning, coordination, draft proposal, and final proposal stages of the environmental, economic, and engineering documentation prior to project construction. Please list all official responsibilities, and specific authorization or mandates in the law to do so.

Answer. The Fish and Wildlife Coordination Act (FWCA) authorizes FWS to provide assistance to, and cooperate with, Federal, State, and public and private agencies and organizations in development, protection, rearing and stocking of wildlife resources and their habitats. Under the FWCA, Federal agencies that construct, permit or license water resources development projects must consult with FWS regarding impacts to fish and wildlife resources, and to ensure that these resources receive equal consideration.

The FWS is authorized to conduct surveys and investigations to determine possible impacts to fish and wildlife resources and to make recommendations to prevent the loss of, or damage to such wildlife resources. The FWS is currently involved in coordination on over 20 Federal water projects in the lower Mississippi River Valley.

These projects, planned and constructed by the Corps of Engineers, are in various phases of development, ranging from the reconnaissance stage to project construction.

To the extent allowed by Federal construction agencies, FWS participates in the formulation and evaluation of project alternatives. Under the National Environmental Policy Act (NEPA), the lead agency develops an environmental assessment or an environmental impact statement disclosing the project's impacts to environmental resources. The FWS is usually requested to be a cooperating agency in the preparation of the documents. As part of the interagency coordination procedures, the FWS also reviews and comments on all project and NEPA documents.

I am interested in the formal relationship between FWS and the Lower Mississippi River Conservation Committee (LMRCC).

*Question.* Please outline the formal agreement between the two entities, the mission statement of the LMRCC, and the membership composition. Please provide the Committee with the routine function which FWS performs as a result of the formal arrangement with LMRCC, including a breakdown of any funds utilized from FWS for the operation of the Commission.

Answer. The "History and Proceedings of the First, Second, and Third Annual Meetings of the Lower Mississippi River Conservation Committee" and the Cooperative Agreement between FWS and the LMRCC is provided separately. The FWS provides a full-time coordinator and part-time budget analyst to the LMRCC. The LMRCC is governed by an Executive Committee comprised of one representative from each of the following agencies: Arkansas Department of Pollution Control and Ecology, Arkansas Game and Fish Commission, Kentucky Department of Fish and Wildlife Resources, Louisiana Department of Environmental Quality, Louisiana Department of Wildlife and Fisheries, Missouri Department of Conservation, Missouri Department of Natural Resources, Tennessee Department of Environment and Conservation, and Tennessee Wildlife Resources Agency. The FWS provided $97,000 to the LMRCC for its operation. An additional $20,000 was also provided for the one time cost of the "1996 LMRCC/USFWS Fisheries Management Plan Cooperative Agreement".

[CLERK'S NOTE.—Due to its volume, the above mentioned material is being retained in subcommittee files.]

ARE ALL STATES THROUGHOUT THE LOWER MISSISSIPPI RIVER MEMBERS OF LMRCC

It is the Committee's understanding that not all States throughout the Lower Mississippi River are members of LMRCC.

*Question.* If this is so, could the agency please explain the background and reason on behalf of a lack of participation by any State. Please provide official documentation.

Answer. The States of Arkansas, Kentucky, Louisiana, Missouri, and Tennessee are members of the LMRCC. The Mississippi Department of Wildlife, Fisheries and Parks and the Mississippi Department of Environmental Quality withdrew from the Committee on September 16, 1996. Letters provided to Senator Cochran under separate cover outline the reasons for their withdrawal.

[The letters follow:]

LETTER FROM SAM POLLES

MISSISSIPPI DEPARTMENT OF WILDLIFE,
FISHERIES AND PARKS,
*Jackson, MS, January 11, 1996.*

Re MDWFP and LMRCC.

Mr. EDWIN CROWELL,
*Chairman, Lower Mississippi River Conservation Committee,*
*Vicksburg, MS.*

DEAR MR. CROWELL: The Mississippi Department of Wildlife, Fisheries and Parks (MDWFP) thanks you and Mr. Nassar for your visit with us on December 4, 1995, to discuss LMRCC policy and MDWFP's participation and contribution to LMRCC. We support your proposed amendment to LMRCC's constitution by the addition of item 5 requiring unanimous approval of the organization's positions on public works projects within member states. MDWFP appreciates the mutual acknowledgment of the importance and correctness of balancing economic and environmental issues, and we also value the opportunity to preview the newsletter prior to publication for controversial topics in order to allow us and other members a chance to offer views within the newsletter.

Effective upon receipt of this letter, Mr. Gary Lucas, Fisheries Biologist, will not represent MDWFP on the LMRCC executive committee, Fisheries Technical Section, or as Secretary/Treasurer. This is a mutual decision between Mr. Lucas and MDWFP. Mr. Lucas is a valued employee and his abilities are recognized and needed on other assignments. The MDWFP will be represented on the Executive Committee by Mr. Wayne Watts, P.E., Environmental Affairs Director. Mr. Ron Garavelli, Fisheries Director, will represent MDWFP on the Fisheries Technical Section.

We look forward to working with all members of the LMRCC to continue to improve the organization's role as a technical resource for identifying problems and solutions necessary to our environmental and economic well-being. If you have any questions or comments, please do not hesitate to contact us.

Sincerely,

SAM POLLES,
*Executive director.*

---

LETTER FROM JAMES I. PALMER, JR., AND SAM POLLES

STATE OF MISSISSIPPI,
DEPARTMENT OF ENVIRONMENTAL QUALITY,
*Jackson, MS, January 26, 1996.*

Mr. EDWIN F. CROWELL,
*Chairman, Lower Mississippi River Conservation Committee,*
*Vicksburg, MS.*

DEAR MR. CROWELL: Subsequent to our meetings with you and Mr. Nassar, we have evaluated the mission of the Lower Mississippi River Conservation Committee (LMRCC) and the State of Mississippi's role in this committee. We believe that the LMRCC can serve an important function as a mechanism for information exchange and cooperation among the states along the river. This would result in more efficient use of funds to protect and improve the fishery resource, conduct monitoring programs, and provide more effective protection of the water quality of the Mississippi River. However, we feel strongly that the LMRCC should not be a policy-forming organization. It would be difficult, if not impossible, for Executive Committee members to vote on policy resolutions regarding issues which their state may have to contend with in the regulatory arena.

Another area of concern we have is the Cooperative Agreement between the U.S. Fish and Wildlife Service and LMRCC which established a full-time coordinator for LMRCC. We suggest that the LMRCC would be better served if the Fish and Wildlife Service would enter into an IPA agreement with a LMRCC member state agency and place the LMRCC coordinator in that agency, thereby making it clearer that the LMRCC is independent of the U.S. Fish and Wildlife Service.

It is our belief that these changes would cause the organization to better serve the interests of all of the member states.

Sincerely,

J.I. PALMER, JR., *Director,*
*Department of Environmental Quality.*

SAM POLLES, PH.D., *Director,*
*Department of Wildlife, Fisheries and Parks.*

---

LETTER FROM JAMES I. PALMER, JR.

STATE OF MISSISSIPPI,
DEPARTMENT OF ENVIRONMENTAL QUALITY,
*Jackson, MS, September 16, 1996.*

Mr. BENNIE J. FONTENOT, Jr.,
*Chairman, Lower Mississippi River Conservation Committee,*
*Vicksburg, MS.*

DEAR MR. FONTENOT: We have delayed writing you in the hope that some additional discussions might be had among the leadership of the Lower Mississippi Conservation Committee to deal with concerns we raised at the beginning of the year regarding the focus and direction of the LMRCC. It appears that no further consideration of our concerns will be forthcoming, so we are writing to express to you our final sentiments in the matter.

First, as we expressed to Ron Nassar when he met with representatives of our two agencies many months ago, the fundamental concept of the LMRCC is sound.

While most of us are so strung out in our efforts to participate in a host of organizations and really do not need others to join, we recognize the reality that occasionally somebody does develop "a better mouse trap," and we should be openminded to such possibilities. As a consortium of specialists in various fisheries and related fields which can then bring these skills to bear in a very focused way in various projects and initiatives throughout the Lower Mississippi region, the LMRCC has promise. Moreover, Ron stated his specific goal of having the LMRCC emerge as a "consensus broker" when particular projects or research efforts hit a snag and contentions arise. This, too, is a worthy ambition. The reality of the matter, however, is that when any group adopts a "policy position" in a contentious matter, the group automatically becomes an advocate for one position or another. This, in turn, generally means that others who do not agree with this particular position are automatically made adversaries to it. Thus, we see little hope for the LMRCC to simultaneously be both an advocate and a consensus broker.

Additionally, the Department of Environmental Quality is responsible for handling Section 401 water quality certifications throughout Mississippi. Contested matters are elevated to our Commission on Environmental Quality for final disposition. Whenever a no-discharge or discharge NTPDES permit is associated with projects these matters must be handled by our Environmental Quality Permit Board, one statutory member of which is a representative of the Department of Wildlife, Fisheries and Parks. Neither the Department of Environmental Quality nor the Department of Wildlife, Fisheries and Parks can participate in an organization which adopts policy resolutions regarding particular projects (thus becoming, as we have said, an advocate) while simultaneously attempting to comply with federal and state "arbitrary and capricious" standards for final administrative decisions. Any policy position we would take would automatically, and probably conclusively. impeach our ultimate regulatory decision in such matters. We simply are not going to run such risks.

Another concern we discussed with Ron personally is the perception that the U.S. Fish and Wildlife Service is "officially" the administrative leader of this effort. We well understand that Ron has been given substantial latitude in committing his time to the LMRCC and that he works hard to develop his role accordingly. However, this will be extremely difficult for him to do as long as he goes to work every day at his traditional U.S. Fish and Wildlife Service duty station and "wears the uniform," as it were. We suggested that both the LMRCC and Ron would be much better served if the Fish and Wildlife Service would enter into an Intergovernmental Personnel Act (IPA) Agreement with the LMRCC so that Ron could be given appropriate "detachment." Unfortunately, we are advised that this particular concern of ours has received no attention.

After we wrote you, the LMRCC Executive Committee considered our first concern at their annual meeting in February, but stopped short of a by-laws revision to remove the policy-forming function earlier embraced by the group. As mentioned, Ron remains in the lurch he has been in from the beginning. We strongly feel that these aspects of LMRCC structure and function are major impediments to its ultimate success and we have determined that our further affiliation with the organization cannot be productive in light of these unresolved concerns.

With reluctance, we request that you remove the names of our respective agencies from your roster of members. If the LMRCC members decide to reshape their by-laws in the future to allow them to become what we believe the organization can truly be without shackling itself as it has, we will be happy to once again discuss with you possible membership.

Sincerely,

J.I. PALMER, JR., *Director,*
*Department of Environmental Quality.*

SAM POLLES, PH.D., *Director,*
*Department of Wildlife, Fisheries and Parks.*

*Question.* The Committee would like to know whether there have been any instances in the past, or if there are opportunities in the future for the agency, or agency personnel through formal arrangement such as the Lower Mississippi River Conservation Committee, to establish a position of advocacy or opposition to other Federal programs or projects which affect the human health, environmental, or general welfare of the people of the Lower Mississippi River Valley region. What safeguards or policies exist within the agency to ensure that third party relationships such as the LMRCC-FWS arrangement does not result in the agency becoming engaged in activities which are otherwise reserved for the National Environmental Policy Act process or the Fish and Wildlife Coordination Act process?

Answer. There have been no instances in the past where FWS has advanced policy through a formal arrangement with an organization such as the LMRCC. The FWS believes that there are no opportunities for such an action to occur in the future. As outlined in the "Resolution on Mississippi River Training Work" which is provided to Senator Cochran under separate cover, the LMRCC did not establish a position of advocacy or opposition to any Federal program or project which affected the human health, environmental, or general welfare of the people of the Lower Mississippi Valley Region. However, the LMRCC did request in its resolution that its members be allowed to provide "early and effective input," as provided by U. S. Army Corps of Engineers policy, into the project design in order that damages to the natural resources at risk could be minimized.

Although FWS is a cooperator in the LMRCC, our participation is not increased in NEPA and FWCA processes. The FWS is not a voting member in the organization's operation. No safeguards or policies are necessary because the FWS, as legislatively authorized, routinely participates in NEPA and FWCA activities.

[The information follows:]

RESOLUTION ON MISSISSIPPI RIVER TRAINING WORK

Whereas, the Mississippi River provides important habitat for a diverse assemblage of river-dependent species that provide important recreational and commercial opportunities; and

Whereas, habitat provided in the river ecosystem is essential for the existence of the federally listed interior least tern (Sterna antillarum athalassos) and pallid sturgeon (Scaphirhynchus albus); and

Whereas, The U.S. Army Corps of Engineers is charged with responsibilities for providing a navigation channel, flood control, and other river-focused societal benefits that can impact riverine habitat; and

Whereas, river training structures, such as dikes and revetments, that are important in channeling the river into a usable navigation channel can potentially alter flow patterns and impact riverine habitat; and

Whereas, the U.S. Army Corps of Engineers has provided for limited involvement of outside interests, including fish and wildlife interests, in planning for and implementation of their river training efforts; and

Whereas, state fish and wildlife agencies from the states of Arkansas, Kentucky, Louisiana, Mississippi, Missouri, and Tennessee, which are represented on the Lower Mississippi River Conservation Committee, and our federal counterpart, the U.S. Fish and Wildlife Service, need to be actively involved in the planning of river training structures;

Now, therefore, be it resolved that, the Lower Mississippi River Conservation Committee assembled at its annual meeting on January 25, 1995 in Paducah, Kentucky urges the U.S. Army Corps of Engineers Lower Mississippi Valley Division and its St. Louis, Memphis, Vicksburg, and New Orleans District Offices to initiate measures that will provide for early and effective input from the state fish and wildlife agency members of the Lower Mississippi River Conservation Committee and the U.S. Fish and Wildlife Service to assure that consideration of the long-term effects of river training structures on riverine habitat are included in the planning process, that river training structures be designed to retain and enhance riverine habitats. and that the dynamics of the Mississippi River be retained wherever possible.

LMRCC-FWS RELATIONSHIP

*Question.* In your review of the matter, have there been any instances when the LMRCC-FWS relationship contributed to the perception that the agency was advancing, or participating in the advancement of policy, rather than performing the functions outlined in the joint agreement between LMRCC and FWS?

Answer. The FWS periodically briefs the LMRCC in formal meetings when a request is made. The authority for the FWS to undertake this action is found in the Cooperative Agreement between FWS and the LMRCC. Our review of the guidelines of the Cooperative Agreement indicates that the relationship between FWS and the LMRCC has not fostered the perception that the agency was advancing or participating in the advancement of policy, rather than performing its mandated functions.

*Question.* The Committee would like to request copies of any official publications, newsletters, correspondence, or other informational pieces which have been developed or distributed by FWS personnel as a result of the FWS agreement with LMRCC. It would be helpful if FWS would provide the Committee with these publications or newsletters since the formation of the LMRCC.

Answer. The requested information is provided under separate cover to Senator Cochran.

[CLERK'S NOTE.—Due to its volume, the above mentioned material is being retained in subcommittee files.]

YAZOO BASIN, MISSISSIPPI

*Question.* The Committee is aware that FWS has demonstrated a keen interest in the Yazoo Basin, Mississippi projects, including but not limited to the Mississippi River Levee Enlargement Project, the Big Sunflower River Maintenance Project, and the Yazoo Backwater Project. Relative to these projects and the role of FWS in these activities, the Committee would like to submit the following questions.

Answer. Under provisions of FWCA and NEPA, FWS has an interest in all water resource development projects throughout the entire Nation, not just those projects within the Yazoo Basin of Mississippi, that may have damaging effects to fish and wildlife resources. Our Mitigation Policy provides guidance in methods and alternatives to avoid, reduce, minimize, and/or compensate for damages to fish and wildlife resources adversely impacted by Federal projects.

*Question.* Did a FWS staff person prepare, develop, and/or distribute the white paper relative to the Big Sunflower River Maintenance Project which was entitled, "A Biological Tragedy in the Making: The Big Sunflower River, Mississippi?" If so, what documents and data sources or scientific publications were used to develop this white paper? Was this white paper printed or distributed at the expense of the Federal Government? Further, is there any provision in the Fish and Wildlife Coordination Act or the NEPA process which encourages or discourages this type of information?

Answer. The sources of information for the white paper entitled "A Biological Tragedy in the Making: The Big Sunflower River, Mississippi" were two documents produced by the Corps of Engineers' Waterways Experiment Station. These citations are:

Hoover, J.J., and K.J. Killgore. 1993. Impacts of the Big Sunflower River maintenance project on fishes and fish habitat. Report prepared for U.S. Army Engineer District, Vicksburg. Waterways Experiment Station, Vicksburg, MS.

Miller, A.C. and B.S. Payne. 1993. An analysis of freshwater mussels (Unionidae) in the Big Sunflower River, Mississippi: 1993 studies. Report prepared for U.S. Army Engineer District, Vicksburg. Waterways Experiment Station, Vicksburg, MS.

These documents were provided to the Endangered Species Committee of the American Fisheries Society (AFS) by the FWS Jackson, MS Field Office in response to a general request for information on threats to freshwater mussels in the Southeast. This committee is composed of academia and research scientists, including Federal biologists, from across the Nation. The FWS staff did not prepare or develop the white paper. Other than forwarding copies of the white paper that was received by the Jackson Field Office to others in the FWS for their information, the white paper was not distributed at Government expense.

A primary role of FWS under both NEPA and FWCA is to provide biological review and information to Federal action agencies relative to specific Federal projects and their potential biological impacts. Because of its role in reviewing projects under FWCA and NEPA, FWS is often requested to provide the same or similar information to others, including research organizations, State agencies, nongovernmental organizations, and individuals. As a public agency, FWS feels obligated to respond to all legitimate requests for information by citizens of the United States, and neither NEPA or FWCA discourage this practice.

*Question.* Has the agency strictly adhered to the policies of interagency coordination relating to the three projects listed above?

Answer. The FWS has provided information about fish and wildlife resources as requested by the action agency, the local sponsor, and other interested parties.

*Question.* Has the agency initiated meetings, communications, or any actions which affect the three Congressionally-authorized water resources projects mentioned above, without coordinating these activities with the local sponsor and/or the U.S. Army Corps of Engineers? If the answer is yes, please explain the justification for these actions and outline the specific provisions in FWCA and NEPA which support these actions?

Answer. A primary role of FWS under both NEPA and FWCA is to provide biological review and recommendations to Federal action agencies relative to specific Federal projects and their potential biological impacts. Because of this role, FWS is often requested to provide its views to others, including research organizations, State agencies, nongovernmental organizations, and individuals. As a public agency, FWS feels obligated to respond to all public requests for information, and neither

NEPA or FWCA discourage this practice. After extensive coordination with the Corps, FWS provided information on the status and potential impacts of the Mississippi River Levee Enlargement Project to various organizations in Mississippi, Louisiana, and Arkansas, as requested. The FWS coordinated its economic study of the Big Sunflower River Maintenance Project with the local sponsor and the Corps by providing them with copies of the contract and inviting them to meetings with the FWS contractor.

*Question.* Has the agency coordinated its input and concerns relative to the three projects mentioned above with the local sponsor? When? In what way?

Answer. The FWS has provided the Corps and local sponsor written responses at all stages of the scoping, planning, and construction where our input was requested. Coordination with the Corps and/or the local sponsor has varied depending upon where the project is in regard to planning and/or construction. For example, some work items for the Mississippi River Levee Enlargement projects are currently under construction, while other items are still in the planning stage. The Big Sunflower River Maintenance Project is in the late stages of planning and the Yazoo Backwater Project is in the early stage of planning. Less coordination has occurred between FWS and the local sponsor on the Yazoo Backwater Project because it is in the early planning stage. The FWS and the local sponsor have coordinated on numerous occasions since 1995 concerning the Big Sunflower and the Mississippi River Levee projects. The local sponsor met with the Region 4 Regional Director, in October 1995, to discuss the Big Sunflower River maintenance project. The sponsor also reviewed our letter summarizing the FWS position on the project prior to the finalization of the FWS letter. Many meetings were held between FWS and the Corps where the local sponsors were present, to include the Corps' annual high water and low water trips on the Mississippi River.

*Question.* Has the agency assisted the local sponsor in identifying, avoiding, or minimizing adverse environmental impacts associated with these three projects mentioned above? Provide the Committee with correspondence, communications, or other records which represent assistance or dialogue between the local sponsor and the agency?

Answer. As directed by the FWCA, FWS has been primarily involved with the Corps in identifying potential avoidance and minimization of impacts to natural resources associated with these water resources projects. The local sponsors participated in many meetings between the Corps and the FWS.

[CLERK'S NOTE.—Due to its volume, the above mentioned material is being retained in subcommittee files.]

ALTERNATIVE TO CONGRESSIONALLY-AUTHORIZED PROJECTS

*Question.* Has the agency ever offered an alternative to the Congressionally-authorized projects which would require additional authorizations or in any way alter the existing Federal responsibility for the construction or maintenance of the three projects listed above?

Answer. The FWS has the responsibility to investigate all flood damage alternatives in cooperation with the Federal construction agency. The FWS offered a nonstructural alternative to dredging of the Big Sunflower River. It is unclear to FWS whether or not nonstructural features for the Big Sunflower River Maintenance project would require additional authorization. The FWS is developing an essentially nonstructural alternative for flood damage control in the Yazoo Backwater project. This alternative plan has not been completed, therefore, whether further Congressional authorization is needed is not known.

It is my understanding that FWS has commissioned an economic analysis of the U.S. Army Corps of Engineers project entitled the Big Sunflower River Maintenance Project.

*Question.* Under what authority was this study commissioned?

Answer. The FWS has the authority and responsibility under FWCA and the Fish and Wildlife Act of 1956 to address the impacts of Federal water development projects on fish and wildlife resources. The FWS staff has worked diligently with the Corps to avoid the impacts resulting from the proposed Big Sunflower River Maintenance Project. The viability of nonstructural alternatives that would reduce flood damages while protecting fish and wildlife resources is important to the FWS. For that reason, FWS decided to conduct a more in-depth investigation of economics of this nonstructural alternative. The results could be used in the review and analysis of future flood management projects to develop environmentally and economically sound projects.

*Question.* From what appropriated account will this project be funded?

Answer. Economic analyses are funded through appropriations made to the Resource Management account, under the General Administration activity.

*Question.* Why does FWS commission economic analyses? Is this not the charge of the Corps of Engineers? Why is the Corps of Engineers analysis inadequate?

Answer. The FWS commissioned this economic study for two reasons. First, we have a national interest in exploring the methods used to determine the value of property in less-than-fee acquisition situations. With increasing public interest in private property rights, we are investigating the feasibility of alternatives which could safeguard private property rights and meet conservation needs. Since there are numerous applications of less-than-fee acquisition methodology, FWS is interested in evaluating these methods to determine minimum, but equitable, costs for purchasing individual property rights. This information has application for protecting endangered species on private lands, migratory bird program enhancements, and refuge land acquisition. The Big Sunflower River Maintenance project is a good case study of this issue. Second, FWS supported a nonstructural method of flood damage reduction which would reduce damages while protecting fish and wildlife resources. Therefore, FWS decided to conduct a more in-depth investigation of its economics for use in evaluating future flood management projects.

*Question.* Was the economic analysis conducted by the Corps done in a manner which was different that the analysis performed on the Tallahatchie River Maintenance Project? If not, why did FWS not perform an economic analysis of that project?

Answer. In working toward conservation of fish and wildlife and other natural resources, FWS investigates any aspect of a water development project, including economics. The FWS concentrates its efforts on those projects where significant resources are at risk. This was not the case in the Tallahatchie River, and FWS did not object to the Tallahatchie River Maintenance project. Consequently, FWS did not closely examine the Corps' economic analysis of that project. The natural resources of the Big Sunflower River are more valuable, which warrants a closer examination of the viability of any alternative, such as the nonstructural alternative, which would provide a high degree of protection for those natural resources.

*Question.* Does FWS have sufficient information at its disposal to assess duck populations and study the impacts of changes in hunting season frameworks? What additional funds would be necessary, and for what purpose, to meet these unmet needs, if any exist?

Answer. The FWS predicts about a 25-percent increase in duck harvest in those States extending season dates seven to ten days longer than currently allowed. However, this prediction is based on experience in only two States—Iowa (1979–87, 1994–95) and Mississippi (1979–84). A more definitive assessment of harvest impact would require a large-scale regulatory experiment with adequate replication, experimental controls and randomization of treatments. Of more concern than adequate funding, is the question of whether a scientifically valid evaluation would be acceptable to the States, since about half of the States interested in framework extensions would have to agree to serve as experimental controls (i.e., no framework extensions) each year of the study. Moreover, there is a six to ten year timeframe for an adequate study and there could be no guarantee that the final results would support the use of framework extensions. Historically, it has been very hard to get broad-based agreement on an evaluation plan under these conditions.

The Migratory Bird Treaty Act states that the open season on migratory birds is from September 1 to March 10. The Treaty also states that the Secretary of the Interior shall give due regard to "temperate zones" and "times and lines of migratory flight" in setting seasons.

*Question.* Given this directive in the law, will a January 31 closure, as recommended by the Lower Region Regulations Committee of the Mississippi Flyway Council, be listed for comment in the Federal Register? If not, why not?

Answer. In the most recent *Federal Register,* FWS published the recommendations of the Mississippi and Central Flyways to extend framework dates beyond those currently used. The FWS also published a summary of all public comment received to date on the issue of framework dates. The FWS is not proposing to alter framework dates for the 1997–1998 season and is requesting further input from the Flyway Councils, States, and the public on a number of specific issues, such as potential for negative physiological impacts, possible changes in the size of the harvest, and reallocation of hunting opportunity within and among flyways. Comments will be accepted until June 27, 1997 and the final decision for the 1997–1998 hunting season will be published on or about July 15, 1997.

The Administration's Budget proposes an increase of $1.8 million, or 12 percent, for the migratory bird management program to augment the FWS conservation and monitoring efforts for wild birds.

*Question.* For what purpose will these additional funds be used? Please be specific, using FTEs and object classifications as appropriate.

Answer. The President has proposed an increase of $1.5 million for the FWS migratory bird management program, specifically to enhance conservation and monitoring efforts for migratory birds at a region, national, and international scale. Of critical importance is monitoring and assessing the status of migratory bird populations to provide opportunities for recreational pursuits, such as bird-watching or hunting, and to ensure that significant declines in species are identified and reversed before reaching the status of threatened or endangered. A breakdown of this proposed funding initiative into specific project categories is as follows:

Species of Management Concern (+$600,000): This increase would be used by FWS to focus on the highest priority monitoring and conservation actions. The FWS has primary responsibility for migratory nongame birds, and successful conservation of these species depends on reliable information on population status and trends.

Goose Monitoring and Assessment (+$500,000): This increase would be used, in conjunction with ongoing Flyway efforts, to shift additional emphasis for goose management activities to key arctic and subarctic breeding areas, where information on status, habitat trends, and annual productivity has become increasingly important.

Webless Species Monitoring and Assessment (+$150,000): The additional funds will be used, in conjunction with other initiatives such as the recently-created Webless Migratory Game Bird Research Program, to develop more reliable monitoring programs for various webless game bird species, and provide a better understanding of population dynamics and the role of different factors that influence population demographics and distribution.

Sea Ducks, Mottled Ducks, and Whistling Ducks Monitoring and Assessment (+$80,000): This increase would improve estimates of population status and production through aerial and ground surveys of sea duck distribution and abundance, particularly in key breeding areas in arctic and subarctic regions of Alaska and northern Canada, and in migration and wintering areas along the Atlantic and Pacific coasts. This would also enable increased monitoring capabilities for mottled and whistling ducks on important nesting areas along the Gulf Coast.

Harvest Information Program (+$170,000): This increase will help FWS to share ongoing Harvest Information program costs with the States in documenting the names and addresses of all licensed migratory bird hunters that are collected by the States, thus assuring the development of a more reliable and effective sampling frame for this critical survey.

Waterfowl populations have made a significant recovery during the past several years, and this Administration has been quick to claim credit for this occurring. Favorable weather conditions and additional habitat in breeding, migration, and wintering areas have had a very positive impact on waterfowl populations. It is my understanding that because of these advances, seven of the 10 principal species of waterfowl surveyed are now above the goals specified in the North American Waterfowl Management Plan.

On May 17, 1991, I received a letter from Thomas Dwyer, then the Chief of the Office of Migratory Bird Management, in response to a letter I submitted on behalf of a constituent concerning framework dates. Mr. Dwyer said the closing dates were advanced "* * * in response to severe drought conditions on important duck breeding areas and low populations of most species."

*Question.* Now that these adverse conditions have subsided, please explain what conditions exist which would prevent a January 31 closing date.

Answer. After a period of generally liberal hunting regulations during the 1970s and early 1980s, opening and closing framework dates (as well as season length and bag limit) were restricted during 1985–1993 due to declining duck populations. In 1992, framework dates were returned to roughly October 1 to January 20, which generally were those used prior to the restrictions. The FWS notes, however, that Mississippi had an experimental closing date of January 31 during 1979–84. The FWS believes that the question of appropriate framework dates now or in the future should not be predicated on current duck population status. Rather FWS has been working cooperatively with the Flyway Councils to develop an acceptable set of regulatory alternatives (i.e., specific combinations of season lengths, bag limits, and framework dates) and specific guidelines for their use (i.e., the process of adaptive harvest management). As with potential changes in season length and bag limit, changes to framework dates must be approached in a methodical and comprehensive manner, and with due consideration of both biological and sociological impacts. The FWS is not yet satisfied that all partners have had the opportunity to provide comments or are in agreement about the appropriate specification of framework dates.

It is my understanding, through a letter from Acting Director John Rogers on August 2, 1996, that FWS, Flyway Councils, and States, that a comprehensive review

of the regulatory alternatives has been conducted in preparation for the 1997 hunting season.

*Question.* Please provide for the Committee a copy of this study, including the names of those involved in this review.

Answer. Copies of the following are provided for the Committee: (1) a joint recommendation of all four Flyway Councils regarding development of regulatory alternative for ducks; (2) results of a mail survey of Flyway Council members regarding their opinions of duck hunting regulations; (3) a report from the adaptive-harvest-management technical working group, providing its recommendations for regulatory alternatives for ducks; and (4) a list of members of the technical working group.

[CLERK'S NOTE.—Due to its volume, the above mentioned material is being retained in subcommittee files.]

HARVEST RATES OF DUCKS

*Question.* Can the harvest rates of ducks accurately be measured? How?

Answer. The annual harvests of ducks can be measured reliably through the FWS mail questionnaire and parts collection surveys. A sample of about 35,000 questionnaires each year provide an estimate of total duck harvest and about 100,000 wings sent in by hunters permit the harvest to be apportioned among species. The harvest rate, or that proportion of the fall-flight taken by hunters, can be estimated accurately only for mallards. The estimate of harvest rate is based on: (1) the proportion of banded birds shot and reported by hunters; and (2) the likelihood that a band encounter will be reported (referred to as the band-reporting rate). The band-reporting rate traditionally has been low (about 30 percent) and a program is underway to increase the rate. Because the band-reporting rate currently is changing, estimation of mallard harvest rates has become less reliable. A new study of band-reporting rates is planned for 1999 or 2000, after which reliable estimates of harvest rate again will be available.

*Question.* Are there scientific articles which have been published which would corroborate not allowing a January 31 closure date, particularly at current population levels?

Answer. Yes, there are several scientific publications which imply that the late-winter period may be critical to subsequent reproduction and survival by ducks and that delays in pair formation or disruption of pair bonds during this period could affect future reproduction. However, it is not clear how disruptive hunting in late-January would be to ducks. Publications which demonstrate the importance of pairing to ducks include:

Heitmeyer, M. E. 1985. Wintering strategies of female mallards related to dynamics of lowland hardwood wetlands in the Upper Mississippi Delta. Ph.D. dissertation, University of Missouri, Columbia.

—Hepp, G. R., and J. D. Hair. 1984. Dominance in wintering waterfowl (Anatini): effects on distribution of sexes. Condor 86:251–257.

—Paulus, S. L. 1983. Dominance relations, resource use, and pairing chronology of gadwalls in winter. Auk 100:947–952.

—Paulus, S. L. 1984. Activity budgets of nonbreeding gadwalls in Louisiana. Junior Wildlife Management 48:371–380.

*Question.* Please provide a copy of the FWS Adaptive Harvest Management policy, including statistical formulas.

Answer. Copies of the following are provided for the Committee: (1) its adaptive harvest management policy for the most recent hunting season; (2) a peer-reviewed article from a scientific journal that provides the complete mathematical and statistical description of adaptive harvest management for mallards; and (3) a journal article that provides a more general description of adaptive harvest management.

[CLERK'S NOTE.—Due to its volume, the above mentioned material is being retained in subcommittee files.]

MAXIMIZE OPPORTUNITY BETWEEN AND WITHIN FLYWAYS

*Question.* If regulatory options can be adapted to maximize opportunity between flyways, why can't they be adapted to maximize opportunity within a flyway?

Answer. Adaptive harvest management maximizes total harvest, while maintaining duck populations at or above the goals of the North American Waterfowl Management Plan. The allowable harvest is allocated among Flyways based on tradition extending back more than 40 years. In fact, the Flyway Councils have recommended that the allocation of harvests among Flyways should be maintained, at least in the short term. Decisions about how harvest should be allocated within a Flyway ultimately rest with the States involved. In the case of the Mississippi Flyway, at least two States (Minnesota and Wisconsin) are on record opposing a framework exten-

sion in southern States because it would further shift the distribution of duck harvest to the south. Northern States are mindful that the five southernmost States of the Mississippi Flyway collectively enjoy the highest hunter success of any region in the country. The FWS believes that allocation of harvest both among and within Flyways is a sensitive political issue that must be addressed in full consultation with all affected parties.

The Land and Water Conservation Fund has provided $38.4 million to Mississippi since 1965. It is my understanding that under the law, 60 percent of funds are to be allocated to States. Since 1988, States have received 10 percent or less. In the last two years, States have received no funds.

*Question.* Why has funding not been allocated to the States during the last two years?

Answer. During the past two fiscal years, no funds were appropriated by the Congress for the Land and Water Conservation Fund State grant program. Due to the lack of an appropriation, no funds were available to allocate to States.

*Question.* How much does the Administration's Budget propose to allocate to States in fiscal year 1998?

Answer. Because no funds have been appropriated for this program during the past two years, the Administration did not request funds for fiscal year 1998.

---

## QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

### LEVEL OF FUNDING FOR NEW MEXICO LAND ACQUISITION PRIORITIES

There are a number of projects within the purview of the Department of the Interior, primarily the National Park Service (NPS), which are nearing completion. For example, Congress has appropriated in excess of $20 million over the past seven years to acquire land from willing, and in some cases anxious, property owners within Petroglyph National Monument. Unofficially, NPS estimates that to complete land acquisition at the monument will require between $6 and $8 million. Other monuments and parks in New Mexico face similar needs, perhaps to a lesser extent, in order to complete initiatives that were begun some time ago. These include Aztec Ruins National Monument, Pecos National Monument, and several small initiatives within the Bureau of Land Management (BLM) that will consolidate land holdings in specified areas of concern.

There are a number of Wilderness Study Areas on BLM land within New Mexico, where there are significant inholdings. Many in New Mexico would like to begin the process of developing a BLM wilderness bill to try to resolve this issue for some time into the future. I am concerned, however, that the record of the Department of the Interior in completing projects before moving on to a new "priority" will undoubtedly hinder this process.

*Question.* When does the Department of the Interior foresee completion of acquiring inholdings within the National Monuments and Parks within New Mexico?

Answer. Completion of acquisitions is contingent on the availability of funds. Though acquisitions in the New Mexico units are among the NPS priorities, the fiscal year 1998 budget request for the NPS land acquisition program includes no funds for acquisition in the New Mexico units. Identified future acquisitions in New Mexico units of the National Park System are as follows:

ACQUISITIONS IN NEW MEXICO

[Dollars in thousands]

| Park unit | Tracts | Acres | Estimated value |
|---|---|---|---|
| Aztec Ruins NM | 12 | 45 | $1,000 |
| El Malpais NM | 42 | 4,272 | 2,800 |
| El Morro NM | 2 | 239 | 234 |
| Pecos NHP | 37 | 442 | 2,501 |
| Petroglyph NM | 120 | 709 | 8,000 |
| Salinas Pueblo Missions NM | 5 | 9 | 50 |
| Totals | 218 | 5,716 | 14,585 |

*Question.* Will the Department of the Interior support additional land acquisition commitments within New Mexico before the completion of the current obligations for acquisition?

Answer. The Department does not support additional funds for any program or project which would result in the reduction of funding for priority programs included in the budget request. However, in general, completion of identified existing projects have priority over new projects. However, flexibility to respond to unique acquisition opportunities should be maintained, particularly for those projects that are time sensitive, and where the opportunity to acquire lands with significant resource/recreation values may be available and lands are under the threat of development.

DEPARTMENT OF THE INTERIOR—FUNDING FOR THE SOUTHWEST FISHERIES TECHNOLOGY CENTER

The Southwest Fisheries Technology Center (SFTC) has received the support of this Subcommittee since 1993 as one of the highest priorities within Region 2 of the Fish and Wildlife Service (FWS), and to date Congress has appropriated $20 million for construction of facilities at Dexter and Mora in New Mexico. When completed, the SFTC will be the only facility in the Nation dedicated exclusively to the breeding and stocking of native, threatened, and endangered fish. Approximately $6 million is needed to complete construction and provide funding for the two units of the SFTC to become operational.

*Question.* Why has this Administration not requested funding to complete construction at the SFTC in any of the last five years?

Answer. In fact, the fiscal year 1997 President's Budget requested $3.7 million for the Southwest Fisheries Tech Center.

Ongoing priorities have included health and safety construction projects and completion of the National Conservation and Training Center. For fiscal year 1998, the President's Budget has focused on backlog reductions, including for example a request for construction funding totaling $22.2 million for the highest priority infrastructure backlog needs including the rehabilitation of roads, dams, and bridges in the National Wildlife Refuge system and $5.3 million for rehabilitation projects in the National Fish Hatchery system.

*Question.* Does the Department support the completion of construction, and subsequent staffing and operation of the SFTC?

Answer. Each construction project has to be considered relative to program priorities, especially the health and safety of our employees and the public.

*Question.* Does the Department ever plan to request adequate funding for operation of the SFTC?

Answer. The Department will reevaluate the project in future budgets against all other priorities.

DEPARTMENT OF THE INTERIOR—PAYMENT IN LIEU OF TAXES

Under section 1033 of the Omnibus Parks and Public Lands Management Act of 1996, the Department of the Interior is authorized to recognize boroughs and other subdivisions as units of local government for the purposes of the Payment in Lieu of Taxes (PILT) program. This has added an additional obligation of $6.5 million under this program, yet the Administration has requested a reduction of $12 million in this program that is vitally important for local governments to provide services in those areas where local tax base is limited by the presence of Federal land. This level of funding is below that appropriated in fiscal year 1994, before Congress authorized an increase in the program.

*Question.* Does the Administration believe that the needs of local governments are less than they were in fiscal year 1994?

Answer. No, the Administration does not believe that the needs of local governments are less than they were in fiscal year 1994.

*Question.* How does the Department intend to makeup for the shortfall in services, such as search and rescue, law enforcement, and road maintenance, currently provided by local governments in those areas dominated by Federal lands?

Answer. The BLM 1998 budget proposal for PILT is the same as the Administration's proposal for 1997. In 1997, Congress appropriated an additional $12 million above the President's Budget

Distribution of PILT payments is determined by several codified formulas and is designed to supplement other Federal land revenue sharing payments that county governments receive. Historic funding levels for PILT between 1977 and 1995 have been level, fluctuating only between $100 and $105 million. A 1994 amendment changed the methodology for calculating PILT payments but did not provide a new funding source.

Funding for all PILT payments is provided via BLM appropriations. The BLM makes PILT payments for lands managed by BLM, NPS, the U.S. Forest Service, Corps of Engineers, and U.S. Army. Current payment formulas (as a result of the 1994 amendment) authorize an appropriation of up to $194 million for the 1998 payments. Congress has never appropriated this full amount.

WATER RESOURCES RESEARCH INSTITUTES

Dr. Eaton, one of the participants in the preliminary work to study the water resources of New Mexico's largest city—Albuquerque—was at the New Mexico Water Resources Research Institute headquartered at New Mexico State University. I have been familiar with the work of the Institute for years, and its scientists have made significant contributions to the State and to the Nation. The Administration proposes to phase out the State Water Resources Research Institutes, and essentially redirect its funding to the Federal program. In other words, the support the U.S. Geological Survey (USGS) has been providing through a long-standing partnership with the State Research Institutes is proposed to be terminated, and the work shifted in-house to USGS.

*Question.* How does this proposed shift of research in-house fit in with the Administration's initiatives to foster partnerships in research?

Answer. In a constrained budget climate, the Administration regrets the need to reduce funds to this program in favor of activities that more directly support the USGS mission. Nonetheless, the State Water Institutes, which receive grants under the Water Resources Research Act Program, will continue to receive Federal grant funds in fiscal year 1998 at a reduced level. Also, the USGS student internship program begun in fiscal year 1996 in concert with the Water Institutes will continue providing many opportunities for fostering partnerships in research and education.

New Mexico's Water Resources Research Institute will receive approximately $80,000 in fiscal year 1995, but these funds will leverage contributions from the State Legislature by as much as five times this amount because of the critical work being performed.

*Question.* What is a realistic estimate of the lost resources to this important research that is likely to occur if the Administration's proposal is enacted?

Answer. Although the Water Resources Research Act Program has been highly successful in past years, the fiscal year 1998 Budget includes $1.75 million for Water Resources Research Institutes, a reduction of $2.8 million. At this level of funding, equal grants will be awarded to each of the 54 institutes, thereby reducing the administrative cost. Predicting the impact of the proposed funding reduction on matching funds for individual Institutes is difficult, but the average Federal grant to each Institute in fiscal year 1998 under the President's proposed budget would be about $30,000. Currently, average leveraging of non-Federal to Federal dollars for the 54 Institutes exceeds 10 to 1, far in excess of their Federal direct appropriation and associated 2 to 1 matching funds. However, about one-third of the Institutes receive all or most of their funding from this Federal appropriation and associated matching funds, so that this action may result in the closure of some Institutes.

One of the benefits of the current partnership with the State Institutes is that these programs train new researchers in earth sciences.

*Question.* Does USGS have the capability to make up for this aspect of the proposed elimination of State Institutes?

Answer. The proposed decrease in Institutes Program funding would not directly affect funds available for the USGS Water Resources Research Institute Internship program, which was established in fiscal year 1996 in concert with the Water Institutes. This program is a means of providing undergraduate and graduate students with career-enhancing field, laboratory, and research experience through participation in USGS activities as interns. Funds to support the interns are derived from other USGS projects or programs that desire to support student interns as part of the mix of efforts required to carry out program or project activities. These funds are consolidated and awarded under grants to Institutes participating in the internship program. The Institutes use these grant funds to employ students competitively selected from among applicants at colleges and universities across the country. The students are assigned USGS mentors on projects and programs providing the funds to support the Internships. In fiscal year 1996 the USGS committed a total of $345,000 to the Internship program in six States. The combination of classroom work, coupled with on-the-job training is excellent preparation for future water managers, water scientists, and technicians alike. It also assists USGS by providing a source of student help. Because of the success of this partnership, we expect it to grow significantly in the future.

*Question.* How would you assess the research productivity of the State Institutes with that of USGS overall? Has such an assessment been undertaken as the Administration has considered this budget proposal?

Answer. The State Water Institutes Program, with its non-Federal matching requirement, is an efficient means of stimulating and supporting water resources research, education, and information and technology transfer directed towards State and local water management problems. However, the Institutes Program cannot substitute for internal USGS functions that require a broad scale, long-term, nationally consistent approach. Functions such as collection and dissemination of streamflow data and the rapid response of USGS to flood emergencies could not be carried out by the Institutes. Similarly, a national assessment of water quality could not be conducted by the Institutes. The Administration recognizes that, although the Institutes Program provides excellent research and products, it does not contribute as directly to USGS mission activities.

The New Mexico Water Resources Research Institute has been a major contributor to resource issues in the State and nationally. Some of the most recent examples of the Institute's work in New Mexico include:

—Heading the Water Resources Task Force of the Governor's Technical Excellence Committee, which developed the concept and needs statement for the "Critical Basin Assessments" in New Mexico. This program recommended that the Albuquerque/Middle Rio Grande Basin be the first to be studied;

—Organizing the Water Conference in Albuquerque last fall in which you participated;

—Contributing to a regional planning process to focus on developing a more reliable municipal water supply for southern New Mexico and El Paso; and

—Working with WERC, Los Alamos, and Sandia to develop a proposal for a major water resources initiative for New Mexico.

---

## QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

### NATIONAL PARK SERVICE (NPS)

*Question.* Mr. Secretary, could you provide the Committee with additional information on what the current backlog of construction and/or repair projects is in our Nation's national parks? I would like to see this broken down by both region and per park level.

Answer. The information follows:

## RECAPITALIZATION OF THE NATIONAL PARK SYSTEM

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| Acadia National Park | Upgrade restrooms, water, sewer, power | 5,750,000 | 232 | NAR | 1 | U |
| Acadia NP | Rehabilitate historic structures | 8,500,000 | 320 | NAR | 2 | B |
| Acadia NP | Rehabilitate tour loop roads and bridges | 24,000,000 | 287 | NAR | 2 | R |
| Acadia NP | Replace visitor center and construct park entrance | 16,560,000 | 233 | NAR | 4 | B |
| Acadia NP | Improve McFarland Hill Headquarters | 9,960,000 | 234 | NAR | 3 | B |
| Acadia NP | Alternative transportation modes | 1,320,000 | 2006 | NAR | 5 | R |
| Adams National Historic Site | Rehabilitate Beale Estate | 2,020,000 | 108 | NAR | 2 | B |
| Agate Fossil Beds National Monument | Construct employee housing and recreation facilities | 1,950,000 | 198 | MWR | 5 | H |
| Alaska parks (multiple) | Rehabilitate historic/building New Backcountry cabins | 3,960,000 | 135 | AKR | 2 | B |
| AlibateS Flint Quarry NM | Construct visitor contact station | 4,320,000 | 105 | SWR | 4 | B |
| Allegheny Portage National Historic Site | Staple Bend Tunnel stabilization/development | 3,000,000 | 225 | MAR | 3 | R |
| Allegheny Portage National Historic Site | ALPO/JOFL Development Program | 11,760,000 | 226 | MAR | 5 | L |
| Amistad National Recreation Area | Construct visitor contact stations and boat launch | 3,000,000 | 117 | SWR | 5 | B |
| Amistad NRA | Reconstruct roads | 2,640,000 | 180 | SWR | 3 | R |
| Antietam National Battlefield | Stabilize/restore historic battle structures | 2,400,000 | 315 | NCR | 2 | B |
| Antietam NB | Construct new roads for scene restoration | 2,886,000 | 271 | NCR | 2 | R |
| Apostle Islands National Lakeshore | Protect lightstation from shoreline erosion | 4,642,400 | 839 | MWR | 2 | L |
| Apostle Islands NL | Renovate employee quarters in historic lightstations | 1,440,000 | 248 | MWR | 3 | H |
| Arkansas Post NM | Construct maintenance/storage facility | 1,200,000 | 116 | SWR | 5 | B |
| Assateague Island National Seashore | Rehabilitate historic structures/stabilize national resources | 9,000,000 | 263 | MAR | 2 | L |
| Assateague NS | Reconstruct roads and parking, MD and VA | 6,600,000 | 231 | MAR | 3 | R |
| Assateague NS | Redevelop parking—chnctg | 3,432,000 | 233 | MAR | 3 | R |
| Aztec Ruins NM | Construct administrative ctr./operations complex | 4,680,000 | 133 | SWR | 5 | B |
| Badlands NP | Rehabilitate 30 miles of main road | 24,156,000 | 120 | RMR | 3 | R |
| Baltimore-Washington Memorial Parkway | System completion project | 31,680,000 | 1006 | NCR | 5 | R |
| Bandelier NM | Relocate facilities from Frijoles Canyon | 15,700,000 | 214 | SWR | 2 | B |
| Bandelier NM | Rehabilitate Ponderosa Campground | 1,320,000 | 109 | SWR | 3 | L |
| Bandelier NM | Rehabilitate trails | 3,600,000 | 210 | SWR | 2 | L |
| Bandelier NM | Construct water storage and distribution | 840,000 | 246 | SWR | 3 | U |
| Bering Land Bridge National Preserve | Construct multiagency visitor center | 5,564,000 | 100NO | AKR | 4 | B |
| Big Bend NP | Rehabilitate Chisos Basin Campground | 3,200,000 | 274 | SWR | 3 | L |
| Big Bend NP | Reconstruct major park roads | 19,008,000 | 223 | SWR | 3 | R |
| Big Bend NP | Construct addition to park visitor center | 10,680,000 | 114 | SWR | 5 | B |
| Big Bend NP | Modernize/expand Panther Junction water system | 3,200,000 | 132 | SWR | 1 | U |

| | | | | | | |
|---|---|---|---|---|---|---|
| Big Bend NP | Relocate overhead utility lines | 4,200,000 | 169 | SWR | 3 | U |
| Big Bend NP | Improve/expand Panther Junction maintenance area | 2,400,000 | 160 | SWR | 3 | B |
| Big Bend NP | Rehabilitate/expand campgrounds (RGV–CA) | 2,400,000 | 166 | SWR | 3 | L |
| Big Bend NP | Construct resource management facility | 2,400,000 | 276 | SWR | 5 | B |
| Big Bend NP | Rehabilitate and expand sewage treatment | 3,200,000 | 278 | SWR | 1 | U |
| Big Cypress Nat Preserve | Scenic corridor visitor safety hwy. improvements | 4,800,000 | 1 | SER | 1 | R |
| Big Cypress NPRes | ADditional lands operation facility | 1,720,000 | 2 | SER | 4 | B |
| Big Thicket NPRes | Construct park visitor center/headquarters | 8,280,000 | 107 | SWR | 4 | B |
| Big Thicket NPRes | Construct trails, trailheads, water access | 13,200,000 | 111 | SWR | 2 | L |
| Big Thicket NPRes | Stabilize roads | 2,112,000 | 113 | SWR | 3 | R |
| Bighorn Canyon NRA | Provide safe recreation area at OK–A–BEH | 254,400 | 222 | RMR | 3 | L |
| Blackstone River Valley NHCC | Rehabilitate Slater's Mill Historic Structures and Site | 5,400,000 | 105 | NAR | 2 | B |
| Blue Ridge Parkway | Fisher Peak Mountain Music Center | 4,000,000 | 507 | SER | 5 | B |
| Blue Ridge Parkway | Tunnels-lined | 6,204,000 | 132 | SER | 3 | R |
| Blue Ridge Parkway | Grade separations | 3,564,000 | 521 | SER | 3 | R |
| Blue Ridge Parkway | Resurface 25 miles of parkway | 87,912,000 | 503 | SER | 3 | R |
| Booker T. Washington NM | Construct maintenance. shop and expand visitor center | 1,822,800 | 161 | MAR | 5 | B |
| Boston Afro-American NHS | Complete rehabilitation of Smith School | 1,175,000 | 102 | NAR | 2 | B |
| Boston Nat Historic Park | Charlestown Navy Yard road safety improvements | 3,630,000 | 154 | NAR | 1 | R |
| Boston NHP | Rehabilitate Bunker Hill structure and site | 859,200 | 106 | NAR | 2 | L |
| Boston NHP | Preserve/rehabilitate historic commandant's house | 4,800,000 | 130 | NAR | 2 | B |
| Bryce Canyon NP | Reconstruct roads parkwide | 25,080,000 | 106 | RMR | 3 | R |
| Bryce Canyon NP | Rehabilitate 206 camping sites in park | 1,700,000 | 103 | RMR | 3 | L |
| Bryce Canyon NP | Rehabilitate visitor and education center | 4,400,000 | 125 | RMR | 3 | B |
| Buffalo National River | Construct Tyler Bend employee housing | 2,760,000 | 109 | SWR | 4 | H |
| Buffalo NR | Improve river camp sites, launches, and roads | 12,360,000 | 185 | SWR | 4 | L |
| Buffalo NR | Construct park headquarters and visitor center | 5,520,000 | 240 | SWR | 4 | B |
| Buffalo NR | Develop Pruitt public use/operations facilities | 1,800,000 | 113 | SWR | 4 | B |
| C&O Canal NHP | Restore historic Monocacy aqueduct | 8,000,000 | 100 | NCR | 2 | L |
| C&O Canal NHP | Reconstruct historic wide-water towpath | 630,000 | 01 | NCR | 1 | L |
| C&O Canal NHP | Rehabilitate deteriorating historic complex | 660,000 | 101 | NCR | 2 | B |
| C&O Canal NHP | Restore deteriorated historic tidelock | 1,800,000 | 29 | NCR | 2 | B |
| C&O CANAL NHP | GREAT FALLS ENTRANCE STATION ROAD | 660,000 | 77 | NCR | 3 | R |
| CANAVERAL NS | CONSTRUCT HQ, VC, STORAGE, and EXHIBIT COMPLEX | 4,207,200 | 105 | SER | 5 | B |
| CANYON DE CHELLY NM | REHABILITATE CANYON ROADS | 1,200,000 | 172 | SWR | 3 | R |
| CANYON DE CHELLY NM | REHABILITATE PARK ROADS | 1,980,000 | 169 | SWR | 3 | R |
| CANYONLANDS NP | REPAIR 225.4 MILES ROAD | 16,368,000 | 183 | RMR | 3 | R |
| CAPE COD NS | REHABILITATE EIGHT BEACH FACILITIES | 9,100,000 | 226 | NAR | 1 | B |
| CAPE COD NS | REHABILITATE DORMITORY AND SEASONAL HOUSING UNITS | 11,850,000 | 225 | NAR | 1 | H |
| CAPE COD NS | REHABILITATE SALT POND AND PROVINCELAND VISITOR CENTER | 4,896,000 | 228 | NAR | 2 | B |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| CAPE COD NS | REHABILITATE PARK ROADS AND PARKING | 2,640,000 | 210 | NAR | 3 | R |
| CAPE HATTERAS NS | REPAIR/REPLACE EMPLOYEE HOUSING | 8,400,000 | 801 | SER | 3 | H |
| CAPE HATTERAS NS | CONSTRUCT PROTECTIVE GROIN | 2,000,000 | 301 | SER | 2 | L |
| CAPE HATTERAS NS | RELOCATE LIGHTHOUSE | 10,530,000 | 175 | SER | 2 | L |
| CAPULIN VOLCANO NM | EXPAND/IMPROVE MAINTENANCE AREA | 1,800,000 | 154 | SWR | 5 | B |
| CARLSBAD CAVERNS NP | REHABILITATE/REPLACE ELEVATOR SHAFT STEEL | 2,000,000 | 198 | SWR | 1 | B |
| CARLSBAD CAVERNS NP | PROVIDE CAVE HANDRAIL | 1,200,000 | 199 | SWR | 1 | L |
| CARLSBAD CAVERNS NP | REPLACE WATER TRANSMISSION and STORAGE | 3,600,000 | 191 | SWR | 3 | U |
| CARLSBAD CAVERNS NP | RESURFACE ENTRANCE ROAD AND PARKING | 660,000 | 180 | SWR | 3 | R |
| CASTLE CLINTON NM | REHABILITATE CASTLE CLINTON NATIONAL HISTORIC SITE | 26,040,000 | 105 | NAR | 5 | B |
| CATOCTIN MOUNTAINS PARK | REPLACE FAILING ELECTRICAL SYSTEM | 721,810 | 989 | NCR | 3 | U |
| CEDAR BREAKS NM | RECONSTRUCT PARK ROADS | 3,036,000 | 114 | RMR | 3 | R |
| CHACO CULTURE NHP | CONSTRUCT HOUSING, CAMPGROUND, WATER/SEWER SYS | 11,040,000 | 204 | SWR | 5 | B |
| CHACO CULTURE NHP | CONSTRUCT ADDITION TO MAINTENANCE SHOP | 840,000 | 207 | SWR | 5 | B |
| CHANNEL ISLANDS NP | CONSTRUCT 8 EMPLOYEE HOUSES AT SANTA ROSA | 3,458,400 | 671 | WER | 4 | H |
| CHATTAHOOCHEE NRA | CONSTRUCT DAY USE FACILITIES, TRAILS, COMFORT STATION | 3,885,600 | 101 | SER | 5 | B |
| CHICKAMAUGA and CHATTANOOGA | RELOCATE US HWY 27 WITHIN PARK (GA) | 30,360,000 | 142 | SER | 3 | R |
| CHICKAMAUGA and CHATTANOOGA | IMPROVE PARK ROADS, SHOULDERS, and DRIVEOUTS | 6,732,000 | 102 | SER | 3 | R |
| CHICKAMUAGA and CHATTANOOGA | REPLACE TWO BRIDGES–ALEXANDER BRIDGE ROAD | 2,196,000 | 165 | SER | 1 | R |
| CHICKASAW NRA | IMPROVE CAMPGROUNDS | 11,540,000 | 215 | SWR | 3 | L |
| CHICKASAW NRA | CONSTRUCT VISITOR CTR./HEADQTRS./MTNCE. COMPLEX | 4,560,000 | 208 | SWR | 5 | B |
| CHICKASAW NRA | DEVELOP VETERANS LAKE VISITOR FACILITIES | 2,400,000 | 209 | SWR | 5 | R |
| CHICKASAW NRA | REHABILITATE VETERANS DAM (REPAY BUR. OF RECLAMATION) | 600,000 | 206 | SWR | 3 | L |
| CHIRICAHUA NM | UPGRADE UTILITIES, HEADQUARTERS, and CAMPGROUND | 1,200,000 | 241 | SWR | 3 | B |
| CHIRICAHUA NM | REHABILITATE MAIN PARK ROAD | 9,372,000 | 103 | WER | 3 | R |
| CITY OF ROCKS NM | CONSTRUCT RV CAMPGROUND, ROADS, TRAILS, RESTROOMS | 23,160,000 | 101 | PNR | 2 | B |
| COLONIAL NHP | CONNECT JAMESTOWN WATER SYSTEM TO MUNICIPAL SYSTEM | 959,000 | 400 | MAR | 1 | U |
| COLONIAL NHP | PROTECT JAMESTOWN ISLAND FROM EROSION | 18,000,000 | 248 | MAR | 2 | L |
| COLONIAL NHP | CONSTRUCT JAMESTOWN VIS. CTR. and COLLECTION STORAGE | 14,040,000 | 154 | MAR | 5 | L |
| COLONIAL NHP | BUILD COLONIAL PARKWAY BICYCLE and WALKING TRAIL | 24,000,000 | 249 | MAR | 5 | L |
| COLONIAL NHP | REALIGN PARK PORTION OF HIGHWAY 238 | 3,699,600 | 127 | MAR | 5 | R |
| COLONIAL NHP | YORKTOWN ROADS AND BRIDGES | 4,752,000 | 317 | MAR | 3 | R |
| COLONIAL NHP | REHABILITATE JAMESTOWN ROADS | 1,320,000 | 321 | MAR | 3 | R |
| COLONIAL NHP | REPAIR/REHABILITATE COLONIAL PARKWAY | 13,200,000 | 251 | MAR | 3 | R |

| | | | | | | |
|---|---|---|---|---|---|---|
| COLORADO NM | REHABILITATE 23 MILES OF RIMROCK DRIVE | 7,920,000 | 110 | RMR | 3 | R |
| CONGAREE SWAMP NM | CONSTRUCT PERMANENT FACILITIES | 9,000,000 | 101 | SER | 4 | B |
| COULEE DAM NRA | EXPAND KELLER FERRY CAMPGROUND FACILITIES | 2,400,000 | 203 | PNR | 5 | B |
| COULEE DAM NRA | RESURFACE ROADS AND PARKING—PARKWIDE | 2,040,000 | 266 | PNR | 1 | R |
| COULEE DAM NRA | RESURFACE ROADS AND PARKING | 1,716,000 | 266 | PNR | 1 | R |
| CRATER LAKE NP | CONTRUCT ACTIVITY CENTER, PARKING, AND ROADS | 60,000,000 | 274 | PNR | 2 | B |
| CRATER LAKE NP | CONSTRUCT EMPLOYEE HOUSING AND SUPPORT FACILITIES | 5,800,000 | 275 | PNR | 5 | H |
| CRATER LAKE NP | CORRECT CLEETWOOD COVE PARKING FACILITIES | 1,000,000 | 276 | PNR | 1 | R |
| CRATER LAKE NP | RESURFACE ANNIE SPRINGS TO WEST BOUNDARY ROAD | 5,544,000 | 235 | PNR | 1 | R |
| CRATER LAKE NP | RESURFACE 6.1 MILES OF ROUTE 7—PINNACLES ROAD | 1,452,000 | 253 | PNR | 1 | R |
| CRATER LAKE NP | RESURFACE CLOUDCAP TO HEADQUARTERS ROAD | 3,960,000 | 256 | PNR | 1 | R |
| CRATERS OF THE MOON NM | CONSTRUCT VISITOR CENTER, ROADS, AND UTILITIES | 5,400,000 | 153 | PNR | 5 | B |
| CUMBERLAND GAP NHP | SYSTEM COMPLETION PROJECT | 47,520,000 | 1007 | SER | 5 | R |
| CUMBERLAND ISLAND NS | CONSTRUCT VISITOR CENTER, EXHIBITS, UTILITIES, MTNCE. FACILITIES | 3,494,400 | 112 | SER | 5 | B |
| CURECANTI NRA | REPLACE WATER TREATMENT PLANT AND ADD RESERVOIR | 1,729,200 | 272 | RMR | 3 | U |
| CUYAHOGA NRA | RECONSTRUCT RIVER VIEW RD | 1,320,000 | 203 | MWR | 3 | R |
| CUYAHOGA NRA | RECONSTRUCT WHEATLEY ROAD | 1,848,000 | 206 | MWR | 3 | R |
| CUYAHOGA VALLEY NRA | CONTINUE CLEANUP OF KREJCI DUMP SITE | 5,400,000 | 260 | MWR | 1 | L |
| DAYTON AVIATION HERITAGE NHS | REHABILITATE HISTORIC HOOVER BLOCK | 4,941,600 | 100 | MWR | 2 | B |
| DEATH VALLEY NP | CONSTRUCT EMPLOYEE HOUSING AT DEATH VALLEY | 19,807,200 | 388 | WER | 1 | H |
| DEATH VALLEY NP | REPLACE COW CREEK MAINTENANCE FACILITY | 5,187,600 | 500 | WER | 1 | B |
| DEATH VALLEY NP | REHABILITATE BADWATER ROAD and SPUR ROADS | 14,916,000 | 283 | WER | 3 | R |
| DEATH VALLEY NP | RECONSTRUCT ROUTES 8 and 35 | 19,932,000 | 105 | WER | 3 | R |
| DEATH VALLEY NP | SURFACE 7 MILES OF N ENTRANCE ROAD—ROUTE 8 | 1,848,000 | 257 | WER | 5 | R |
| DEATH VALLEY NP | REHABILITATE MUD CANYON and DAYLIGHT PASS ROADS | 12,144,000 | 348 | WER | 3 | R |
| DEATH VALLEY NP | RECONSTRUCT/REALIGN GRAPEVINE CANYON ROAD | 10,032,000 | 352 | WER | 3 | R |
| DELAWARE WATER GAP NRA | REPAIR/REPLACE NEW JERSEY VISITOR USE FACILITIES | 24,120,000 | 264 | MAR | 3 | B |
| DELAWARE WATER GAP NRA | STABILIZE HISTORIC STRUCTURES AT 40 SITES | 22,320,000 | 111 | MAR | 2 | B |
| DELAWARE WATER GAP NRA | REPAIR/REPLACE PENNSYLVANIA VISITOR USE FACILITIES | 22,476,000 | 263 | MAR | 3 | L |
| DELAWARE WATER GAP NRA | REHABILITATE WEYGADT FACILITIES and BUILD VISITOR CTR | 19,200,000 | 319 | MAR | 4 | B |
| DELAWARE WATER GAP NRA | REHABILITATE/REPAIR ROUTE 209 (22MI) and 6 BRIDGES | 52,800,000 | 292 | MAR | 3 | R |
| DENALI NP | CONSTRUCT FIRE–EMERGENCY SERVICES and HEADQTRS. BLDG | 1,620,000 | 105 | AKR | 5 | B |
| DENALI NP | REHABILITATE ENTRANCE AREA UTILITIES—WATER and SEWER | 3,410,000 | 120 | AKR | 3 | U |
| DENALI NP | RESTORE 77.6 MILES OF GRAVEL ROAD SURFACE | 13,200,000 | 258 | AKR | 1 | R |
| DENALI NP | CONSTRUCT TOKLAT REST STOP FACILITIES | 1,120,000 | 100TO | AKR | 4 | B |
| DENALI NP | REPAIR 77.6 MI GRAVEL RD | 13,200,000 | 258 | AKR | 3 | R |
| DENALI NP | ALTERNATIVE TRANSPORTATION MODES | 1,320,000 | 2007 | AKR | 5 | R |
| DINOSAUR NM | RECONSTRUCT/REHABILITATE 3 FAILING STRUCTURES | 12,000,000 | 216 | RMR | 3 | B |
| DINOSAUR NM | CONSTRUCT MUSEUM COLLECTION/RESEARCH BUILDING | 4,700,000 | 204 | RMR | 5 | B |
| DINOSAUR NM | RECONSTRUCT ROADS PARKWIDE | 9,636,000 | 191 | RMR | 3 | R |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| DRY TORTUGAS NM | REHABILITATE PORTIONS OF FORT JEFFERSON | 14,400,000 | 103 | SER | 2 | L |
| EDISON NHS | DEVELOP EDISON CENTER and REHABILITATE LAB. COMPLEX | 29,600,000 | 170 | NAR | 1 | B |
| EISENHOWER NHS | STABILIZE/REPAIR FARM STRUCTURES | 8,620,000 | 130 | MAR | 2 | B |
| EL MALPAIS NM | DEVELOP MULTIAGENCY VISITOR CENTER (PHASE 2 | 5,520,000 | 105 | SWR | 4 | B |
| EVERGLADES NP | REPLACE 20 PLUS OBSOLETE WATER and SEWER SYSTEMS | 14,600,000 | 191 | SER | 1 | U |
| EVERGLADES NP | MODIFY WATER DELIVERY SYSTEM | 80,000,000 | 193 | SER | 2 | L |
| EVERGLADES NP | REPAVE MAIN PARK ROAD | 7,128,000 | 111 | SER | 3 | R |
| FEDERAL HALL NAT MEMORIAL | REHABILITATE FEDERAL HALL | 10,104,000 | 105 | NAR | 1 | B |
| FIRE ISLAND NS | CONSTRUCT SUSTAINABLE STUDENT DISCOVERY CAMP | 2,800,000 | 1 | NAR | 3 | B |
| FIRE ISLAND NS | CONSTRUCT VISITOR CENTER, MTNCE., and ADMIN. FACILITY | 6,000,000 | 169 | NAR | 4 | B |
| FIRE ISLAND NS | PRESERVE/REHABILITATE HISTORIC FLOYD ESTATE | 3,600,000 | 174 | NAR | 5 | B |
| FLORISSANT FOSSIL BEDS NM | CONSTRUCT INITIAL PARK FACILITIES | 9,500,000 | 103 | RMR | 4 | B |
| FORT DONELSON NB | CONSTRUCT BYPASS ROAD | 1,980,000 | 127 | SER | 5 | R |
| FORT LARNED NHS | CONSTRUCT VISITOR CENTER | 7,291,200 | 198 | MWR | 5 | B |
| FORT MCHENRY NM and HIST SHRINE | COMPLETE HISTORIC SEAWALL REPAIRS | 2,210,000 | 1 | MAR | 2 | L |
| FORT MCHENRY NM and HIST SHRINE | REPLACE UNSAFE VISITOR CENTER | 8,520,000 | 277 | MAR | 5 | B |
| FORT NECESSITY NB | REHAB/DEVELOPMENT OF FORT NECESSITY | 12,024,000 | 230 | MAR | 4 | L |
| FORT POINT NHS | REPAIR EARTHQUAKE DAMAGE and REPOINT BRICKWORK | 2,140,000 | 393 | WER | 2 | B |
| FORT SCOTT NHS | PROVIDE FIRE PROT. SYSTEMS FOR HISTORIC STRUCTURES | 1,244,400 | 227 | MWR | 2 | B |
| FORT SUMTER NM | CONSTRUCT TOUR BOAT FACILITY -- DOCKSIDE II | 7,100,000 | 105 | SER | 5 | B |
| FORT UNION NM | CONSTRUCT CURATORIAL, AUDIO–VISUAL, and OFFICE AREAS | 720,000 | 102 | SWR | 5 | B |
| FREDERICKSBURG N MILITARY PARK | PROTECT PARK BOUNDARY | 800,000 | 106 | MAR | 2 | L |
| FREDERICKSBURG NMP | STABILIZE HISTORIC STRUCTURES, RUINS, and EARTHWORKS | 3,855,600 | 107 | MAR | 2 | L |
| FREDERICKSBURG NMP | ENLARGE VISITOR CENTER/RESTORE HIST. ROAD TRACES | 14,400,000 | 271 | MAR | 3 | L |
| FREDERICKSBURG NMP | REHABILITATE PARK ROADS | 7,128,000 | 230 | MAR | 3 | R |
| GATEWAY NRA | REHABILITATE FLOYD BENNETT FIELD, FT. TILDEN UTILITIES | 12,300,000 | 169 | NAR | 1 | U |
| GATEWAY NRA | COMPLETE REHABILITATION OF JACOB RIIS PARK | 12,100,000 | 147 | NAR | 1 | B |
| GATEWAY NRA | COMPLETE GREAT KILLS PARK REHABILITATION | 2,800,000 | 149 | NAR | 4 | B |
| GATEWAY NRA | REHABILITATE BATTERY WEED SEAWALL and DOCK | 3,280,000 | 219 | NAR | 2 | L |
| GATEWAY NRA | PRESERVE/REHABILITATE FORT HANCOCK STRUCT. and UTIL | 120,000,000 | 123 | NAR | 2 | B |
| GATEWAY NRA | REHABILITATE FORT WADSWORTH FOR VISITOR and NPS USE | 48,000,000 | 191 | NAR | 1 | B |
| GATEWAY NRA | REHABILITATE SANDY HOOK MAIN ROAD | 8,580,000 | 111 | NAR | 1 | R |
| GATEWAY NRA | REHABILITATE MILLER FIELD ROAD AND PARKING | 4,224,000 | 115 | NAR | 3 | R |
| GATEWAY NRA | REHABILITATE PARK ROADS | 21,780,000 | 185 | NAR | 1 | R |

| | | | | | | |
|---|---|---|---|---|---|---|
| GEO. WASHINGTON MEML PKWY | REHABILITATE GLEN ECHO FACILITIES | 2,000,000 | 171 | NCR | 3 | B |
| GEO. WASHINGTON MEML PKWY | RESTORE THEODORE ROOSEVELT MEMORIAL | 1,765,000 | 181 | NCR | 2 | L |
| GEO. WASHINGTON MEML PKWY | CandO VIEWSHED–REMOVE/REHABILITATE STRUCT. and LNDSCP | 19,752,000 | 172 | NCR | 2 | L |
| GEO. WASHINGTON MEML PKWY | RECONSTRUCT SPOUT RUN PARKWAY (PHASE IV) | 7,440,000 | 836 | NCR | 1 | R |
| GEO. WASHINGTON MEML PKWY | PRESERVE ARLINGTON HOUSE HISTORIC FURNISHINGS | 420,000 | 103 | NCR | 2 | B |
| GEO. WASHINGTON MEML PKWY | SPROUT RUN TO 123 | 6,600,000 | 461 | NCR | 1 | R |
| GEO. WASHINGTON MEML PKWY | 123 TO SPROUT RUN | 6,600,000 | 461 | NCR | 1 | R |
| GEORGE WASHINGTON MEML PKWY | REHABILITATE MEMORIAL AVENUE BRIDGE | 3,300,000 | 464 | NCR | 3 | R |
| GEORGE ROGERS CLARK NHP | REHABILITATE HISTORIC MEMORIAL TERRACE | 1,560,000 | 122 | MWR | 2 | B |
| GETTYSBURG NMP | PROTECT HISTORIC STRUCTURES | 2,500,000 | 1 | MAR | 2 | B |
| GETTYSBURG NMP | REPAIR 22 HISTORIC MONUMENTS | 2,012,000 | 2 | MAR | 2 | L |
| GETTYSBURG NMP | REHABILITATE VISITOR CENTER | 4,280,000 | 296 | MAR | 1 | B |
| GETTYSBURG NMP | REHAB PARK ROADS | 8,316,000 | 106 | MAR | 3 | R |
| GLACIER BAY NP | CONSTRUCT MTNCE. FACILITIES/REHABILITATE UTILITY SYS | 1,700,000 | 100BC | AKR | 1 | U |
| GLACIER BAY NP | CONSTRUCT PARK EMPLOYEE HOUSING | 3,100,000 | 130 | AKR | 4 | H |
| GLACIER BAY NP | REHABILITATE MAIN PARK ROAD | 6,204,000 | 170 | AKR | 3 | R |
| GLACIER NP | UPGRADE UNSAFE WATER AND SEWER SYSTEM | 9,500,000 | 165 | RMR | 1 | U |
| GLACIER NP | REHAB GOING TO THE SUN ROAD, 55 MILES | 78,144,000 | 303 | RMR | 3 | R |
| GLACIER NP | REHABILITATE SUBSTANDARD BACKCOUNTRY CHALETS | 2,800,000 | 357 | RMR | 3 | B |
| GLACIER NP | REHABILITATE LAKE MCDONALD/APGAR CONCESS. FACILITIES | 18,673,200 | 264 | RMR | 3 | B |
| GLACIER NP | REPLACE OBSOLETE HOUSING PARKWIDE | 18,765,600 | 399 | RMR | 3 | H |
| GLEN CANYON NRA | CONSTRUCT FEE COLLECTION STATIONS and EMPL. HOUSING | 10,616,400 | 210 | RMR | 4 | B |
| GLEN CANYON NRA | UPGRADE SUBSTANDARD PARK HOUSING | 18,726,000 | 421 | RMR | 3 | H |
| GLEN CANYON NRA | CORRECT MARINA CONSTRUCTION DEFICIENCIES | 1,176,000 | 434 | RMR | 3 | U |
| GLEN CANYON NRA | REHABILITATE STATE LINE ROADS | 3,168,000 | 341 | RMR | 3 | R |
| GLEN CANYON NRA | REHABILITATE BULL FROG ROADS | 5,544,000 | 342 | RMR | 3 | R |
| GLEN CANYON NRA | RECONSTRUCT MARINA ACCESS ROAD | 1,980,000 | 380 | RMR | 3 | R |
| GOLDEN GATE NRA | REHABILITATE/REPAIR FORT MASON PIER | 25,152,000 | 282 | WER | 2 | B |
| GOLDEN GATE NRA | REPLACE RESTROOMS | 3,301,200 | 357 | WER | 5 | B |
| GOLDEN GATE NRA | STABILIZE ALCATRAZ HISTORIC STRUCTURES | 5,030,400 | 167 | WER | 2 | B |
| GOLDEN GATE NRA | REHABILITATE MARIN DISTRICT ROADS | 10,032,000 | 857 | WER | 3 | R |
| GOLDEN GATE NRA | REHABILITATE SAN FRANCISCO DISTRICT ROADS | 4,620,000 | 858 | WER | 3 | R |
| GRAND CANYON NP | CONSTRUCT REPLACEMENT HOUSING | 16,800,000 | 143 | WER | 1 | H |
| GRAND CANYON NP | REPLACE NORTH RIM PIPELINE and TREATMENT SYSTEM | 11,800,000 | 319 | WER | 1 | U |
| GRAND CANYON NP | LANDFILL CLOSURE | 6,300,000 | 190 | WER | 1 | L |
| GRAND CANYON NP | CONSTRUCT SOUTH RIM ORIENTATION | 21,900,000 | 1 | WER | 5 | B |
| GRAND CANYON NP | REHABILITATE SUBSTANDARD HOUSING | 7,545,600 | 348 | WER | 1 | H |
| GRAND CANYON NP | SAFETY RECONSTRUCTION OF WEST RIM DRIVE | 7,388,400 | 196 | WER | 1 | R |
| GRAND CANYON NP | CONSTRUCT PUBLIC RESTROOMS | 3,301,200 | 121 | WER | 5 | B |
| GRAND CANYON NP | REALIGN/REPAIR EAST RIM ROAD | 11,352,000 | 272 | WER | 3 | R |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| GRAND CANYON NP | RECONSTRUCT SOUTH RIM ROADS | 50,160,000 | 110 | WER | 3 | R |
| GRAND CANYON NP | RECONSTRUCT WEST RIM DRIVE | 7,128,000 | 196 | WER | 1 | R |
| GRAND PORTAGE NM | REMOVE HOUSING and MTNCE. ACTIVITIES FROM HIST. RES | 3,240,000 | 106 | MWR | 2 | B |
| GRAND PORTAGE NM | CONSTRUCT VISITOR CENTER/ADMINISTRATIVE FACILITY | 4,380,000 | 105 | MWR | 5 | B |
| GRAND PORTAGE NM | RELOCATE ROADS | 1,716,000 | 108 | MWR | 2 | R |
| GRAND TETON NP | COMPLETE FINAL SURFACE FOR 31.7 MILES OF MAIN ROAD | 14,784,000 | 328 | RMR | 3 | R |
| GRAND TETON NP | REPAIR UTILITY SYSTEMS PARKWIDE | 30,000,000 | 102 | RMR | 3 | U |
| GRAND TETON NP | REPLACE PARK HOUSING TO MEET STANDARDS | 25,836,000 | 148 | RMR | 3 | H |
| GREAT BASIN NP | REPAIR ROAD SURFACE and SHOULDERS | 5,940,000 | 197 | WER | 3 | R |
| GREAT SAND DUNES NM | EXPAND VISITOR CENTER THRU PARTNERSHIP | 1,900,000 | 103 | RMR | 5 | B |
| GREAT SAND DUNES NM | WIDEN and REHABILITATE ROAD | 2,640,000 | 126 | RMR | 3 | R |
| GREAT SMOKY MOUNTAINS NP | CONSTRUCT OCONOLUFTEE VISITOR CENTER | 8,000,000 | 129 | SER | 5 | B |
| GREAT SMOKY MOUNTAINS NP | REPLACE FOUR BRIDGES | 3,696,000 | 319 | SER | 3 | R |
| GREAT SMOKY MOUNTAINS NP | COMPLETE 33.5 MILES OF FOOTHILLS PKWY. and ASSOC. FAC | 34,980,000 | 109 | SER | 4 | R |
| GREAT SMOKY MOUNTAINS NP | CONST INTERP CTR, PICNIC AREA, RDS and UTI | 22,680,000 | 314 | SER | 5 | B |
| GREAT SMOKY MOUNTAINS NP | REHAB ABRAMS, GREENBRIER, BIG CREEK RDS | 1,452,000 | 324 | SER | 3 | R |
| GUADALUPE MOUNTAINS NP | CONSTRUCT TRAIL SYSTEM (PHASE 4 | 1,200,000 | 110 | SWR | 2 | L |
| GUADALUPE MOUNTAINS NP | CONSTRUCT PINE SPRINGS CAMPGROUND | 1,560,000 | 202 | SWR | 4 | L |
| GUADALUPE MOUNTAINS NP | SURFACE DOG CANYON ENTRANCE ROAD | 1,056,000 | 207 | SWR | 3 | R |
| HAGERMAN FOSSIL BEDS NM | CONSTRUCT RESEARCH CENTER/MUSEUM | 16,800,000 | 101 | PNR | 4 | B |
| HALEAKALA NP | REHAB HOUSE OF THE SUN VIS. CTR. and COMFORT STATION | 3,144,000 | 105 | WER | 3 | B |
| HALEAKALA NP | CONSTRUCT KIPAHULA WATER SYS., RESTROOM, ADMIN. FAC | 4,087,200 | 153 | WER | 4 | B |
| HAMILTON GRANGE NAT MEML | REHABILITATE and RELOCATE HAMILTON GRANGE | 13,080,000 | 105 | NAR | 2 | B |
| HAMPTON NHS | RESTORE DETERIORATED HISTORIC STRUCTURES | 9,600,000 | 209 | MAR | 2 | B |
| HARPERS FERRY NHP | STABILIZE HISTORIC STRUCTURES | 2,673,600 | 118 | NCR | 2 | B |
| HARRY S TRUMAN NHS | REHAB TRUMAN AND NOLAND HISTORIC HOUSES | 1,200,000 | 200 | MWR | 2 | B |
| HAWAII VOLCANOES NP | REHABILITATE CRATER RIM DRIVE | 6,996,000 | 211 | WER | 3 | R |
| HERBERT HOOVER NHS | CONSTRUCT FARM ROAD | 1,848,000 | 162 | MWR | 3 | R |
| HERBERT HOOVER NHS | CONSTRUCT MAINTENANCE FACILITY | 840,000 | 743 | MWR | 5 | B |
| HERBERT HOOVER NHS | STABILIZE and ADAPTIVELY RESTORE 8 HISTORIC HOUSES | 2,880,000 | 110 | MWR | 2 | B |
| HOME OF FDR NHS | RESTORE/REHABILITATE FDR HOME AND SITE | 7,042,000 | 137 | NAR | 2 | B |
| HOME OF FDR NHS | REHABILITATE ROADS, BRIDGES, and PARKWAY | 6,204,000 | 138 | NAR | 3 | R |
| HOPEWELL FURNACE NHS | COMPLETE PRESERVATION OF FURNACE RESOURCES | 6,000,000 | 195 | MAR | 2 | L |
| HORACE ALBRIGHT TRAINING CTR | REHABILITATE TRAINING CENTER COMPLEX | 6,241,000 | 1 | WASO | 3 | B |

| | | | | | | |
|---|---|---|---|---|---|---|
| HOT SPRINGS NP | REHABILITATE/RESTORE BATHHOUSE ROW STRUCTURES | 10,100,000 | 145 | SWR | 2 | B |
| HOT SPRINGS NP | UPGRADE GULPHA GORGE CAMPGROUND | 2,400,000 | 245 | SWR | 3 | L |
| HOVENWEEP NM | BUILD VISITOR CENTER/RANGER STATION and SUPPORT FAC | 3,670,000 | 134 | RMR | 4 | B |
| HUBBELL TRADING POST NHS | CONTROL EROSION IN PUEBLO COLORADO WASH | 840,000 | 158 | SWR | 2 | L |
| HUBBELL TRADING POST NHS | IMPROVE VISITOR USE, MTNCE., and CURATORIAL FACILITIES | 3,000,000 | 107 | SWR | 4 | B |
| INDEPENDENCE NHP | IMPROVE/REHABILITATE UTILITIES | 80,000,000 | 412 | MAR | 1 | U |
| INDEPENDENCE NHP | REHABILITATE INDEPENDENCE MALL WALKS AND WALLS | 18,600,000 | 168 | MAR | 1 | L |
| INDIANA DUNES NL | REMOVE ASBESTOS FROM 250 STRUCTURES | 6,960,000 | 510 | MWR | 1 | B |
| INDIANA DUNES NL | CONSTRUCT WEST UNIT ACCESS ROAD | 7,920,000 | 288 | MWR | 5 | R |
| INDIANA DUNES NL | IMPROVE PARK ROADS (INCLUDES PKG 295 | 29,040,000 | 294 | MWR | 3 | R |
| ISLE ROYALE NP | REPLACE ELEVATED WATER TANK | 3,520,000 | 188 | MWR | 1 | U |
| ISLE ROYALE NP | REHABILITATE RANGER III | 2,300,000 | 319 | MWR | 1 | L |
| ISLE ROYALE NP | CONSTRUCT EMPLOYEE HOUSING DUPLEX | 786,000 | 400 | MWR | 1 | H |
| ISLE ROYALE NP | CONSTRUCT 3 EMPLOYEE HOUSING DUPLEXES | 2,280,000 | 117 | MWR | 5 | H |
| JAMES A. GARFIELD NHS | REHABILITATE FIRE and INTRUSION ALARM SYSTEMS | 7,308,000 | 103 | MWR | 2 | B |
| JAMES A. GARFIELD NHS | RECONSTRUCT ROAD and PARKING | 924,000 | 164 | MWR | 3 | R |
| JEAN LAFITTE NHP and PRES | PROVIDE THIBODEAU LANDSCAPING and PARKING | 1,920,000 | 178 | SWR | 4 | L |
| JEFFERSON NAT EXPANSION MEML | REPLACE ARCH HANDICAPPED ACCESS RAMPS | 2,340,000 | 241 | MWR | 1 | B |
| JEFFERSON NAT EXPANSION MEML | CONSTRUCT PARKING GARAGE and GROUNDS MTNCE. FAC | 1,560,000 | 220 | MWR | 5 | B |
| JOHN D. ROCKEFELLER MEM PKWY | DEVELOPMENT OF FLAGG RANCH FACILITIES | 16,300,000 | 131 | RMR | 5 | B |
| JOHN DAY FOSSIL BEDS NM | CONSTRUCT VISITOR/RESEARCH CENTER | 14,400,000 | 105 | PNR | 5 | B |
| JOSHUA TREE NM | RECONSTRUCT ROADS, PARKING, and CAMPGROUND ROADS | 27,720,000 | 173 | WER | 3 | R |
| JOSHUA TREE NM | REHABILITATE OASIS VISITOR CENTER and ADMIN. BLDG | 4,873,200 | 388 | WER | 3 | B |
| JOSHUA TREE NM | RECONSTRUCT/REHABILITATE NARROW UNSAFE ROADS | 17,160,000 | 174 | WER | 3 | R |
| KATMAI NP | CONSTRUCT LAKE CAMP FACILITIES | 1,726,000 | 102 | AKR | 4 | L |
| KATMAI NP | RELOCATE BROOKS CAMP FACILITIES/REPAIR VTS ROAD | 10,600,000 | 100BC | AKR | 2 | B |
| KENAI FJORDS NP | CONSTRUCT VISITOR CENTER/HEADQUARTERS FACILITY | 11,500,000 | 100SW | AKR | 3 | U |
| KENAI FJORDS NP | IMPROVE ACCESS AND VISITOR FACILITIES | 2,800,000 | 100EG | AKR | 3 | B |
| KEWEENAW NHP | STABILIZE CORE BUILDINGS | 4,716,000 | 100 | MWR | 2 | B |
| LAKE CLARK NP and PRES | CONSTRUCT HOUSING and SUPPORT FACILITIES | 6,939,000 | 100PA | AKR | 4 | B |
| LAKE MEAD NRA | UPGRADE WATER TREATMENT AT KATHERINE | 3,095,000 | 69 | WER | 1 | U |
| LAKE MEAD NRA | MITIGATE STRUCTURAL FLOODING PROBLEMS | 29,600,000 | 853 | WER | 1 | L |
| LAKE MEAD NRA | SAFETY RECONSTRUCTION LAKESHORE ROAD | 32,340,000 | 242 | WER | 1 | R |
| LAKE MEAD NRA | REHAB NORTH SHORE ROAD and CONNECT ACCESS | 55,440,000 | 457 | WER | 1 | R |
| LAKE MEAD NRA | ENTRANCE STATION PROGRAM | 15,248,400 | 594 | WER | 5 | B |
| LAKE MEAD NRA | IMPROVE ROAD TO PRINCESS COVE | 2,508,000 | 700 | WER | 3 | R |
| LAKE MEREDITH NRA | RECONSTRUCT/RECONNECT/REPAIR WATER SYSTEM | 4,400,000 | 210 | SWR | 1 | U |
| LAKE MEREDITH NRA | REHABILITATE/CONSTRUCT CAMPGROUNDS and RESTROOMS | 33,480,000 | 110 | SWR | 3 | L |
| LAKE MEREDITH NRA | RECONSTRUCT ACCESS ROADS and PARKINGS | 7,788,000 | 185 | SWR | 3 | R |
| LAKE MEREDITH NRA | CONNECT PARK TO FRITCH WATER SYSTEM | 960,000 | 192 | SWR | 3 | U |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| LASSEN VOLCANIC NM | UPGRADE HEADQUARTERS UTILITY SYSTEMS | 4,244,400 | 325 | WER | 3 | U |
| LASSEN VOLCANIC NM | REPAIR MAIN PARK ROAD | 13,596,000 | 101 | WER | 3 | R |
| LASSEN VOLCANIC NM | PAVE BUTTE LAKE ACCESS and CAMPGROUND | 1,716,000 | 312 | WER | 3 | R |
| LAVA BEDS | RECONSTRUCT SOUTHEAST ENTRANCE ROAD | 5,940,000 | 302 | WER | 3 | R |
| LAVA BEDS NM | RECONSTUCT S.E. ENTRANCE and MEDICINE LAKE ROADS | 5,940,000 | 302 | WER | 3 | R |
| LINCOLN BOYHOOD NM | RELOCATE COUNTY ROADS A and B/UPGRADE PARKING | 2,772,000 | 126 | MWR | 3 | R |
| LINCOLN HOME NHS | STABILIZE/RESTORE STUVE HOUSE | 3,144,000 | 403 | MWR | 2 | B |
| LITTLE BIGHORN NB | CONSTRUCT INDIAN MEMORIAL | 900,000 | 147 | RMR | 5 | L |
| LOWELL NHP | COMPLETE BOOTT MILL | 958,000 | 117 | NAR | 2 | B |
| LOWELL NHP | REHAB VISITOR CENTER PARKING | 660,000 | 101 | NAR | 4 | R |
| LYNDON B. JOHNSON NHP | CONSTRUCT MAINTENANCE/BUS SERVICE AREA | 3,600,000 | 135 | SWR | 5 | B |
| LYNDON B. JOHNSON NHP | REHABILITATE PARK ROADS | 1,980,000 | 193 | SWR | 3 | R |
| LYNDON B. JOHNSON NHP | EXTEND WATER SYSTEM TO JUNCTION SCHOOL | 600,000 | 198 | SWR | 2 | U |
| MAMMOTH CAVE NP | RENOVATE VISITOR CENTER | 5,327,000 | 171 | SER | 3 | B |
| MAMMOTH CAVE NP | CONSTRUCT NEW ADMINISTRATION BUILDING | 9,720,000 | 185 | SER | 5 | B |
| MANASSAS NAT BATTLEFIELD PARK | RESTORE DISTURBED STUART'S HILL BATTLEGROUND | 6,828,000 | 225 | NCR | 2 | L |
| MANASSAS NAT BATTLEFIELD PARK | PRESERVE HISTORIC RESOURCES FOR VISITOR USE | 1,382,000 | 155 | NCR | 2 | L |
| MESA VERDE NP | STABILIZE AND RESTORE PREHISTORIC STRUCTURES | 12,000,000 | 239 | RMR | 2 | B |
| MESA VERDE NP | COMPLETE WATERLINE REPLACEMENT | 4,500,000 | 223 | RMR | 3 | U |
| MESA VERDE NP | CONSTRUCT ENTRANCE STATION and COMPLETE ROAD | 1,542,000 | 120 | RMR | 5 | B |
| MESA VERDE NP | CORRECT ENTRANCE ROAD FAILURE | 9,636,000 | 278 | RMR | 3 | R |
| MESA VERDE NP | RECONSTRUCT WETHERILL ROAD | 7,920,000 | 225 | RMR | 3 | R |
| MINUTE MAN NHP | PRESERVE/REHABILITATE 29 HIST. BATTLE RD. STRUCTURES | 7,200,000 | 171 | NAR | 1 | B |
| MISSISSIPPI NAT RIVERandRECR. AREA | DEVELOP PARTNERSHIP EDUC. FAC. IN SCIENCE MUSEUM | 2,564,000 | 110 | MWR | 4 | B |
| MISSISSIPPI NR&RA | CONSTRUCT PARTNERSHIP EDUCATION CENTER | 4,281,000 | 114 | MWR | 4 | B |
| MONOCACY NB | RESTORE STRUCTURE FOR PRESERVATION TRAINING | 5,940,000 | 337 | NCR | 2 | B |
| MONTEZUMA CASTLE NM | DEVELOP MONTEZUMA WELL INFRASTRUCTURE & FAC | 2,940,000 | 100 | SWR | 4 | B |
| MORRISTOWN NHP | REHABILITATE PARK TOUR ROADS | 7,128,000 | 187 | NAR | 3 | R |
| MOUNT RAINIER NP | REHABILITATE JACKSON VISITOR CENTER | 4,400,000 | 399 | PNR | 3 | B |
| MOUNT RAINIER NP | REPLACE SUNRISE LODGE | 5,400,000 | 315 | PNR | 1 | B |
| MOUNT RAINIER NP | REHABILITATE HIGHWAY 410 | 6,864,000 | 349A | PNR | 1 | R |
| MOUNT RAINIER NP | CONSTRUCT TAHOMA WOODS ENTRANCE/CONTACT STATION | 1,800,000 | 311 | PNR | 5 | B |
| MOUNT RAINIER NP | REHABILITATE PARADISE INN and ANNEX | 8,400,000 | 370 | PNR | 3 | B |
| MOUNT RAINIER NP | REHABILITATE HIGHWAY 123 | 25,080,000 | 349B | PNR | 1 | R |

| | | | | | | |
|---|---|---|---|---|---|---|
| MOUNT RAINIER NP | REHABILITATE CARBON RIVER FACILITIES | 6,000,000 | 316 | PNR | 2 | B |
| MOUNT RAINIER NP | RECONSTRUCT BACKBONE RIDGE VIADUCT | 3,036,000 | 386 | PNR | 1 | R |
| MOUNT RUSHMORE N MEML | REPLACE WASTEWATER TREATMENT SYSTEM | 8,989,000 | 182 | RMR | 3 | U |
| MOUNT RUSHMORE N MEML | CONSTRUCT EXHIBITS and MTNCE. FAC./REHABILITATE STUDIO | 12,000,000 | 182 | RMR | 5 | B |
| NATCHEZ TRACE PARKWAY | CONSTRUCT PARKWAY | 55,440,000 | 300 | SER | 5 | R |
| NATCHEZ TRACE PARKWAY | CONSTRUCT NORTH VISITOR CENTER and MAINTENANCE AREA | 6,000,000 | 300A | SER | 5 | B |
| NATCHEZ TRACE PARKWAY | CONSTRUCT FOUR OVERPASSES | 5,280,000 | 238 | SER | 5 | R |
| NATCHEZ TRACE PARKWAY | REPAIR/REPLACE BRIDGES | 17,556,000 | 264 | SER | 3 | R |
| NATCHEZ TRACE PARKWAY | RESURFACE VARIOUS SECTIONS OF PARKWAY | 99,000,000 | 250 | SER | 3 | R |
| NATIONAL CAPITOL AREA | CONSTRUCT MUSEUM/ARCHEOLOGICAL STORAGE FACILITY | 16,000,000 | 323A | NCR | 5 | B |
| NATIONAL CAPITOL AREA | REHABILITATE and ADD SPACE TO HEADQUARTERS BUILDING | 17,488,800 | 730 | NCR | 3 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | RESTORE LINCOLN AND JEFFERSON MEMORIALS | 15,400,000 | 758 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | STABILIZE AND PRESERVE WASHINGTON MONUMENT | 18,000,000 | 448 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | REPAIR MONUMENT CORES AND SEAWALLS | 78,600,000 | 731 | NCR | 1 | L |
| NATIONAL CAPITOL PARKS–CENTRAL | PROVIDE FORDS THEATRE HANDICAPPED ACCESS | 7,900,000 | 790 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | IMPROVE WASHINGTON MONUMENT ACCESS | 9,690,000 | 430 | NCR | 3 | L |
| NATIONAL CAPITOL PARKS–CENTRAL | MEMORIAL CORE–RECONSTRUCT EAST BASIN DRIVE | 4,356,000 | 450 | NCR | 1 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | REHABILITATE LINCOLN CIRCLE AREA/PROVIDE VIS. ACCESS | 5,502,000 | 825 | NCR | 2 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | REHABILITATE H–1 PARK POLICE STABLE and CORRECT DRAINAGE | 3,000,000 | 827 | NCR | 3 | B |
| NATIONAL CAPITOL PARKS–CENTRAL | MEMORIAL CORE–RECONSTRUCT INDIANA and MAINE AVENUES | 405E | NCR | 1 | R | |
| NATIONAL CAPITOL PARKS–CENTRAL | DC MALL—ALTERNATIVE TRANSPORTATION MODES | 2,640,000 | 2005 | NCR | 5 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT INDIANA and MAINE AVES., EASTBOUND | 29,172,000 | 405 | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT JEFFERSON DRIVE | 2,904,000 | 405B | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT ROADS, EAST POTOMAC PARK | 5,016,000 | 405C | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT LINCOLN MEM. CIRCLE and APPROACHES | 3,960,000 | 405D | NCR | 1 | R |
| NATIONAL CAPITOL PARKS–CENTRAL | RECONSTRUCT CONSTITUTION AVE | 7,128,000 | 405G | NCR | 3 | R |
| NATIONAL CAPITOL PARKS–EAST | RESTORE FORT WASHINGTON | 4,940,000 | 106 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–EAST | REHABILITATE FREDERICK DOUGLASS HOME VISITOR CENTER | 1,800,000 | 738 | NCR | 2 | B |
| NATIONAL CAPITOL PARKS–EAST | RECONSTRUCT RENO ROAD OVERPASS (SUITLAND PKWY) | 10,560,000 | 315 | NCR | 3 | R |
| NAVAJO NM | CONSTRUCT PEDESTRIAN TRAIL TUNNEL | 840,000 | 141 | SWR | 3 | L |
| NAVAJO NM | REHABILITATE ENTRANCE AND CAMPGROUND ROADS | 660,000 | 144 | SWR | 3 | R |
| NEW JERSEY COASTAL HER. TRAIL | INITIAL INTERPRETIVE DEVELOPMENTS | 7,800,000 | 102 | NAR | 4 | L |
| NEW RIVER GORGE NR | STABILIZE/PRESERVE/ADAPT THURMOND HIST. STRUCT./SITE | 33,000,000 | 126 | MAR | 4 | L |
| NEW RIVER GORGE NR | DUN GLEN/SOUTHSIDE JUNCTION DEVELOPMENT | 3,240,000 | 155 | MAR | 4 | L |
| NEW RIVER GORGE NR | GRANDVIEW CULTURAL HERITAGE CENTER DEVELOPMENT | 36,000,000 | 158 | MAR | 4 | L |
| NEW RIVER GORGE NR | KAYMOOR DEVELOPMENT | 3,600,000 | 156 | MAR | 4 | L |
| NEW RIVER GORGE NR | HEADQUARTERS DEVELOPMENT (PHASE IV) | 2,700,000 | 108E | MAR | 4 | L |
| NEW RIVER GORGE NR | MIDDLE GORGE ACCESS | 3,100,000 | 154 | MAR | 4 | L |
| NEW RIVER GORGE NR | REHABILITATE PARK ROADS | 2,640,000 | 138 | MAR | 3 | R |
| NEZ PERCE NHS | CONSTRUCT WHITEBIRD INTERP FACILITIES | 960,000 | 160 | PNR | 4 | B |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| NEZ PERCE NHS | REPLACE SPALDING ROADS and PARKING | 1,056,000 | 159 | PNR | 3 | R |
| NORTH CASCADES NP | REPAIR/STABILIZE GOLDEN WEST VISITOR CENTER | 2,486,000 | 107 | PNR | 3 | B |
| NORTH CASCADES NP | REPLACE NEWHALEM and HARLEQUIN BRIDGES | 6,072,000 | 404 | PNR | 1 | R |
| NORTH CASCADES NP | PROVIDE STEHEKIN EMPLOYEE HOUSING | 1,200,000 | 369 | PNR | 5 | H |
| NORTH CASCADES NP | DEVELOP JOINT US/CANADIAN UTILITIES AT HOZOMEEN | 3,000,000 | 391 | PNR | 4 | U |
| NORTH CASCADES NP | DEVELOP/IMPROVE HIGHWAY 20 FACILITIES | 2,160,000 | 388 | PNR | 1 | R |
| NORTH CASCADES NP | RECONSTRUCT CASCADE RIVER ROAD | 792,000 | 343 | PNR | 1 | R |
| NORTH CASCADES NP | REHABILITATE STEHEKIN ROAD | 1,980,000 | 344 | PNR | 1 | R |
| NORTHWEST ALASKA AREAS | CONSTRUCT VISITOR CTR./HEADQTRS. and MTNCE. FACILITIES | 10,510,000 | 100KZ | AKR | 4 | B |
| NORTHWEST ALASKA AREAS | CONSTRUCT KOTZEBUE EMPLOYEE HOUSING | 4,690,000 | 130 | AKR | 4 | B |
| OLYMPIC NP | ELWHA DAM REMOVAL/RESTORATION | 126,600,000 | 404 | PNR | 2 | L |
| OLYMPIC NP | EXPAND VISITOR FACILITIES AT HOH RAINFOREST | 4,080,000 | 405 | PNR | 5 | B |
| OLYMPIC NP | CONSTRUCT KALALOCH VISITOR CENTER | 10,200,000 | 360 | PNR | 5 | B |
| OLYMPIC NP | RECONSTRUCT EAST BEACH and LOG CABIN RESORT ROADS | 4,752,000 | 311 | PNR | 1 | R |
| OLYMPIC NP | CONSTRUCT TWIN CREEK BRIDGE | 924,000 | 406 | PNR | 2 | R |
| OLYMPIC NP | REPLACE FINLEY CREEK BRIDGE | 1,056,000 | 407 | PNR | 3 | R |
| ORGAN PIPE CACTUS NM | REHABILITATE PAVED PUBLIC ROADS | 1,320,000 | 439 | WER | 3 | R |
| OZARK NAT SCENIC RIVER | CONSTRUCT REGIONAL CULTURAL/VIS. CTR./ADMIN. COMPLEX | 9,600,000 | 459 | MWR | 5 | B |
| OZARK NSR | RELOCATE CAMPGROUND and CONC. FAC. FROM FLOODPLAIN | 12,184,800 | 103 | MWR | 2 | B |
| OZARK NSR | REHABILITATE PEAVINE ROAD | 4,356,000 | 506 | MWR | 3 | R |
| PADRE ISLAND NS | CONSTRUCT SEWAGE TREATMENT FACILITIES | 1,046,000 | 215 | SWR | 4 | U |
| PADRE ISLAND NS | REHABILITATE/RELOCATE BIRD ISLAND BASIN ROAD | 1,188,000 | 200 | SWR | 3 | R |
| PADRE ISLAND NS | CONTRUCT MAINTENANCE SHOP and STORAGE AREA | 2,160,000 | 188 | SWR | 5 | B |
| PEA RIDGE NMP | RELOCATE OVERHEAD UTILITY LINES | 900,000 | 134 | SWR | 3 | U |
| PEA RIDGE NMP | CONSTRUCT MAINTENANCE/STORAGE AREA | 1,200,000 | 111 | SWR | 5 | B |
| PEA RIDGE NMP | CONSTRUCT ELKHORN TAVERN COMFORT STATION and PARKING | 1,200,000 | 125 | SWR | 5 | B |
| PECOS NHP | IMPROVE SEWAGE TREATMENT and REHABILITATE RANCH | 3,480,000 | 143 | SWR | 3 | U |
| PECOS NHP | REHABILITATE ENTRANCE ROAD | 660,000 | 137 | SWR | 3 | R |
| PERRY'S VICTORY andINT PEACE MEML | CONSTRUCT VISITOR CENTER | 13,650,000 | 104 | MWR | 5 | B |
| PETERSBURG NB | PRESERVE/PROTECT EARTHWORKS and OTHER PRIMARY RES | 8,400,000 | 249 | MAR | 2 | L |
| PETERSBURG NB | REHABILITATE/DEVELOP INTERPRETIVE/VISITOR FACILITIES | 7,200,000 | 248 | MAR | 4 | L |
| PETERSBURG NB | REHABILITATE MAIN PARK ROAD and BRIDGES | 1,980,000 | 132 | MAR | 3 | R |
| PETRIFIED FOREST NP | REHABILITATE PAINTED DESERT INN and CABINS | 2,851,000 | 109 | SWR | 2 | B |
| PETROGLYPH NM | REHABILITATE/EXPAND VISITOR CENTER | 1,156,000 | 1 | SWR | 4 | B |

| | | | | | | |
|---|---|---|---|---|---|---|
| PETROGLYPH NM | FENCE BOUNDARY/REMOVE DEBRIS | 960,000 | 103 | SWR | 2 | L |
| PETROGLYPH NM | CONSTRUCT NEW VISITOR CENTER | 13,080,000 | 106 | SWR | 4 | B |
| PICTURED ROCKS NL | CONSTRUCT ADMINISTRATION and PUBLIC USE FACILITY | 3,800,000 | 168 | MWR | 5 | B |
| PICTURED ROCKS NL | RESTORE LIGHTHOUSE SEAWALL | 943,200 | 107 | MWR | 2 | L |
| PICTURED ROCKS NL | REHAB 12 MILES BEACH ROUTE 16 | 16,764,000 | 191 | MWR | 5 | R |
| PICTURED ROCKS NL | PAVING—AuSABLE POINT | 660,000 | 200 | MWR | 3 | R |
| PICTURED ROCKS NL | PAVE ROAD and PARKING—MINER'S BEACH | 396,000 | 200 | MWR | 3 | R |
| POINT REYES NS | RECONSTRUCT TOMALES ROAD | 1,320,000 | 261 | WER | 3 | R |
| POINT REYES NS | PAVE PALO MARIN TRAILHEAD ROAD | 924,000 | 262 | WER | 3 | R |
| PRESIDENT'S PARK | ELIMINATE ENV. HAZARD AT WHITE HOUSE GREENHOUSE | 649,000 | 473 | NCR | 1 | B |
| PRESIDENT'S PARK | IMPLEMENT WHITE HOUSE COMPREHENSIVE DESIGN | 90,000,000 | 249 | NCR | 5 | B |
| PRINCE WILLIAM FOREST PARK | REPLACE CAMPGROUND WATER LINES | 7,450,000 | 239 | NCR | 1 | U |
| PRINCE WILLIAM FOREST PARK | CONSTRUCT VISITOR CENTER | 4,200,000 | 152 | NCR | 5 | B |
| PU'UHONUA O HONAUNAU | CONSTRUCT REPLACEMENT OFFICE and MAINTENANCE SHOP | 3,458,400 | 113 | WER | 5 | B |
| PUUKOHOLA HEIAU | RELOCATE VISITOR CTR., ADMIN., and MAINTENANCE SHOP | 1,886,400 | 107 | WER | 3 | B |
| REDWOOD NP | REALIGN DAVISON ROAD | 4,224,000 | 186 | WER | 3 | R |
| RICHMOND NAT BATTLEFIELD PARK | STABILIZE DREWERY'S BLUFF and EARTHWORKS | 14,400,000 | 170 | MAR | 2 | L |
| RICHMOND NBP | REPAIR/REHABILITATE EXISTING VISITOR USE FACILITIES | 10,800,000 | 169 | MAR | 3 | L |
| RICHMOND NBP | REHABILITATE PARK ROADS | 2,772,000 | 129 | MAR | 3 | R |
| ROCK CREEK PARK | RESTORE HISTORIC PIERCE GRIST MILL | 1,223,000 | 227 | NCR | 2 | B |
| ROCK CREEK PARK | REHABILITATE MERIDIAN HILL INFRASTRUCTURE | 10,471,200 | 120 | NCR | 2 | B |
| ROCK CREEK PARK | CORRECT CARTER BARON STRUCTURAL PROBLEMS | 684,000 | 204 | NCR | 2 | B |
| ROCK CREEK PARK | REHABILITATE ROCK CREEK PARKWAY and ADJACENT TRAIL | 34,452,000 | 318 | NCR | 1 | R |
| ROCKY MOUNTAIN NP | CONSTRUCT VEHICLE MAINTENANCE/STORAGE BUILDINGS | 506,400 | 278 | RMR | 3 | B |
| ROCKY MOUNTAIN NP | REPLACE OBSOLETE SEASONAL HOUSING | 28,044,000 | 123 | RMR | 3 | H |
| ROCKY MOUNTAIN NP | UPGRADE FALL RIVER ENTRANCE FACILITIES | 2,443,200 | 104 | RMR | 5 | B |
| ROCKY MOUNTAIN NP | REBUILD BEAR LAKE ROAD | 4,752,000 | 324 | RMR | 3 | R |
| SAGUARO NM | REHABILITATE TUCSON MOUNTAIN ROADS | 9,636,000 | 255 | WER | 3 | R |
| SAINT GAUDENS NHS | CONSTRUCT MAINTENANCE AND EXHIBIT BUILDING | 7,040,000 | 121A | NAR | 5 | B |
| SAINT GAUDENS NHS | PHASE II DEVELOPMENTS | 6,632,400 | 121B | NAR | 1 | L |
| SALINAS PUEBLO MISSIONS NHP | CONSTRUCT ABO VISITOR FACILITIES | 3,120,000 | 179 | SWR | 4 | B |
| SALINAS PUEBLO MISSIONS NHP | REHABILITATE ENTRANCE ROADS | 1,188,000 | 173 | SWR | 3 | R |
| SALINAS PUEBLO MISSIONS NHP | CONSTRUCT GRAN QUIVIRA VISITOR FACILITIES | 3,120,000 | 178 | SWR | 4 | B |
| SAN ANTONIO MISSIONS NHP | IMPROVE HEALTH, SAFETY, VISITOR SERVICES–SAN JUAN | 3,111,000 | 190 | SWR | 3 | B |
| SAN ANTONIO MISSIONS NHP | REHABILITATE SAN JUAN MISSION STRUCTURES | 3,960,000 | 187 | SWR | 2 | B |
| SAN ANTONIO MISSIONS NHP | REHABILITATE PARKING AREAS | 792,000 | 185 | SWR | 3 | R |
| SAN FRANCISCO MARITIME NHS | RESTORE ENDANGERED SHIP C.A. THAYER | 11,004,000 | 643 | WER | 2 | B |
| SAN FRANCISCO MARITIME NHS | REHABILITATE THREATENED HISTORIC MUSEUM BUILDING | 6,602,400 | 518 | WER | 2 | B |
| SAN FRANCISCO MARITIME NHS | COMPLETE RESTORATION OF SAILING SHIP BALCLUTHA | 3,144,000 | 635 | WER | 2 | B |
| SANTA MONICA NRA | REHABILITATE DIAMOND X AREA MAINTENANCE FACILITY | 1,572,000 | 331 | WER | 3 | B |

RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| SANTA MONICA NRA | RANCHO SIERRA VISTA RD/SATWIWA NAT AR (IN. PKG145 | 1,980,000 | 226 | WER | 3 | R |
| SANTA MONICA NRA | REHABILITATE CIRCLE X CAMPGROUND ROADS | 1,980,000 | 290 | WER | 3 | R |
| SARATOGA NHP | REHABILITATE TOUR ROADS and WAYSIDES | 7,920,000 | 159 | NAR | 2 | R |
| SARATOGA NHP | PRESERVE SARATOGA MONUMENT and SITE | 2,360,000 | 159 | NAR | 2 | L |
| SARATOGA NHP | REHABILITATE ROADS AND PARKING | 396,000 | 160 | NAR | 3 | R |
| SAUGUS IRON WORKS NHS | PRESERVE/REHABILITATE HIST. STRUCTURES and EXHIBITS | 2,400,000 | 154 | NAR | 2 | B |
| SEQUOIA and KINGS CANYON NP | REMOVE FACILITIES AND RESTORE GIANT FOREST | 8,200,000 | 200 | WER | 2 | L |
| SEQUOIA and KINGS CANYON NP | COMPLETE WUKSACHI VILLAGE INFRASTRUCTURE | 13,900,000 | 130 | WER | 2 | U |
| SEQUOIA and KINGS CANYON NP | RECONSTRUCT GENERALS HIGHWAY | 40,920,000 | 840 | WER | 3 | R |
| SEQUOIA and KINGS CANYON NP | CONSTRUCT/REPLACE LODGEPOLE HOUSING | 55,020,000 | 259 | WER | 5 | H |
| SEQUOIA and KINGS CANYON NP | REPLACE CEDAR GROVE BRIDGE | 3,960,000 | 336 | WER | 3 | R |
| SEQUOIA and KINGS CANYON NP | PAVE GRAVEL SECTION AT MINERAL KING | 6,600,000 | 541 | WER | 5 | R |
| SEQUOIA and KINGS CANYON NP | RECONSTRUCT GENERALS HIGHWAY (PHASE II) | 16,500,000 | 841 | WER | 3 | R |
| SHENANDOAH NP | REPLACE TRAILERS/CONSTRUCT EMERGENCY FACILITY | 25,100,000 | 446 | MAR | 1 | H |
| SHENANDOAH NP | REHABILITATE WATER/SEWER/FIRE SYSTEMS | 11,800,000 | 455 | MAR | 1 | U |
| SHENANDOAH NP | REHABILITATE STORM–DAMAGED TRAILS | 12,000,000 | 456 | MAR | 2 | L |
| SHENANDOAH NP | REHABILITATE VISITOR FACILITIES | 4,800,000 | 457 | MAR | 3 | L |
| SHENANDOAH NP | RECONSTRUCT SKYLINE DRIVE | 29,040,000 | 125 | MAR | 3 | R |
| SHILOH NMP | STABILIZE RIVERBANK | 2,600,000 | 134 | SER | 2 | L |
| SHILOH NMP | RESURFACE TOUR ROADS, INCL. SHOULDER and DRAINAGE | 3,300,000 | 138 | SER | 3 | R |
| SLEEPING BEAR DUNES NL | REHABILITATE STOCKING SCENIC DRIVE FACILITIES | 2,215,200 | 210 | MWR | 3 | B |
| SLEEPING BEAR DUNES NL | CONSTRUCT SCENIC ROAD | 23,364,000 | 120 | MWR | 4 | R |
| SOUTHWEST REGION | REHABILITATE HISTORIC OLD SANTA FE TRAIL BUILDING | 2,100,000 | 257 | SWR | 2 | B |
| SOUTHWEST REGION | CONSTRUCT EMPLOYEE HOUSING AT 11 PARKS | 8,600,000 | 279 | SWR | 4 | H |
| STATUE OF LIBERTY NM | COMPLETE HISTORIC SEAWALL REHABILITATION | 2,944,000 | 2 | NAR | 1 | L |
| STATUE OF LIBERTY NM | STABILIZE 23 ELLIS ISLAND BUILDINGS | 12,000,000 | 163 | NAR | 2 | B |
| STATUE OF LIBERTY NM | STABILIZE ELLIS ISLAND HAZARDOUS MATERIALS | 3,600,000 | 161 | NAR | 1 | L |
| STEAMTOWN NHS | REHABILITATE PARK ROADS | 3,960,000 | 900 | MAR | 3 | R |
| STEPHEN MATHER TRAINING CTR | REHABILITATE TRAINING CENTER COMPLEX | 4,462,000 | 1 | WASO | 3 | B |
| SUNSET CRATER VOLCANO NM | CONSTRUCT MAINTENANCE COMPLEX | 1,680,000 | 152 | SWR | 5 | B |
| SUNSET CRATER VOLCANO NM | REHABILITATE PARK ROADS | 4,224,000 | 900 | WER | 3 | R |
| THEODORE ROOSEVELT NP | RECONSTRUCT/RESURFACE PARK ROADS | 11,880,000 | 164 | RMR | 3 | R |
| THEODORE ROOSEVELT NP | CONSTRUCT FLOOD PROTECTION | 607,200 | 108 | RMR | 5 | L |
| THOMAS STONE NHS | FULL SITE DEVELOPMENT AND RESTORATION | 7,080,000 | 108 | MAR | 4 | L |

| | | | | | | |
|---|---|---|---|---|---|---|
| TIMPANOGOS CAVE NM | CONSTRUCT VISITOR/ADMINISTRATIVE CENTER COMPLEX | 7,605,000 | 135 | RMR | 3 | B |
| TIMUCUAN ECOL. and HIST. PRESERVE | CONSTRUCT VISITOR FACILITIES FOR NEW AREA | 9,728,000 | 128 | SER | 4 | B |
| TONTO NM | CONSTRUCT VIS. CTR. RESTROOMS and WASTEWATER PLANT | 1,065,000 | 138 | SWR | 3 | B |
| TONTO NM | RECONSTRUCT ENTRANCE/PICNIC ROADS and PARKING | 1,848,000 | 135 | WER | 3 | R |
| ULYSSES S. GRANT NHS | PRESERVE/RESTORE GRANT HOME AND SITE | 10,900,000 | 100 | MWR | 2 | B |
| UPPER DELAWARE S&RR | DEVELOP INITIAL PARK VISITOR FACILITY | 9,000,000 | 123 | MAR | 4 | L |
| UPPER DELAWARE S&RR | ROEBLING BRIDGE RECONSTRUCTION (PHASE II) | 2,640,000 | 110 | MAR | 5 | R |
| UPPER DELAWARE SCENandREC.RIVER | COMPLETE INITIAL FACILITIES DEVELOPMENT | 5,760,000 | 130 | MAR | 2 | B |
| VALLEY FORGE NHP | REPAIR/REHABILITATE HIST. STRUCT./COLLECTION STORAGE | 13,200,000 | 202 | MAR | 3 | L |
| VANDERBILT MANSION NHS | PRESERVE VANDERBILT MANSION | 8,200,000 | 139 | NAR | 2 | B |
| VIRGIN ISLANDS NP | RECONSTRUCT LAMESHORE ROAD | 1,980,000 | 127B | SER | 3 | R |
| VOYAGEURS NP | CONSTRUCT VISITOR FACILITIES | 3,865,000 | 159 | MWR | 5 | B |
| VOYAGEURS NP | IMPROVE CRANE LAKE ROAD | 13,860,000 | 219 | MWR | 3 | R |
| VOYAGEURS NP | IMPROVE WEST KABETOGAMA ROADS | 660,000 | 220 | MWR | 3 | R |
| WEIR FARM NHS | PRESERVE STRUCT./PROVIDE INITIAL SUPPORT FACILITIES | 14,594,400 | 102 | NAR | 2 | B |
| WEIR FARM NHS | REHAB PARK ROADS AND PARKING | 132,000 | 102 | NAR | 3 | R |
| WHISKEYTOWN–SHASTA–TRINITY NRA | COMPLETE SOUTH SHORE ROAD PAVING | 3,300,000 | 109 | WER | 4 | R |
| WHITE SANDS NM | CONSTRUCT PARK HEADQUARTERS BUILDING | 2,160,000 | 109 | SWR | 5 | B |
| WHITE SANDS NM | CONSTRUCT MAINTENANCE/STORAGE BUILDING | 1,800,000 | 128 | SWR | 5 | B |
| WILSON'S CREEK NB | REPLACE DETERIORATING WASTEWATER PLANT | 1,080,000 | 325 | MWR | 1 | U |
| WILSON'S CREEK NB | REHABILITATE MAIN ENTRANCE ROAD | 660,000 | 173 | MWR | 3 | R |
| WOLF TRAP FARM PARK | ALLEVIATE HAZARDOUS TRAFFIC CONGESTION | 41,184,000 | 208 | NCR | 1 | R |
| WOLF TRAP FARM PARK | EXPAND RESTROOMS and CONCESSIONS | 4,800,000 | 130 | NCR | 5 | B |
| WRANGELL–ST.ELIAS NP and PRES | CONSTRUCT VISITOR CENTER/HEADQUARTERS FACILITY | 7,100,000 | 100GL | AKR | 4 | B |
| WRIGHT BROTHERS NM | CONSTRUCT AUDITORIUM ADDITION TO VISITOR CENTER | 11,400,000 | 115 | SER | 5 | B |
| WUPATKI NM | REHABILITATE MTNCE. AREA—SUNSET CRATER VOLCANO | 1,700,000 | 101 | SWR | 3 | B |
| WUPATKI NM | REHABILITATE SEWER LAGOONS | 2,222,000 | 192 | SWR | 1 | U |
| WUPATKI NM | RECONSTRUCT MAIN LOOP ROAD | 7,920,000 | 103 | SWR | 3 | R |
| YELLOWSTONE NP | REPAIR/REPLACE DETERIORATED HOUSING | 100,000,000 | 817 | RMR | 3 | H |
| YELLOWSTONE NP | REHABILITATE FISHING BRIDGE CAMPGROUND AND MARINA | 36,000,000 | 813 | RMR | 3 | L |
| YELLOWSTONE NP | RECONSTRUCT ROADS PARKWIDE | 250,800,000 | 254 | RMR | 3 | R |
| YELLOWSTONE NP | UPGRADE MADISON and NORRIS UTILITY PLANTS | 4,716,000 | 636 | RMR | 3 | U |
| YELLOWSTONE NP | IMPLEMENT LAKE DEVELOPMENT CONCEPT PLAN | 4,800,000 | 821 | RMR | 3 | L |
| YELLOWSTONE NP | ALTERNATIVE TRANSPORTATION MODES | 1,320,000 | 2008 | RMR | 5 | R |
| YOSEMITE NP | RESTORE VALLEY BY REMOVING/REDESIGNING FACILITIES | 137,900,000 | 504 | WER | 2 | L |
| YOSEMITE NP | UPGRADE FAILING SEWAGE AND WATER SYSTEMS | 10,500,000 | 383 | WER | 1 | U |
| YOSEMITE NP | REHABILITATE FAILING ELECTRICAL SYSTEM | 8,100,000 | 473 | WER | 1 | U |
| YOSEMITE NP | REPLACE LIFE SAFETY COMMUNICATIONS SYSTEM | 5,502,000 | 44 | WER | 1 | U |
| YOSEMITE NP | REPLACE/REHABILIATE OBSOLETE HOUSING | 31,440,000 | 651 | WER | 1 | H |
| YOSEMITE NP | RELOCATE SOUTH ENTRANCE and MARIPOSA GROVE FACILITIES | 31,152,000 | 140 | WER | 2 | L |

## RECAPITALIZATION OF THE NATIONAL PARK SYSTEM—Continued

[Preliminary list of unfunded capital construction needs, alphabetically by park]

| Park | Project title | Gross construction estimate | Package number | Reg. | Objective | Work type |
|---|---|---|---|---|---|---|
| YOSEMITE NP | RECONSTRUCT GLACIER POINT ROAD | 15,840,000 | 843 | WER | 3 | R |
| YOSEMITE NP | RECONSTRUCT EL PORTAL ROAD | 26,796,000 | 505 | WER | 1 | R |
| YOSEMITE NP | REHABILITATE WAWONA ROAD | 27,984,000 | 565 | WER | 3 | R |
| YOSEMITE NP | RELOCATE/REMOVE HOUSING FROM VALLEY | 34,584,000 | 46 | WER | 2 | H |
| YOSEMITE NP | RECONSTRUCT TIOGA ROAD | 46,200,000 | 146 | WER | 3 | R |
| YOSEMITE NP | ALTERNATIVE TRANSPORTATION MODES | 26,400,000 | 2003 | WER | 5 | R |
| YUKON–CHARLEY RIVERS NPRES | REHABILITATE HIST. BLDGS. and CONSTRUCT NEW FACILITIES | 3,181,000 | 100CC | AKR | 3 | B |
| ZION NP | CONSTRUCT EMPLOYEE HOUSING | 8,634,000 | 178 | RMR | 3 | H |
| ZION NP | REBUILD PARK ROUTE 7 | 2,508,000 | 210 | RMR | 3 | R |
| Total | | 5,587,776,410 | | | | |

Objectives:

1 = Health and safety.
2 = Resource preservation.
3 = Repair/rehabilitation of existing facilities.
4 = New facilities in a new/developing park.
5 = Additional facilities in an older/established park.

Work type:

B = Buildings: Visitor, Park Support, et cetra.
H = Housing: Permanent, Seasonal.
L = Landscape Work, Site Restoration, et cetra.
R = Roads: FLHP, Non-FLHP, Bridges, et cetra.
U = Utilities: Water and Sewer Systems, et cetra.

*Question.* I would also like to know the status of repair work necessary for Yellowstone and Glacier National Parks.

Answer. Yellowstone National Park has a large backlog of repair needs due to its expansive and aging infrastructure. Repair work funded from park operations includes routine maintenance such as exterior painting of buildings, cleaning of drainage ditches, and the patching of potholes, that maximizes the life of an asset. Effective routine maintenance assumes each road, sewer system, bridge, or building is in a minimally acceptable condition. The repairs necessary to bring assets from poor condition to good condition are typically accomplished with project funding sources such as line item construction and repair and rehabilitation.

Yellowstone housing is characterized by having only 40 percent of the units in good or better condition, and over 140 of the units were originally intended to be temporary structures. Three sewage systems are in extremely poor shape. The Norris geyser basin system failed and was shut down in 1995. The sewage plant at Old Faithful is subject to spills and is degrading the groundwater. The sewage plant at Madison can fail at any time. Up to $300 million is needed to bring the roads up to standards.

Yellowstone management identifies the operational funding currently needed to properly maintain assets whose condition warrants proper maintenance at $4.5 million per year, and the non-recurring funding necessary to bring remaining assets to a reasonable standard at $300 million for roads and $300 million for buildings and utilities:

Glacier National Park's backlogged repair needs, estimated at $7.1 million, are as follows:

—Maintain and Repair Historic Buildings
—Rehabilitate Lake McDonald and Headquarters Sewer System
—Walton rehabilitation of 60-year old two bedroom log cabin and replacement of two trailers with two duplexes
—Trail Brushing and Tread Repair for Visitor Safety
—Repair Roof, Administration Building No. 295
—Repair and Paint Headquarters Buildings
—Stripe Centerline on Park Roads
—Paint Interior/Exterior and Rehabilitate Drinking Water Tanks
—Chip Seal Damaged Roads throughout Park
—Rehabilitate St. Mary Visitor Contact Station
—Rehabilitate Many Glacier Camptender's Cabin
—Rehabilitate Swiftcurrent Lookout
—Rehabilitate Scalplock Fire Lookout
—Repair Rising Sun Caretaker's Cabin
—Stabilize/Repair St. Mary Gas House
—Rehabilitate Sewer Lines in Headquarters
—Rehabilitate two Mission 66 Houses
—Repair Headquarters Maintenance Buildings
—Rehabilitate Coal Creek Patrol Cabin
—Rehabilitate St. Mary Campground Septic System
—Rehabilitate Avalanche Area in Conjunction with FlHP
—Rehabilitate St. Mary Visitor Center Exhibits
—Restore Historic Housing/Administrative District
—Parkwide trail repairs

In addition to the above, Glacier Park estimates that $96 million is needed for Going-to-the-Sun road repairs.

*Question.* Would you provide this Committee with the scientific research that is presently occurring in our national parks? What is the system for peer review of this research and who conducts this peer review? Is this done on a national or local level?

Answer. Scientific research presently occurring in or on behalf of units of the National Park System ranges through all possible field science disciplines from anthropology to zoology. Most of this research is sponsored by non-NPS entities, and much of it is sponsored by organizations that are not part of the Department of the Interior. For 1995, about 1,702 individual research projects, excluding cultural resources, were conducted, 131 parks hosted one or more of these research projects, and the projects were distributed among the broad discipline groupings of biology (1,053 projects), physical sciences (417 projects), aquatic and marine systems (87 projects), social sciences (85 projects), and other (60 projects).

I know that you have recently asked the National Academy of Science (NAS) for a technical report on the science on the bison in Yellowstone National Park. It is my understanding that you requested this report be completed and in your hands by October of this year. I have to wonder how you can expect a clean, thorough,

and comprehensive report in this time frame, considering that NAS seeks to find consensus and goes through an intense peer review process before releasing the results of a study.

*Question.* To what extent has the team working on the Draft Environmental Impact Statement (DEIS) on Yellowstone Bison moved towards the release of the DEIS by July 31, of this year?

Answer. The EIS team is preparing the draft EIS with a team review of the draft to occur in late June 1997. Six alternatives have been identified and the team is completing the analysis of the effects of each alternative. The draft is expected to be completed by the end of June, is scheduled to go to the printer in early July, and scheduled to be distributed for public review by July 31.

*Question.* I am extremely interested in what the process, timing etc., will be for a comment period and then decision on a final EIS for this purpose?

Answer. At least a 60 day public comment period is scheduled. The agreement between the agencies calls for the Final EIS to be completed by January 31, 1998, with records of decision to be completed by March 31, 1998.

It has been suggested by your friends that the Natural Regulation Plan you have for Parks does not seem to be working.

*Question.* With this in mind can you explain to the Committee how and why you continue with a failed policy of natural regulation of wildlife in Yellowstone National Park?

Answer. The NPS does not agree that the wildlife management policies for Yellowstone have failed. There are currently populations of all native mammals in Yellowstone that were historically present and the adjacent States have active and successful hunting programs for many species. For example, the three States next to Yellowstone harvest an average of about 12,000 elk each year. These elk provide a tremendous outdoor recreational opportunity as well as a major economic benefit to the States surrounding the park. Yellowstone's northern herd of elk is the most economically important herd in Montana.

*Question.* Mr. Secretary, have you seen the letter from the White House, dated April 24, regarding their plans for the bison in Yellowstone Park? Can you explain to the Committee the differences in your position and that which the White House has detailed?

Answer. Yes, the Department has received a copy of the letter. There are no basic differences in positions. The alternatives being analyzed in the EIS all have aspects that ensure maintenance of a viable population of free-ranging bison, address bison population size and distribution, clearly define a boundary line beyond which bison will not be tolerated, address risk to safety and private property, protect livestock from risk of transmission of brucellosis, continue Montana's brucellosis class-free status, and address brucellosis in bison. The scope of this EIS is limited to bison management in Yellowstone National Park and adjacent areas of Montana. It does not address brucellosis in bison and elk throughout the greater Yellowstone area.

As you know the Greater Yellowstone Interagency Brucellosis Committee (GYIBC) has been formed based on the Memorandum of Understanding between the Departments of the Interior and Agriculture, and the States of Montana, Wyoming, and Idaho. The GYIBC has 10 objectives that have been agreed to including maintenance of free-ranging populations of bison and elk and to plan for the elimination of brucellosis in bison and elk.

Bison cannot be the sole focus. The situation must be addressed in elk as well, particularly the large elk herds in Wyoming that are maintained on State and Federal feeding grounds during the winter and have a high prevalence of brucellosis. Technology does not currently exist to eradicate brucellosis in bison and elk without capturing and slaughtering hundreds and hundreds of bison and tens of thousands of elk for many years. Such a capture and slaughter approach will not guarantee success.

As a result, management of risk is a key component of any management plan. Another key component is vaccination; however, there is currently no vaccine for bison or elk that is known to be both safe and effective. The vaccines developed for cattle do not seem to work well in bison or elk. Cooperating agencies are conducting extensive research to attempt to develop a safe and effective vaccine.

*Question.* What is the reasoning and the process behind the cost of construction of housing units in our National Parks?

Answer. The higher costs of housing construction in national parks as compared to private sector can be attributed to a number of factors, including remote locations, Davis-Bacon wage rates, the Buy American Act, requirements of the Small Business Administration Minority Business Enterprise Program, the Uniform Federal Accessibility Standards, the high first costs of energy efficient products mandated by the Energy Conservation Standards for New Federal Residences

(10CFR435), and policies related to fire suppression equipment in Federally owned buildings. While it is often assumed that building on Federal lands should be less expensive because there are no land acquisition costs, the costs associated with environmental assessments required to comply with the National Environmental Policy Act (NEPA) and the various sections of the National Historic Preservation Act add significant costs to projects. Additionally, the costs of infrastructure not typically borne by private sector developers, but rather, paid for by property taxes, are an integral part of NPS housing costs.

The goal of the Park Service is to provide adequate employee housing only in those park areas where it is absolutely needed. And where it is needed, this housing is to be comparable to market rate rental housing in the private sector, taking into consideration the high costs of service and maintenance in remote areas as well as the special needs of the employees who serve in these remote areas. The reasoning and the process behind the cost of construction of housing units in our national parks is embodied in two funding programs, 1) the Line Item Construction Program, and 2) the Housing Replacement Program. Each of these programs has a different manner of establishing priorities for project funding as discussed below, though the means for managing construction costs are similar in both programs.

With regard to the Line Item Construction Program, the Denver Service Center of NPS responded to a 1997 Inspector General report on housing implementing an action plan to meet housing needs in a more cost effective manner. Key action items to be taken: conduct a value analysis at two stages in the process; utilize standardized housing designs and specifications whenever possible; and revise NPS Housing Guidelines (NPS–76) per the Government Performance and Results Act (GPRA), which will update requirements and assure Servicewide consistency of park housing. The Housing Replacement Program also recently instituted criteria and priority setting systems.

The Omnibus Parks and Public Lands Management Act of 1996, section 814, requires changes in the manner and methods of providing employee housing. Among these are the revision of the criteria under which housing is to be provided, the conduct of physical assessments of existing housing in all parks, the development of agencywide priority listings by structure, a study to determine the feasibility of providing eligible employees with a housing allowance rather than housing, and a study to examine the potential benefits and risks associated with the sale of Government housing to a cooperative made up of field employees. Most of these activities are in progress. Complete implementation of the Act may significantly change the way NPS houses employees.

*Question.* As a follow up, I have to ask if you are aware that the cost of constructing a housing unit in Yellowstone National Park is double what it is to build a house in Bozeman, Montana, a mere 90 miles away in a high cost district within Montana?

Answer. Construction costs in Yellowstone National Park are higher than costs in Bozeman. There are several expenses that are included in construction of a home in Yellowstone National Park that are frequently overlooked when comparing to the cost of a home on the commercial market. Circumstances related to the following components impact the final cost:

Planning and Design: The planning for and design of houses in Yellowstone National Park is more complicated than that of houses in developed communities. The issues that must be addressed during this initial phase range from impacts on cultural and natural resources, to ensuring adequate accessibility, to minimizing the visual impact of homes on landscapes. This planning often requires time-consuming consultation with State Preservation Offices, particularly when historic areas will be impacted.

Frequently, the costs associated with county planning and designers in non-park houses are recovered by taxes and impact fees and thus not included in the "price" of a house. Yellowstone includes the costs of these components when identifying the price of a structure.

Basic Construction: Basic construction costs are more expensive in many national parks than in surrounding communities. The short construction season, transportation of material and employees, and the lack of adequate contractor housing all inflate these costs. By way of example, concrete delivered to the Old Faithful area in Yellowstone National Park costs $105 per cubic yard. The same concrete delivered in nearby Bozeman, Montana, is $65 per cubic yard.

Construction equipment entering the park is pressure washed to prevent the spread of noxious weeds. New housing must also withstand snow weighing as much as 150 pounds/square foot and is designed to withstand zone four earthquakes (the same seismic zone as San Francisco). These stringent requirements, which must be

applied to homes for Federal employees, are not necessarily applied to the "comparable" homes outside of the park.

Utility Systems: Housing that can use existing utility systems is considerably cheaper than housing for which utilities must be provided. In many cases utilities are already in place in non-park municipalities.

Landscaping/Revegetation: Unlike many non-park homes, the Yellowstone housing costs include the revegetation necessary to prevent erosion and minimize the visual impact on the surrounding landscape.

Yellowstone National Park and NPS are working hard to reduce construction costs where we can and provide more cost-effective housing for our employees. The Omnibus Parks Act provides NPS with new authorities to expand housing alternatives, to rely more on the private sector to finance or supply housing, and to reduce the need for Federal appropriations for housing.

As I have mentioned in my opening statement, the condition of roads is terrible in our Parks.

*Question.* With this in mind, what is the current road construction budget like for the National Parks, and what to you foresee for the use of ISTEA dollars in our parks?

Answer. The Federal Lands Highway Program (FlHP), which includes annual funding from the Highway Trust Fund for the Park Roads and Parkway Program, was created with enactment of the Surface Transportation Assistance Act of 1982. The primary purpose of FlHP is to provide a coordinated interagency program to address National responsibilities with regard to access to the Nation's Federal lands, as well as protection of the multi-billion dollar Federal capital investment in assets constituted by this extensive road and bridge infrastructure. The FlHP established a multi-year funding mechanism from Highway Trust Fund user fees generated by the Federal gasoline tax, and has provided for development of long-range transportation planning and goals that serve the needs of Federal lands. This allows local and State governments to concentrate on their own transportation responsibilities, but still reap the benefits of the travel and tourism generated by national parks and other Federal lands.

There are some 8,000 miles of public park roads and more than 1,250 bridges under the jurisdiction of NPS serving units of the National Park System. About 60 percent of these roads are paved. The current condition ratings of paved park roads are 38 percent "good"; 22 percent "fair"; and 40 percent "poor/failed". Of the more than 1,250 bridges in the National Park System, 35 percent are deficient. In 1995, some $254 million in costs to visitors, employees, and the Government can be attributed to traffic accidents on the national park road system. The total current backlog of repair and rehabilitation needs for NPS roads and bridges exceeds $2.0 billion, based on Federal Highway Administration estimates. At the currently authorized FlHP level of $84 million, FHWA engineering analyses indicate that an additional one percent of park roads will continue to deteriorate to a "poor" or "failed" condition each year. Based on FHWA estimates, approximately $120–125 million annually is needed to reverse this rate of deterioration.

Also, several major new construction projects, authorized by Congress, remain incomplete. These include the Foothills Parkway, Natchez Trace Parkway, Baltimore Washington Parkway, Chickamauga-Chattanooga Route 27 Bypass, and Cumberland Gap National Historic Park Tunnel. Currently there are no designated funds to complete these projects. It is estimated that $350 million is needed to complete these unfinished projects.

In response to many years of funding shortfalls, and to maximize use of limited fiscal resources, NPS in cooperation with the FHWA are currently developing enhanced investment strategies using various management systems to influence future program focus. Factored into this strategy as a key component is the need to address the congestion and associated resource concerns that have become an increasingly serious problem in national parks. Alternative transportation modes need to be considered, where appropriate, to handle the rapidly growing traffic demands and to reduce the resource impacts associated with increasing numbers of visitors. A study on alternative transportation in parklands was submitted to Congress in 1994. A Presidential memorandum dated April 22, 1996, directed the Secretary of the Interior, in consultation with the Secretary of Transportation to enhance the access to and mobility in our Nation's parks. It is estimated that $5–15 million annually is needed to initiate a multi-year program of planning efforts and projects for alternative transportation systems in such parks as Yosemite, Yellowstone, Denali, Zion, and Grand Canyon National Parks.

In summary, the Administration is requesting a total of $161 million beginning in fiscal year 1998 under the Federal Lands Highway Program, subject to Congres-

sional reauthorization of the program, which will be utilized to address National Park Service Road and Transportation needs as follows:

—$120–125 million annually to prevent further deterioration of the paved park road and parkway infrastructure to "Poor" or "Failed" condition.

—$25–35 million annually to complete construction of Congressionally authorized parkway projects.

—$5–15 million annually to implement alternative transportation systems in selected parks.

As you know, Interior has a number of agencies working in the Greater Yellowstone Area. Some Federal non-Interior agencies are also there. I'm not certain how much duplication of effort, focus on good science for management decisions and sharing of information and data there is.

*Question.* I've been wondering if we could get a neutral party who could do some objective analysis involved with these agencies so that we can better discover, collect, process, and distribute information. I'd like to see some good scientific data which was available to all interested parties. I believe that Montana State University is a logical collaborator both because of its location and because of the expertise in resource disciplines which it has. Please comment.

Answer. Processing and distributing technical information is an ongoing challenge for all resource managers. In addition to using its own information dissemination programs, NPS often seeks the assistance of other agencies, such as the Biological Resources Division of the U. S. Geological Survey, and the Fish and Wildlife Service. With the new Cooperative Ecosystem Studies Units requested in fiscal year 1998, NPS would collaborate with colleges and universities, as well as with our Federal partners, to compile, process, and distribute technical information. The NPS also has several partnerships with non-government information organizations to assist us in the dissemination of published information and making data available. Often data are available through NPS supported programs such as the GIS spatial data on the NPS "homepage" on the Internet and the prototype inventory and monitoring program.

When the scientific issues become very complex or controversial, as is currently the case with bison, elk, cattle, and brucellosis in the Greater Yellowstone Area, NPS turns to the National Academy of Sciences to compile existing technical information and provide an independent assessment of the scientific implications of that information.

With respect to Montana State University and the Greater Yellowstone Area, the University already has been an active partner with NPS and other Federal agencies in conducting and reporting research about the area. If the increase requested for the Cooperative Ecosystem Study Units is funded, the existing expertise of the University will give it strong potential to become a partner in any Cooperative Ecosystem Studies Unit that might become established for the region that includes the Greater Yellowstone Area.

I have noticed the Parks for Tomorrow Plan, which your Department is planning, proposes regulations to place limits on National Parks over flights.

*Question.* What kind of rule making is being drafted that would affect over flights of Glacier and Yellowstone National Parks?

Answer. In response to the President's April 22, 1996 Memorandum to the Departments of the Interior and Transportation on the national park over flight issue, NPS and the Federal Aviation Administration have jointly established a "National Parks Overflights Working Group," an advisory group composed of conservation and aviation interests who have until September 1997, to craft recommendations on what such a rule ought to look like. Until this group finishes its deliberations, the shape of the rule and how it would affect commercial sightseeing air traffic over Glacier and Yellowstone National Parks is unclear.

*Question.* Is the Department scoping the public from those communities surrounding the parks on these proposals?

Answer. The recommendations of this advisory group will be put into the form of a Notice of Proposed Rulemaking which will be used to solicit public comments from all affected parties.

I would like also to commend NPS for the efforts they have made in preservation of the thousands of historic structures in the parks.

*Question.* Is each Park responsible for prioritizing the maintenance/preservation schedule, or is there a general outline for determining priority? I am concerned about the deferred maintenance on the historic lodges and supporting infrastructure in both Yellowstone and Glacier.

Answer. Each park is responsible for prioritizing the maintenance and preservation schedule for historic structures in the park based upon several factors including the level of significance of the structure, the condition of the structure, the location

of the structure, the types and severity of deleterious impacts on the structure, and the usability of the structure. The weight of these factors is determined by the park in concert with their overall mission and available resources.

*Question.* Would it be possible to allow the concessionaire a longer term so that they would be able to make the improvements and then capitalize that investment?

Answer. Concession contracts are limited by statute to a maximum term of 30 years. However, experience has shown that long-term contracts are not in the Government's best interest. Therefore, 10 to 15 year contracts are typical for larger operations with investment requirements.

To determine an appropriate term, a financial analysis is performed prior to the issuance of any contract. One of the purposes of this analysis is to determine what length of time would be required for a concessionaire to earn a reasonable profit in relation to the capital invested and the obligations assumed. In contracts with significant construction requirements, an analysis of the present value of the net cash flows is performed and compared to industry averages. The proposed term of the contract is then adjusted until the projected returns fall within the industry average.

*Question.* Could you please explain to the Committee what the Administrations Heritage Initiative will accomplish?

Answer. The funds requested in the fiscal year 1998 NPS budget are to implement a program of heritage areas pursuant to the authorization contained in the Omnibus Parks Act of 1996. The requested funds will provide a program of direct grants to eligible heritage areas, as well as technical assistance.

MINERALS MANAGEMENT SERVICE (MMS)

Mr. Secretary, I want to ask you about a proposal I understand MMS is making to do away with the current crude oil royalty valuation program.

If I understand the proposal correctly, producers—including independents in Montana—would be expected to pay royalties on some price related to futures contracts on the New York Mercantile exchange instead of the price they actually receive for their oil. I also understand that, to set that price, MMS would require new data gathering and then a complex calculation of so-called "differentials" to establish a price in Montana.

*Question.* Has the Interior Department conducted a study estimating what it would cost MMS to implement and administer its proposed oil valuation scheme and what it would cost the affected States and oil and gas lessees to comply with that scheme and subsequent changes to it if the Interior Department were to adopt it as an interim final rule and then change it based on the information and experience it develops while the interim rule is in effect?

Answer. In its Determination of Effect of Rule (DOER), MMS estimated the cumulative industry cost of submitting a proposed form to enable MMS to calculate location differentials at about $800,000 annually. The MMS also estimated its total yearly cost to collect and analyze the data received, and publish resulting location differentials, at about $20,000 annually. As the DOER noted, there would also be undetermined up-front computer programming and other administrative costs to MMS and industry to make their computer systems conform with the proposed reporting requirements.

The DOER estimated a yearly royalty increase of about $54 million resulting from the proposed rule. Among other impacts noted were pricing certainty and reductions in audit efforts. The DOER also noted that the rule would have no obvious negative effects on State or local governments because the proposed rule is expected to provide additional royalties to them without added cost.

Finally, an interim final rule was only a possibility raised for comment in the preamble to the proposed rule. Even if an interim final rule were implemented, there would be no way to estimate costs of changing it until we knew what form the changes would take.

*Question.* If it has conducted a cost study, what information, if any, did it obtain from States and oil and gas lessees in the course of its study?

Answer. Members of the State and Tribal Royalty Audit Committee and the Western States Land Commissioners participated in the rulemaking effort on behalf of the States. States were thus kept informed of progress of the rule and expressed no concerns about implementation costs. In response to the December 1995 Advance Notice of Proposed Rulemaking (ANPR), many industry respondents said they could not participate in the rulemaking process because of various ongoing litigation regarding oil valuation. Thus, MMS received no direct input from industry on cost concerns while drafting the proposed rule.

*Question.* Has the Interior Department prepared any kind of a study which estimates the cost of administering a program in which the government would take its oil inkind as an alternative to implementing, administering and complying with its NYMEX oil valuation scheme?

Answer. The MMS has a study underway to evaluate both oil in kind as well as gas in kind. The MMS doesn't believe the entire oil royalty share would be taken in kind at any given time. There still would be an ongoing need for effective rules for valuing that portion of oil not taken in kind.

Before MMS moved forward with a royalty on natural gas, they tested a pilot project on a payment inkind basis.

*Question.* Would it not be just as sensible and prudent of the Department of the Interior to pilot test its NYMEX scheme before imposing such massive and radical change on our oil and gas producers?

Answer. The concept of pilot testing normally has merit. But the overriding factor in pushing forward with a revised rule is to assure that a fair royalty return is realized on public oil resources. The existing regulations need modification, and MMS believes an index-based procedure (NYMEX or, in California, Alaska North Slope spot prices) will better assure proper royalty receipts. The MMS believes that further delay would result in loss of revenues to which the States and public are entitled. In fact, in response to the ANPR, some States commented that MMS should immediately put in place an interim, index-based rule.

GENERAL INTERIOR QUESTIONS

As you know, Whirling Disease is a special concern in Montana, for economic, recreational and other reasons. The Fish and Wildlife Service (FWS) has undertaken some internal research and activities to combat it. We also have the very effective National Partnership on Management of Wild and Native Cold Water Fisheries in Bozeman.

*Question.* What are your plans for combating Whirling Disease in fiscal year 1998 and how can we effectively continue these important initiatives?

Answer. In fiscal year 1997, FWS was appropriated $1.5 million for fish disease work with an emphasis on whirling disease. Of this amount, $600,000 has been directed toward the development of a National Wild Fish Health Survey and Data Base; $500,000 has been provided to the National Partnership for the Management of Wild and Native Cold Water Fisheries (Partnership) to support research aimed at combating and controlling whirling disease; $300,000 has been directed toward specific cooperative research projects related to whirling disease; and $100,000 has been allocated for on-the-ground whirling disease projects in Montana. The fiscal year 1998 President's Budget maintains funding levels of $1.5 million to continue efforts to control the spread of whirling disease and other fish diseases.

The FWS will continue to take a variety of approaches to control the spread of whirling disease. The FWS is currently funding research to develop rapid, cost effective ways of detecting the parasite in both the fish and worm host. Other research is aimed at determining why the disease is problematic in some trout (and strains) and not others. Laboratory and field test are being conducted exposing different strains to the parasite to determine if there might be certain strains or species of fish that are less susceptible to the disease. If a resistant species can be found, fishery managers may have more options of managing around the disease in areas of special concern. The FWS also determines the health status of wild stocks nationwide, not only for the presence of whirling disease, but other dangerous pathogens as well. Therefore, FWS is developing a national database to share this information with all researchers and fishery managers so that they may have more options for controlling and protecting valuable stocks of fish. Mr. Secretary, you and I have opposite opinions of what the role of grazing on public lands is and should be. I feel that it is necessary for the future condition of our public lands, considering that we have greater numbers of wildlife than in years past, and that this land is in the best shape it has been in decades.

*Question.* With this in mind, why is it that each and every agency within the Department has different rules and regulations on the lands that they manage?

Answer. This Administration has placed emphasis on managing Federal land so as to improve the health of entire landscapes, with a coordinated management approach that often transcends jurisdictional boundaries. Nevertheless, the Department of the Interior agencies manage lands for different purposes, as required under land use laws and organizational missions established by Congress. For example, the BLM provides for multiple uses; these include resource consumption (e.g., grazing), and recreation, with no one use considered to be primary. The National Wildlife Refuge System is designed primarily to preserve land and water

habitat to conserve living resources. Separate legislation directs the Park Service to preserve natural and historic resources and to provide for the public's enjoyment of its lands in perpetuity.

*Question.* I would be interested in how many different proposed rules and regulations the Bureau of Land Management (BLM) and the other related agencies in the Department has put forth this year? How does this compare to previous years?

Answer. The BLM has published 21 proposed rulemakings this fiscal year while the rest of the agencies in the Department have published 82. These numbers are higher than for an average year because of the Administration's initiative to consolidate regulations.

*Question.* What is the purpose of the Secretary issuing policy statements directly opposed to language placed in the fiscal year 1997 appropriations bill regarding the rights-of-way issue or Revise Statute 2477?

Answer. By policy statements the Department understands the question to refer to a memorandum from Secretary Babbitt dated January 22, 1997, in which interim guidance is provided in the absence of a final R.S. 2477 rule. This memorandum does not contravene the language in the Department's fiscal year 1997 appropriation that restricted development of an R.S. 2477 rule.

One hundred and ten years after its enactment, the R.S. 2477 statute that governs rights of way across public lands was repealed by the Federal Lands Policy and Management Act of 1976. The repeal did not, however, terminate already existing highway rights-of-way created under R.S. 2477. Two decades after its repeal, the profusion of unresolved claims still presents a planning and management problem for Federal land managers and other landowners, and uncertainty for potential right-of-way holders and users of public lands.

On August 1, 1994, the Department published a proposed regulation to settle the controversy. The proposed regulation would clarify the meaning of important terms in R.S. 2477 and establish an administrative process for determining how many claims are valid and where they are. The comment period closed on August 1, 1995, after the Department received more than 3,200 comments. The Department did not finalize the regulations, since the fiscal year 1996 Interior Appropriations Act prohibited developing, promulgating, or thereafter implementing a rule concerning R.S. 2477. The fiscal year 1997 Interior Appropriations Act allowed the Department to work on R.S. 2477 regulations, but stated that no final rule or regulation pertaining to recognition, management or validity of rights-of-way pursuant to R.S. 2477 shall take effect unless expressly authorized by an Act of Congress.

In the absence of a final rule, the Department issued the January 22 statement to provide some broad guidance to BLM and the Department's other land managing agencies in handling right-of-way claims under R.S. 2477. Such guidance was necessary given the ongoing confusion over unresolved right-of-way claims.

The Administration has come out in the past few days and stated that they have reached an agreement with the members of the Congressional budget negotiations team on the issue of the Crown Butte Mine located in southern Montana.

*Question.* What are the exact impacts that this agreement will have on Land and Water Conservation Fund projects currently in the budget process on the list of priorities within the Department?

Answer. The agreement that was reached as part of the Bipartisan Budget Agreement calls for funding for the New World Mine project that will not have any impact on those projects identified as priorities in the President's fiscal year 1998 Budget. The funding requested for the New World Mine project is in addition to that requested in the President's Budget.

*Question.* What is your understanding of where the EIS process is, related to the Crown Butte Mine?

Answer. The New World Project EIS was halted as a condition of the New World Mine Agreement of August 12, l996. Crown Butte Mines, Inc., the project proponent who was financing the preparation of the EIS, was a party to the Agreement. Specifically, Crown Butte Mines, Inc. placed its permit application into suspension and the Forest Service and the State of Montana, as joint leads on the project, accordingly ceased any further action.

*Question.* Is it done and what are the scientific results of the process?

Answer. The project was at the stage of a preliminary draft EIS when action was halted and therefore results of the scientific analysis were incomplete.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

ESA BUDGET OVERALL

You seek additional funding for the Endangered Species Act (ESA) program of $11.4 million. The ESA has not been reauthorized, however, and is badly in need of reform. The ESA as presently implemented has failed to reach the goal of species recovery: no species has recovered primarily as a result of the ESA and most species claimed by the Fish and Wildlife Service (FWS) to have achieved 75 percent of their recovery objectives are not beneficiaries of successful ESA actions. Further, numerous species have been incorrectly listed as threatened or endangered and Government data is too poor to demonstrate a general trend that protected species have been assisted. Most importantly, the ESA as now implemented severely restricts the reasonable use and enjoyment of private property in violation of the Fifth Amendment of the United States Constitution.

*Question.* Given these failures of the ESA, how can you justify increased spending for programs under the ESA, prior to reauthorization by Congress and necessary changes to the administration of the Act?

Answer. To the contrary, the Administration believes that the current ESA is an effective and flexible tool for maintaining biodiversity for current and future generations while at the same time allowing responsible economic development to proceed. At the same time, the Administration is currently engaged in working cooperatively with the Senate Environment and Public Works Committee in aiding their efforts to reauthorize an even more effective Endangered Species Act.

Over the past several years, the Administration has implemented a series of policies to improve the effectiveness of the ESA while enhancing its flexibility for businesses and private landowners. Full funding at the fiscal year 1998 President's Budget level of $78.8 million for the endangered species program will allow economic development to continue while maintaining biodiversity.

The Administration's March 6, 1995, announcement of Ten Principles For Federal Endangered Species Act Policy provides an overview of the Administration's approaches to minimize economic and social impacts on the economy, on private property, and the affected public. The Ten Principles are:

1. Base ESA decisions on sound and objective science.
2. Minimize social and economic impacts.
3. Provide quick, responsive answers and certainty to landowners.
4. Treat landowners fairly and with consideration.
5. Create incentives for landowners to conserve species.
6. Make effective use of limited public and private resources by focusing on groups of species dependent on the same habitat.
7. Prevent species from becoming endangered or threatened.
8. Promptly recover and de-list threatened and endangered species.
9. Promote efficiency and consistency.
10. Provide State, tribal, and local governments with opportunities to play a greater role in carrying out the ESA.

The following section discusses key implementation actions which have struck the proper balance between economic development and biological diversity. Following this overview, an in-depth discussion of one of these actions—Habitat Conservation Plans—will provide further information.

Candidate Conservation partnership efforts with Federal and State landowners and the private sector have been designed to avoid potential listings and litigation gridlock. Given the fiscal year 1998 President's Budget request of $4.9 million for the candidate conservation program, FWS will be able to work on 292 actions.

More is also being done with the use of Habitat Conservation Plans (HCP) to ease the regulatory burdens of the ESA on private landowners. The FWS estimates that it will work with 400 partners on HCPs given the fiscal year 1998 President's Budget request of $26.5 million for the consultation program thus demonstrating the flexibility of the ESA as it relates to the needs of private landowners. The Administration has produced concrete results with these HCPs. In the Pacific Northwest, the approved HCPs with State and private landowners cover over 4.2 million acres in the States of Washington, Oregon, and California.

Additional steps have been taken to provide landowners with certainty regarding potential future impacts of ESA actions. The "no surprises" policy assures private landowners participating in HCPs that no additional requirements will be imposed on plan participants for species covered by a properly functioning HCP.

An HCP seeks to maintain adequate protection measures for species, while allowing for development activities. These plans often call for land protection or acquisition costs at the local level. The fiscal year 1998 President's Budget continues the

Section 6 HCP land acquisition grants at $6 million to provide grants-to-states to augment and complement land acquisition required at the local level as a result of the HCP planning effort.

The "safe harbor" program encourages landowners to voluntarily provide habitat for listed species. Under this program, private landowners with assistance from the FWS or with other qualified Federal or State agencies develop a management program to be carried out on their lands for the benefit of listed species. Based on such a program, a safe harbor agreement is entered into by FWS and the landowner. The FWS, in turn, will issue the private landowner a permit for the future take of listed species above the existing baseline conditions at the time of the agreement. Over 37 of these strictly voluntary agreements, mostly in the Southeast and the West, have been or are being developed. In the past year, for the Sandhill area of North Carolina alone, 18 non-Federal landowners have been given safe harbor agreements and it is anticipated that an additional 15 will be developed this year.

The Administration has also developed an innovative way to avoid placing a significant and unnecessary regulatory restraint on thousands of private landowners in the Pacific Northwest hoping for 4(d) rule relief. Implementation of the 4(d) rule for the northern spotted owl would relieve certain prohibitions on private lands within the range of the owl. The FWS expects landowners will participate more readily in conservation and recovery activities because of the relief provided by the 4(d) rule.

The Administration plans to propose species for delisting and downlisting in fiscal year 1998. Up to 25 species will be evaluated for possible delisting in fiscal year 1998, provided the funding requested in the President's Budget is appropriated. The Administration strongly believes that the public is best served by removing species from the list of threatened and endangered species once recovery has been achieved. This results in a decreased cost and regulatory burden on the public and State and Federal agencies. To this end, FWS is working hard to recover as many species as possible in an expeditious manner. The FWS is responsible for both planning and implementing recovery actions for listed species, and accomplishing this recovery mission is contingent upon the funding in the fiscal year 1998 President's Budget. The result of successful recovery planning and implementation is downlisting or delisting species.

The Administration has used the nonessential experimental population status to reintroduce both California Condors and grey wolves into the wild. This status permits greater management flexibility and helps to meet the concerns of private landowners. Both reintroductions are being carefully watched; but initial results have exceeded expectations.

The HCP strategy was designed to reduce conflicts between endangered species conservation and other land uses on specific parcels of land. The overall program has worked very well; by the end of fiscal year 1996, FWS had issued 197 permits and 15 permit amendments. By the end of fiscal year 1998, given the increased funding requested in the President's Budget for the consultations program, FWS projects there will be 400 complete HCPs or HCPs in development. To put this in perspective, in 1992, only 14 HCPs were approved.

The Administration has produced concrete results with these HCPs. For example, as of January 31, 1997, in the Pacific Northwest, the approved HCPs with State and private landowners cover over 4.2 million acres in the States of Washington, Oregon, and California. The FWS is currently working with the States of Washington and Oregon, the City of Seattle, Weyerhaeuser Company, Plum Creek Timber Company, Georgia Pacific, Louisiana Pacific, Murray Pacific, Arcata Redwoods, Simpson Timber Company, and many others in the development and implementation of HCPs.

This program has been successful because the Department has forged strong partnerships with private, local, and State landowners to find innovative solutions that are biologically, economically, and politically feasible for all parties, and conserve listed species.

The growth in HCPs is due to several factors, primarily the greater incentives that have been offered to landowners. Previously, the fear of new listings, the potential for additional mitigation measures, and the potential to have to redo a plan left landowners leery of entering into a long-term agreement. The Administration's new "no surprises" policy (a deal is a deal except under extraordinary circumstances) also provides certainty to landowners and encourages them to come to the table to develop long-term contracts to protect Threatened and Endangered (T&E) species while allowing economic activities to proceed. The "no surprises" policy has been critical to the willingness of landowners to participate in the HCP process.

Additional factors which have increased the use of HCPs and also benefits both wildlife and landowners include: the development of multi-species HCPs covering

larger geographic areas; substantial process improvements detailed in a new user-friendly HCP handbook; vastly improved coordination between FWS, the National Marine Fisheries Service (NMFS), and other Federal parties; and a change in the FWS role from providing technical assistance only to full participation with landowners through all stages of the process.

The HCP Land Acquisition Grants to States program provides grants for land acquisition at the local level for approved HCPs. The Department considers the states' use of Federal acquisition dollars for habitat protection within, and adjacent to, HCP areas to be an important and effective mechanism to promote the recovery of threatened and endangered species. These acquisition and land exchanges complement, not supplant, private and/or local government responsibilities required for mitigation related to implementing HCPs. Of the $6.0 million available for the program for fiscal year 1997, $2.75 million has been allocated as follows:

Balcones Canyonlands HCP, Texas ($1.0 million): The BCCP is a regional HCP that protects 35 listed and candidate species, including the golden-cheeked warbler, black-capped vireo, and six invertebrates, among others.

Orange County Coastal Central HCP, California ($0.5 million): This HCP covers the California gnatcatcher, peregrine falcon, southwestern willow flycatcher, and 34 other rare species.

Volusia County HCP, Florida ($0.5 million): This plan protects three species of nesting sea turtles as well as piping plovers.

Washington County HCP, Utah ($0.75 million): This HCP covers 34 listed and candidate species, including the desert tortoise, peregrine falcon, and bald eagle.

The remainder of the funds will be allocated later this year as FWS continues to evaluate project proposals. The fiscal year 1998 President's Budget continues this program at the $6.0 million level.

CONSERVATION AGREEMENTS

In fiscal year 1998, you seek $4.9 million for candidate conservation agreements under the ESA. This amount, in addition to resources of States, local government, and private parties, represent very substantial commitments toward the protection of species. These efforts should be considered under the ESA in determining whether species should be listed as threatened or endangered and in developing recovery plans.

*Question.* What steps does the Interior Department plan to take in order to ensure that candidate conservation and other similar agreements under which parties agree to manage resources to protect species, are considered when deciding whether to list a species?

Answer. Successful candidate conservation partnership efforts with Federal and State landowners and the private sector have been designed to avoid potential listings and litigation gridlock.

The FWS enters into voluntary candidate conservation agreements with one or more parties to remove the most significant threats thereby avoiding the need to list the species. States and private landowners support the program because it provides an opportunity to address the needs of declining species before they reach the point of listing. They can employ innovative approaches to species conservation without regulatory burdens that may be present for listed species and in ways that consider social and economic needs.

Proposed listing rules for the following species were withdrawn as a result of successful candidate conservation agreements: Arizona willow; the Virgin Spinedace in Utah; southern population of the copperbelly water snake in Kentucky, Tennessee, and two plants from the Peninsular Ranges of southern California.

Hundreds of conservation actions for candidates and species of concern have been conducted under candidate conservation MOUs with other Federal agencies as well as through the multi-agency Federal Native Plant Conservation Committee. Enforcement actions consist of FWS monitoring of the species and if candidate conservation agreements do not prevent a listing, they can form the basis of the Recovery Plan once the species is listed.

Given the fiscal year 1998 President's Budget request of $4.9 million for the candidate conservation program, FWS will be able to work on 292 candidate conservation actions in 1998 to reduce or remove the need for these species to be listed.

Important research from the Biological Research Division of the U.S. Geological Survey (and other research from other reputable organizations) is also used to pinpoint potential ESA "flashpoints" and help to develop solutions to keep these species from being listed.

If the conservation efforts are not working, or if the species has declined to the point where listing may be necessary, the listing process would begin. In order to

list (as well as to reclassify or delist a species), FWS must follow a strict legal process known as a "rulemaking" (regulatory) procedure. The rule is first proposed in the Federal Register and after a public comment period, FWS decides if the rule should be approved, revised, or withdrawn. The process can take up to a year, or longer in unusual circumstances, and encourages the participation of all interested parties, including the general public. In some cases, the "trigger" to begin the listing process originates in the courts or with concerned organizations or individuals.

Once a species has been listed, every action is taken to improve protection and recovery of the species, while at the same time minimizing economic impacts, assuring fair treatment of landowners, and reducing delay and uncertainty through a variety of innovative initiatives, including multi-species HCPs and the "no surprises" policy to allow economic development; streamlined review and approval of Federal actions; multi-species recovery plans; and the development of "safe harbor" agreements with cooperating landowners.

*Question.* What steps does Interior plan to take to ensure that these agreements are considered when recovery plans are developed for species?

Answer. Species are listed under the ESA solely on the basis of the best scientific and commercial data available regarding the status of the species. As discussed above, the listing process would only begin if the conservation efforts are not working, or if the species has declined to the point where listing may be necessary. Also discussed above, the initial candidate conservation agreement can provide the basis for a recovery plan. The current ESA provides flexibility with regard to recovery, and various policies recently implemented by the Administration, as well as increasing the role of stakeholders in recovery and focusing of Federal lands, will decrease the burden on private lands and work towards minimizing the economic effects of the ESA on private landowners.

A new policy—part of the Administration's Ten Point Plan for ESA reform—significantly expanded recovery participation beginning in July 1994. That policy directs that local jurisdictions, private organizations, and affected citizens be included in recovery plan development and implementation. Also, the public is invited to comment on draft recovery plans. These comments can supply important information about an affected community and can help to reduce or eliminate conflicts with listed species and their habitats. All comments are reviewed and addressed—if appropriate—in the final plan.

*Question.* What plans do you have to defend such agreements against judicial challenges, where necessary to insure Interior will continue to meet its obligations under the agreements?

Answer. The Department plans to defend candidate conservation agreements against judicial challenges to meet its obligations under the agreements.

---

## QUESTIONS SUBMITTED BY SENATOR BYRON DORGAN

### BUREAU OF INDIAN AFFAIRS (BIA)

#### EDUCATION CONSTRUCTION

The Ojibwa Indian School, located on the Turtle Mountain Reservation, is in desperate need of a new permanent facility. There are severe safety deficiencies, asbestos, and structural problems in the school's three buildings. In fact, BIA decided in 1994 that these buildings, housing 150 students, had to be evacuated and the students relocated to temporary portable classroom units. Despite this emergency, Ojibwa School is not even on the BIA construction priority list. Even if it were, it could be years before a new school could be built and students could have the opportunity to learn in a safe environment. I find this situation abhorrent.

*Question.* When does BIA project that the Ojibwa School will be included in the construction priority list?

Answer. The Department is very concerned about the safety deficiencies in the Ojibwe School as well as in other BIA schools. Of the total backlog of BIA facility repair need ($890 million), over $680 million is needed to bring the BIA schools in compliance with health and safety and other required codes.

The Replacement School Facility list of 16 schools was approved by Congress in 1993. To date, only seven schools have been funded by Congress for construction. The list remains frozen until all the remaining schools are funded.

The BIA requests funding increases every year for repair and replacement of schools. In fiscal year 1996 and 1997, Congress reduced the education construction program by one third below the request.

The fiscal year 1998 request includes $49.2 million for Education Construction, $18 million over the 1997 enacted level. The request includes an additional $10 million to replace Many Farms School in Arizona and an additional $8 million to reduce the backlog of education facility repair need.

The BIA is not currently able to project when Ojibwa School would be included in a new school construction list. If Many Farms is funded as requested in fiscal year 1998, there will remain eight of the 16 schools on the present list to receive funding. If BIA receives annual funding for construction of two additional schools per year, it would take until fiscal year 2002 before the entire current list of 16 schools are funded for construction. Therefore, the earliest that a new list would probably be developed is fiscal year 2001. When it is determined that a new list should be established, applications will be requested from the Tribes/schools, and using approved ranking criteria, BIA will determine the ranking order of the individual schools. There is no way of knowing where Ojibwa would rank in a national competition among schools.

*Question.* What actions is BIA taking now or what actions does it intend to take in the immediate future to ensure that the severe education construction needs on Indian reservations will be met in a more timely fashion, either through creative financing mechanisms which would use existing construction and repair funding or other proposals?

Answer. The Administration has requested $5 billion to address facility repair needs for public schools across the country. The proposal includes a two percent set-aside for the Department of the Interior. This is a step toward eliminating the backlog of repair.

The BIA has examined alternative financing methods in the past. Given that lease arrangements, loans, and revenue bonds require repayment which is subject to appropriation, opportunities are very limited. In addition, many Tribes do not have revenue generating opportunities available to public schools.

In the meantime, BIA continues to examine other options, including cost sharing with Tribes and debt servicing legislation that could circumvent budget scoring problems.

CORRECTIONAL FACILITIES

The need for additional correctional facilities in Indian Country far exceeds existing resources. For example, on the Fort Berthold Reservation, there are 3,000 arrests annually, but the jail facility that BIA leases only houses eight inmates. Due to this situation, there is essentially no deterrence to crime on the reservation. I am disappointed that, despite the substantial backlog in the construction projects, the fiscal year 1998 budget request contains only $9.1 million to construct a single jail in Colorado for a Tribe that has been court-ordered to immediately address serious facility problems.

*Question.* Can you explain in detail what steps BIA will take immediately to ensure that there are sufficient and adequate correctional facilities in Indian country?

Answer. The BIA is quite concerned about the backlog of detention center facility repair and replacement need in Indian country. Unfortunately, as with schools, appropriations have been far short of need. Final funding from Congress for fiscal year 1996 and 1997 has been less than half of the President's Budget request for the Public Safety and Justice facility repair and replacement program.

In fiscal year 1998, BIA is requesting $16.5 million for the Public Safety and Justice construction program, an increase of $12.1 million. The increase will fund construction of the Ute Mountain Ute Detention Center in Colorado; design of the Salt River Center in Arizona; and an additional $2.0 million for repair of existing facilities. The BIA would like to respond affirmatively that there is a plan which will be enacted to immediately ensure that we have sufficient and adequate Law and Order facilities in Indian country. However, as a result of a constrained budget, we have been unable to appreciably address the national list of 17 detention centers established years ago. Rather, our current plan is limited to addressing only those most imminent health and safety code and standards at the existing facilities on an annual basis. In this regard, the needs are established, prioritized, and addressed as funding becomes available.

*Question.* Can you tell me what action BIA intends to take with the Fort Berthold situation?

Answer. The Fort Berthold detention facility ranks 17th on the Detention Facility Replacement Priority List. In fiscal year 1996 and 1997, BIA requested funds for the Ute Mountain Ute Detention Center, fifth on the List, but Congress did not appropriate the construction funds. The fiscal year 1998 budget request also includes funds to complete construction of the Ute Detention Center.

As a result of the slow pace of funding, BIA presently predicts that it will take several years before construction begins at Fort Berthold. The BIA will provide repair funds to the extent that the funds are available, depending on the health and safety needs at Fort Berthold as compared to the needs at other facilities.

THERAPEUTIC MODEL

The North Dakota delegation wrote to you and OMB Director Raines to urge the Administration to provide additional resources for the therapeutic model program at the Circle of Nations School in Wahpeton, North Dakota. The fiscal year 1998 budget request contains no such additional dollars.

*Question.* What steps will BIA take to allocate existing or new resources to ensure that the special educational, health, and psychological needs of the students at the Circle of Nations School are met and to ensure the creation of a viable model for other Indian educational institutions?

Answer. The BIA provided additional funds to the school during fiscal year 1993 through 1995; the funds were used by the school for the therapeutic model program. Due to current fiscal constraints, BIA can no longer provide additional support to the school. The BIA allocates School Operations to all of the Bureau schools in accordance with a legislated distribution formula.

The BIA staff will continue to work with the school to explore additional funding opportunities, including working with the Indian Health Service in implementation of the therapeutic model.

FISH AND WILDLIFE SERVICE (FWS)

The FWS has for many years actively pursued the purchase of wetlands easements within the State of North Dakota. During this time, there has been a continuing frustration with the lack of flexibility that wetlands easements offer. Most recently, there have been law suits filed in the State by producers who had easements on their land. The law suits established that FWS had over-extended its interpretation of its easement authority.

*Question.* What is FWS currently doing to develop a more flexible policy on wetlands easement purchases?

Answer. The FWS policy regarding wetland easements in the prairie pothole region for Waterfowl Production Areas allows the FWS to acquire the minimum interest in private property that is necessary to perpetually protect the small pothole basins found throughout the upper Midwest. Landowners continue to own and exercise all other property rights.

The WPA wetland easements protect the potholes from four types of threats; draining, burning, filling, and leveling. Any of these activities would destroy or diminish natural characteristics of basins, thereby reducing their value to migratory waterfowl and other wildlife species.

Accordingly, the wetland easement program allows FWS to meet its Congressionally mandated requirement to protect prairie potholes from various threats, the greatest of which is drainage, while minimizing the affect of FWS acquisition on private enjoyment and use of property.

The FWS has been extremely helpful in North Dakota in developing water storage areas in the Devils Lake Basin through their wildlife refuge system. However, the need is continuing to grow with Devils Lake expected to rise another six feet or more this year.

*Question.* What further initiatives is FWS capable of undertaking in order to ensure not only the continued development of wildlife habitat in the basin, but also ensuring that the expansion of the lake does not completely eliminate water control structures and developed wildlife refuges.

Answer. Currently, FWS has $3.1 million available from previous special appropriations to restore drained and expand existing wetlands on FWS lands in the Devils Lake Basin. With the continued rise of Devils Lake, 10 of the FWS facilities are threatened at Lake Alice National Wildlife Refuge and Sullys Hill National Game Preserve. The FWS is cooperating with local, State, and Federal efforts to develop a basin-wide water management plan and assist in other efforts to resolve flooding.

With the additional work FWS in has taken North Dakota with regard to water storage on its lands to alleviate flooding at Devils Lake, I am concerned that they do not have adequate funding to properly manage these new areas of responsibility.

*Question.* Do you plan to allocate additional operations and maintenance funding for the FWS in North Dakota for this purpose?

Answer. Due to operations and maintenance funding priorities for the Refuge System both nationally and regionally, there are no plans in the President's Budget to

increase operation and maintenance funding for FWS activities or refuge management in the Devils Lake Basin.

U.S. GEOLOGICAL SURVEY (USGS)

North Dakota has been hit with a series of disasters this winter and spring. The highest snowfall this century followed by millennial flooding have devastated large areas of the State. The USGS has been particularly hard hit with many of their gages as well as their facilities in Grand Forks damaged.

*Question.* Can you provide me an estimate of total damage assessments for USGS, what amount has been included in Public Law 104–208 (The Disaster Supplemental Appropriations and Rescission Act of 1997) for USGS, North Dakota, and what is the unmet need for full repair and restoration of USGS in North Dakota?

Answer. The funding included in Public Law 104–208 (The Disaster Supplemental Appropriations and Rescission Act of 1997) related to damages in North Dakota was $840,000:

—$640,000—repair/replace 20 damaged/destroyed gages, including replacement of equipment.

—$200,000—replace damaged/lost water quality laboratory equipment and computer equipment. Replace one lost vehicle.

The USGS also received $4,650,000 in funding in Public Law 105–18, the second Emergency Supplemental Act of 1997 for recovery from natural disasters. There are no unmet needs or additional funding required for full repair and restoration of damaged, USGS equipment in North Dakota.

NATIONAL PARK SERVICE (NPS)

The Lewis and Clark Expedition of 1804–06 traversed territory in what became 11 States, including North Dakota. Even before the Louisiana Purchase, President Thomas Jefferson was interested in exploring the territory west of the Mississippi to seek a water route to the Pacific and to learn more about the flora, fauna, and indigenous people who resided in the territory.

In 1803, Congress approved an appropriation for an expedition to explore the area west of the Mississippi which was purchased from the French in the Louisiana Purchase. President Jefferson chose Lewis and Clark to lead the expedition. Their 18-month, 8,000 mile journey added immensely to our scientific, geographic, and cultural knowledge of this largely unexplored area of the United States. As I am sure the Secretary knows, the expedition spent its first winter in Mandan, North Dakota. As we approach the bicentennial celebration of this most remarkable of events in the annals of American history, I would like to ask a few questions.

*Question.* What plans are currently underway within the NPS to support and promote the Bicentennial of the Lewis and Clark Expedition?

Answer. The Lewis and Clark National Historic Trail is administered from Madison, Wisconsin. The superintendent and trail manager have been cooperating with and assisting the Bicentennial Committee of the Lewis and Clark Trail Heritage Foundation, our primary private sector partner, and the more recently formed National Lewis and Clark Bicentennial Council. We believe it is desirable for private sector organizations such as these to be the focal point for coordinating the bicentennial nationally across all levels. The NPS provided $45,000 through a cooperative agreement this year to enable the organizations to hire a shared executive director. We plan to continue our cooperation with them. We will also continue our support as funds are available to do so.

Through a limited amount of Challenge Cost-Share Program funds ($42,000 in fiscal year 1997), NPS is assisting State and local agencies in their efforts to protect sites important to the history of the expedition and provide educational information to the public through wayside exhibit signs and information brochures. We have developed and published a technical assistance document that provides information to cooperating interests on how to design, produce, and install interpretive signs.

In regard to the Service's own participation in the bicentennial observance, we have formulated goals and objectives to guide the development of projects and programs at park units or that might be undertaken by the Lewis and Clark National Historic Trail administrative staff. A preliminary package of projects and programs is being built around those goals and objectives, along with funding and other resource requirements, for review by the NPS leadership.

Five park units—Jefferson National Expansion Memorial, Niobrara/Missouri National Scenic Riverways, Knife River Indian Villages National Historic Site, Nez Perce National Historical Park, and Fort Clatsop National Memorial—are directly related to the history of the expedition. These individual units, as well as others along the trail route that are not directly related to the expedition, are working indi-

vidually with local interests that want to plan for appropriate bicentennial events and projects.

*Question.* What are your future plans relating to this event?

Answer. The NPS plans to continue the cooperation with and assistance to the private partners, as resources allow, to enable them to continue the overall national coordinating role. The NPS will also continue to assist State and local interests in preparing for the bicentennial through on-the-ground development of interpretive facilities using Challenge Cost-Share Program funds.

Enhancements under consideration include new or rehabilitated visitor center and wayside exhibits that reflect the latest research and scholarship on the expedition and its cross-cultural contacts, and a brochure focusing on the expedition, its scientific and geopolitical accomplishments, and implications for United States history would be produced and distributed nationwide during the bicentennial period. To adequately serve visitors, NPS hopes to be able to augment the level of seasonal staffing at targeted sites that might experience the largest increases in visitation during the years around the bicentennial.

*Question.* How much funding has been allocated within the NPS budget for activities associated with the Expedition?

Answer. The base budget for the Lewis and Clark National Historic Trail for fiscal year 1997 is $147,000. In addition, approximately $42,000 was allocated from the Challenge Cost-Share Program to assist cooperating State and local interests in the protection and interpretation of sites important to the history of the expedition. The five park units that are directly related to the history of the expedition have their own individual operational budgets.

Although hundreds of events are being prepared all along expedition route and in nearby population centers, there are two major events associated with the bicentennial—a convention in St. Louis, Missouri at the beginning of the bicentennial festivities, and one in Mandan, North Dakota the following year.

*Question.* Do you intend to allocate any funding to the Lewis and Clark Bicentennial Foundation in North Dakota to help with the major event being planned in my State?

Answer. In fiscal years 1996 and 1997, NPS competitively awarded $3,000 to $4,000 to the National Lewis and Clark Bicentennial Council from the Challenge Cost-Share Program funds to assist the council in holding its annual planning conference. The NPS also assisted the sponsors of the annual Lewis and Clark Festival in Great Falls, Montana.

INTERIOR DEPARTMENT DISASTER ESTIMATES FOR NORTH DAKOTA

Many other Department of the Interior facilities in North Dakota were also damaged as a result of disasters in North Dakota this year.

*Question.* Can you provide me with a full accounting of all Interior Department facilities, equipment, etc., that were damaged by disasters in North Dakota this year?

Answer. While we do not have a detailed list of equipment that was damaged, FWS, NPS, BIA, and Bureau of Reclamation (BOR) facilities and USGS equipment that suffered disaster damage in North Dakota in 1997 are as follows:

NORTH DAKOTA STORM DAMAGE

[Whole dollars]

| Department | Facilities and equipment | Amount |
|---|---|---|
| USGS | Repair/replace 20 damaged/destroyed gages, including replacement of equipment | $640,000 |
| | Replace damaged/lost water quality laboratory equipment and computer equipment. Replace one lost vehicle | 200,000 |
| FWS | Flood damage at Long Lake, Tewaukon, J. Clark Salyer, Audubon, Arrowwood, Des Lacs, Devils Lake, Upper Souris National Wildlife Refuges; at Valley City National Fish Hatchery; and Valley City, Kulm, and Chase Lake wetland management districts | 9,358,000 |
| NPS | Repair campground infrastructure/entrance roads/trails/seven miles of bison-proof fence at Theodore Roosevelt NP, Knife River NHS, Fort Union Trading Post NHS | 210,000 |
| BIA | Dunseith Day School | 15,000 |
| | Mandaree School | 58,000 |
| | Ojibwa School | 17,000 |

NORTH DAKOTA STORM DAMAGE—Continued

[Whole dollars]

| Department | Facilities and equipment | Amount |
|---|---|---|
| | Trenton Indian School | 10,000 |
| | Turtle Mountain Elementary | 36,000 |
| | Twin Buttes School | 16,000 |
| | White Shield School | 14,000 |
| | Wahpeton Boarding School | 742,560 |
| BOR | Museum, University of North Dakota, Grand Forks | 419,000 |
| | Total | 11,735,560 |

*Question.* How much of these amounts were covered in H.R. 1469?

Answer. All amounts were covered in H.R. 1469 except for $604,560 at Wahpeton Boarding School that was unknown at the time of the request to Congress.

*Question.* What is the unmet need is for each?

Answer. The unmet need of $604,560 at Wahpeton Boarding School is for roofing light buildings and the repair of campus streets and sidewalks.

GOVERNMENT PERFORMANCE AND RESULTS ACT OF 1993

The Government Performance and Results Act of 1993 (GPRA) directs Federal agencies to incorporate performance management by defining the agency's mission and establishing definitive goals and quantitative performance measures. The NPS planned to publish and distribute a revised strategic plan consistent with GPRA in the spring of 1997, and to issue an annual performance plan articulating the NPS goals and intended results in fiscal year 1998.

*Question.* What is the status of the revised strategic plan? Is it available yet? If not, when do you anticipate its being published?

Answer. The NPS anticipates publishing the strategic plan early this fall.

*Question.* What performance measures will be incorporated in the first annual performance plan?

Answer. The NPS strategic plan contains eight broad mission based goals, 31 long term goals, and numerous specific indicators that will be incorporated into its first annual performance plan. The mission based goals encompass, among other values, natural and cultural resource protection, visitor safety and enjoyment, educational, recreational and conservation partnerships, and improved management systems. Although too numerous and specific to list here, the long term goals and performance indicators will be fully incorporated into the agency's budget presentation that will be submitted to the Congress for the fiscal year 1999 budget cycle.

CONCLUSION OF HEARINGS

Senator GORTON. Thank you very much. Thanks for being here. The subcommittee will stand in recess awaiting the call of the Chair.

[Whereupon, at 11:45 a.m., Tuesday, May 20, the hearings were concluded and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

# DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1998

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
*Washington, DC.*

## NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold hearings on nondepartmental witnesses, the statements and letters of those submitting written testimony are as follows.]

[The statements and letters follow:]

### PREPARED STATEMENT OF AUDREY GALLERY, HONORARY CHAIRMAN, U–505 RESTORATION COMMITTEE

Thank you, Chairman Gorton, for providing the U–505 Restoration Committee with the opportunity to submit testimony to your Subcommittee regarding fiscal year 1998 funding for the Department of Interior.

I serve as Honorary Chairman of the U–505 Restoration Committee. I am the cousin of Captain Daniel V. Gallery, Commander of the Navy Task Force 22.3 which captured the U–505 submarine off the coast of West Africa on June 4th,1944, two days before D-day. As you may know, the U–505 is a type IX-C German submarine and is the only-man-o'-war captured at sea by the U.S. Navy since the War of 1812. The capture of the U–505 enabled the Allies to break the German code. Within 60 days of its capture, all the German U-boats, nearly 900 of them, were disabled, thereby substantially hastening the end of the Battle of the Atlantic.

Acquired by Chicago's Museum of Science & Industry (MSI) in 1954 and viewed by 20 million people since then, the submarine serves as a memorial to the 55,000 Americans killed at sea during World Wars I and II. During a twenty-minute guided tour of the submarine and adjacent galleries, visitors get a taste of life on board, while also learning about the science of World War II submarine warfare. Unfortunately, the U–505's current resting place, outdoors in Jackson Park, has exposed it to dramatic changes in both temperature and humidity over the past 43 years. As a result, the interior, hull, and deck of the submarine are deteriorating at an alarmingly rapid pace.

Due to the national significance of this artifact, the U–505 Restoration Committee was formed in 1996. The Committee's purpose is to assist MSI with its plans to restore the U–505 and relocate it to a climate-controlled facility next to the East Pavilion, thereby protecting it for future generations. MSI also plans to connect the U–505 enclosure to a $5 million exhibit opened in 1994 entitled Navy: Technology at Sea. This 10,000 square-foot gallery inside the East Pavilion helps visitors learn the scientific principles associated with navigation, communication, ship construction and operation, and underwater technologies.

The new U–505 exhibit would continue a process that began in 1993, when MSI began transforming its exhibits into uncommon classrooms where families and children could learn the fundamental principles of science, technology, mathematics, and history. As part of MSI 2000, the Museum's strategic plan to transform itself into a stimulating, state-of-the-art educational institution, MSI has developed and opened six new permanent exhibits totaling around 30,000 square feet. It is estimated that because of these new exhibits, MSI's annual attendance grew by more than 100,000 visitors in less than three years.

In 1989, the U–505 was designated a National Historic Landmark. It has been placed on the National Park Service's Priority 1 list of distressed objects. Since the submarine is threatened with impairment, funding for its restoration is authorized based on an amendment to the Historic Preservation Act of 1912 [16 USC 470a-e (1), (2) and (3)]. The amendment authorizes Congress to set aside funding within the National Park Service's Historic Preservation Fund for the restoration of facilities designated as National Historic Landmarks and threatened with impairment.

The U–505 Restoration Committee and the Museum are seeking a one-time appropriation of $6 million, approximately half the cost of restoring, relocating, main-

taining, and operating the U–505. The rest of the funds will be raised by private and local sources. The Museum has been solely responsible for the vessel since 1954 and has never before requested federal funds to restore or maintain it.

Mr. Chairman, the U–505 Restoration Committee thanks you for the opportunity to submit testimony to your Subcommittee this year.

| | 1995 | 1996 |
|---|---|---|
| National Science Foundation: | | |
| Science Club Network (ESI–9154856) | $236,530 | $262,161 |
| Intergovernmental personnel assignment (ESI–9354157) | 82,191 | 72,269 |
| Illinois Department of Transportation: | | |
| Underground garage (D–4–017–112) | 3,258,689 | 6,819,823 |
| Auto safety exhibit (CP6–1051–147) | | 54,767 |
| Illinois Department of Public Health: | | |
| AIDS Education Program (95G81544) | 63,450 | 3,145 |

---

PREPARED STATEMENT OF HUNTER R. RAWLINGS, III, PRESIDENT, CORNELL UNIVERSITY, ON BEHALF OF THE ASSOCIATION OF AMERICAN UNIVERSITIES, AMERICAN COUNCIL ON EDUCATION, NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Mr. Chairman and members of the Subcommittee: I am Hunter Rawlings, president of Cornell University, a private land-grant university in Ithaca, NY. I am also a professor of classics, that is, Greek and Latin language and culture, and my particular interests are Greek history and Greek historians. It is my privilege to submit this testimony for the record on behalf of the Association of American Universities, the American Council on Education, and the National Association of State Universities and Land-Grant Colleges. Through their combined memberships, these associations represent all the public and private research universities in the country—institutions that educate large numbers of the nation's undergraduate and graduate students and conduct the bulk of the country's basic research and scholarship. I appreciate this opportunity to testify on their behalf in support of a fiscal year 1998 budget of $136 million for the National Endowment for the Humanities (NEH).

NEH grants make possible a wide range of cultural endeavors that can only be achieved with help and encouragement from the federal government. As the philosopher Charles Frankel said, "Nothing has happened of greater importance in the history of American humanistic scholarship than the invitation of the government to scholars to think in a more public fashion, and to think and teach with the presence of their fellow citizens in mind." That role, since 1965, has been fulfilled admirably by NEH.

The NEH is not a monolithic ministry of culture or an arbiter of public taste such as exists in some other countries. Rather it is a remarkably successful and cost-effective mechanism for engaging the public more fully in American culture, advancing knowledge, and revitalizing education while preserving aspects of our heritage that might otherwise be lost.

Two characteristics of NEH support are particularly noteworthy:

First, NEH sustains long-term collaborative projects such as bibliographies, encyclopedias, dictionaries and critical translations that are of national significance but that are unlikely to be funded by any single state or institution. Cornell University, for example, in cooperation with eight other land-grant university libraries, has received NEH support for a two-year project to preserve the most significant published materials on the history of state and local agriculture and rural life. This rich literature traces agriculture as it evolved from a home and family way of life to the business enterprises of today. In this project, approximately 6,819 volumes published between 1820 and 1945 will be preserved from Alabama, California, Connecticut, Florida, Nebraska, New York, Pennsylvania, Texas and Wisconsin. Cornell and its collaborators hope to extend their work to all 50 states. Their ability to continue the work could be jeopardized, however, by budget reductions at NEH.

Similarly, in 1995, Cornell began the microfilming, cataloging, and conservation treatment of its 32,000-volume Fiske Icelandic Collection, also with the help of NEH. The Fiske collection contains virtually every publication issued in Iceland or written in Icelandic before 1930, including the first book printed in Icelandic, a New Testament published in 1540. One of the premier collections in the world, it is es-

sential to the study of the medieval period and attracts scholars from throughout the nation and abroad.

Additionally, an NEH planning grant is helping fund a traveling museum exhibit, "Up the Road on the Season," tracing how migrant farm labor emerged in the agricultural economy of the northeastern United States and how it has figured in the system that has supplied Americans with food. The project is enabling Cornell to connect the arts with the land and museum lovers with the people who work the land, to link some of the best aspects of our diversified American culture, and to bring them to citizens throughout the Northeast.

The second distinctive characteristic of NEH grants is their ability to leverage state, local, and private philanthropic investment and increase public engagement with the humanities. The imprimatur of NEH funding, awarded on the basis of merit as determined by rigorous peer review, has a multiplier effect, increasing public participation in humanistic endeavors and attracting additional funds. At Cornell, NEH's "Leadership Opportunities in Science and Engineering Education Program," administered jointly with the National Science Foundation, has enabled our Department of Science and Technology Studies to develop four undergraduate courses that are a key part of what we believe is the most innovative, wide-ranging and rigorous curriculum in humanistic and social studies of science and technology in the country. Similarly, one of Cornell's most successful archaeology projects, the Aegean Dendrochronology Project, has used NEH gifts-and-matching support to generate 4,721 contributions from 816 private individuals. This partnership of public and private funding ensures that limited resources support work of the greatest promise and make it available to the greatest number of Americans.

Mr. Chairman, we recognize the extraordinarily tight fiscal constraints under which the Interior Appropriations Subcommittee has operated in the past few years and will operate this year. In fiscal year 1997, the NEH budget was set at $110 million, an amount approximately 36 percent below its fiscal year 1995 level and well beyond reductions sustained by most federal agencies. NEH already has implemented a major restructuring that has resulted in a reduction of NEH's divisions from six to three, a reduction in programs from thirty-one to nine, as well as the laying off of almost 40 percent of the NEH staff.

The fiscal year 1996 and 1997 budget cuts at NEH have greatly constrained the productivity of the NEH/university partnership, and they have disproportionately affected the national programs account, which has been reduced by 60 percent since fiscal year 1995. The programs and research projects within this division of NEH are unlikely to be funded by any individual state but will substantially benefit the entire nation. They include preservation of brittle books and newspapers and those that assist scholars in producing authoritative editions of the papers of America's great leaders so that they can be accessible to all Americans, from legal scholars, to political scientists, to school children. The impact of these cuts, and others, is illustrated by the examples below:

*Brittle books and newspapers.*—As a result of the fiscal year 1996 budget cut, NEH was unable to fund projects that would have preserved 20,000 brittle books. In addition, 230,000 disintegrating pages of newspapers will not be saved due to the funding reduction. Without NEH assistance, libraries will be forced to revert to a more parochial preservation role, caring only for those collections of direct interest to the immediate institutional community.

*Papers of leading Americans.*—The completion of scholarly editions of the writings of U.S. Presidents and other major historical figures has been put at risk by the funding levels of the past two years. Among the compilations that may not be completed are the papers of George Washington, Thomas Jefferson, Dwight Eisenhower, and Thomas Edison. In addition, NEH is now funding significantly fewer grants that support scholarship, which uncovers new information and expands our knowledge base.

*Summer Seminars for Teachers.*—Many colleges and universities, including my own, host summer seminars for high school and college teachers, who are given the opportunity to study with leading scholars in their fields. The workshops generate renewed enthusiasm and new knowledge among the participants which are then transferred to students around the country. In the summer of 1995, this program supported seminars and institutes attended by more than 2,600 high school and college teachers, who teach approximately 425,000 students a year. The fiscal year 1996 budget cuts have meant that 1,400 fewer high school and college teachers participated in these workshops.

*Support for Young Scholars.*—Among the programs that have been eliminated are several devoted to helping young scholars complete the Ph.D. and establish their careers. These include the dissertation grant program, which provided one year of dissertation support for the most promising Ph.D. students in the humanities, enabling

them to complete their degree during what is the most difficult time for humanities Ph.D. candidates to support themselves financially.

Because of the positive contribution that NEH makes to our society, we urge the Subcommittee to support the Administration's fiscal year 1998 budget request of $136 million, which would allow the agency to recover some ground lost over the past two years. We note that this would still be a 21-percent reduction from the fiscal year 1995 funding level.

NEH has been the single most important source of support for humanistic endeavors in the United States for a generation. It has become an important national resource. It has allowed Americans, to borrow the words of Pericles, the ancient Athenian leader, to "value culture without extravagance and knowledge without self-indulgence." We believe it is in the national interest to continue funding NEH. We very much appreciate the Subcommittee's longstanding, bipartisan, support for NEH, and we urge the Subcommittee to support the $136 million budget request.

---

PREPARED STATEMENT OF ROBERT H. KNIGHT, ON BEHALF OF THE FAMILY RESEARCH COUNCIL

In 1995, Congress voted to phase out funding for the National Endowment for the Arts. Many congressmen voted for funding in fiscal 1996 and 1997 with the express stipulation that the subsidies would end; no money was to be appropriated for 1998. From 1995 through 1997, the agency was supposed to be developing alternative funding sources.

Now, some in Congress are seeking to break the agreement by appropriating more funds for the agency. They appear to be bending to pressure from arts groups whose members receive federal subsidies. If Congress caves on the agreement, it would constitute a betrayal of those congressmen who agreed to the compromise. And worse, it would be a betrayal of American taxpayers.

Begun in 1965 as part of Lyndon Johnson's Great Society government expansion, the NEA was supposed to raise the level of artistic excellence and promote a wide variety of art. The agency's budget reached a high of $176 million in 1992 and was slated for $99 million in fiscal 1997. Although the NEA has funded many worthwhile programs around the nation, it has also managed to create an unbroken record of special favors and embarrassments. Year after year, the NEA has doled out money to "shock artists" who produce obscene, anti-family and anti-religious works.

At funding time, NEA defenders pledge to reform the agency, but this never happens. In 1989, Congress passed a law requiring the NEA to withhold funding from pornographic projects, but a federal court later struck it down. That opened the way for the NEA to continue disbursing questionable grants.

Some NEA defenders say that the unpalatable grants count for only a small share of NEA-funded projects. This may be true, as far as the most objectionable, but it is also misleading. Government subsidies, even with the best intentions, are dangerous because they skew the market toward whatever the government grant-makers prefer. NEA grants place the stamp of official U.S. Government approval on funded art. This gives the endowment enormous power to dictate what is regarded as art—and what is not. This power was never envisioned by the nation's founders when they limited the federal government to a few very specific duties in the Constitution.

As has been noted by NEA Chairman Jane Alexander, "When we give the grant, everybody has to fall in line with what our requirements are: That's a given." If a private donor is going to match NEA funds, "they are going to match what our panel has approved," she said. "We're the driving engine."[1] Alexander also has noted, "for every dollar we award we leverage 11 to 20 from other public and private sources in a community."[2] Private giving for art has reached more than $9 billion annually.[3] Given the tremendous availability of private funding, why should taxpayers be forced to contribute to a bureaucracy devoted to its own tastes?

How has the NEA used this enormous power? It has consistently: Paved the way for child pornographers' lawyers to claim in court that their works fall under the "artistic" merit defense, based on comparisons to NEA-funded works; rejected grants from artists working in traditional themes or mediums; discriminated against art with religious themes—unless the art demeans religion;cultivated a singular artistic style—avant-garde—in violation of the NEA charter which forbids the NEA to "impose a single aesthetic standard or attempt to direct artistic content;"[4] continued to fund pornographic artworks, films and venues that stage obscene "performance art"; discriminated against some geographic areas in favor of others such as New

York, California and Minnesota; and promoted the splintering of America into identity groups.

Los Angeles Times arts critic Jan Breslauer charges the NEA with abusing the concept of multiculturalism by funding works based on the identity of the artist, not on the merit of the project. In The Washington Post, Breslauer writes: "The problem with the NEA isn't the funding of a few controversial artists. It is systemic. For while the NEA's right-wing foes have been railing against the chimera of obscenity, the endowment (along with, since the late 1980s, many private arts funders) has quietly pursued policies rooted in identity politics—a kind of separatism that emphasizes racial, sexual and cultural differences above all else. The art world's version of affirmative action, these policies * * * have had a profoundly corrosive effect on the American arts—pigeonholing artists and pressuring them to produce work that satisfies a politically correct agenda rather than their best creative instincts." [5]

In addition to aiding the pigeonholing of art, the NEA's stamp of approval has impeded the prosecution of people whose business is not art at all. In testimony before the House Interior Appropriations Subcommittee on March 5, Patrick Trueman, former Chief of the Child Exploitation and Obscenity Section of the U.S. Justice Department, said, "Much of what we prosecuted * * * involved material of the same nature as that funded through the years by the NEA * * * I submit that the NEA poses a direct threat to the prosecution, on both the federal and state levels, of obscenity and child pornography crimes." [6]

Trueman noted that the NEA's stamp of approval is often enough to provide a defense of pornography based on "artistic merit." He said, "It would be difficult if not impossible to keep from a jury a defense argument that the material charged is not child pornography at all but rather 'art' because the NEA has provided funding for its production or distribution. The threat that the NEA poses in the prosecution of obscenity and child porn cases is not merely hypothetical. The difficulties I have outlined in this regard were faced by the U.S. Department of Justice during my years in the criminal division with respect to the funding by the NEA of an exhibit by the late Robert Mapplethorpe." [7]

Over the years, the NEA has funded numerous forms of sexual debauchery in sculptures, paintings, films, theater, "performance art," and other media. The NEA also helped fund a 1994 film, One Nation Under God, that grossly misrepresents Exodus International and other ministries that help people overcome homosexuality. Other NEA-funded projects have directly attacked Roman Catholicism, evangelical Protestants, and depicted Jesus Christ as a drug addict and a sex object.[8]

Here are some recent works funded by the NEA:

*Inside the visible.*—A museum collection of feminist visual art and sculpture, it includes a video depiction of a naked woman on a mattress in various revealing poses and sculptures containing dozens of penises, some of them wrapped around a hat. The NEA awarded $20,000 to the Institute of Contemporary Art in Boston to support the DocentTeens program starting in January 1996, which included giving more than 20 tours of "Inside the Visible."

*It's elementary.*—This 78-minute film shows teachers and homosexual activists acquainting schoolchildren with homosexuality. It includes a scene in which a fifth-grader explains how the Nazis used pink triangles to distinguish homosexuals from other prisoners. A classmate then explains, "Some Christians believe that if you're gay, you'll go to hell, so they want to torture them and stuff like that." The remark, which implies that Christians are the same as Nazis, goes unchallenged. "It's Elementary" was supported partly by the Portland Art Museum's Northwest Film Center, which received a $13,000 NEA grant in 1996.

*Women Make Movies, Inc.*—This group, which has received a total of $112,700 in NEA grants from 1994 to 1997,[9] has produced nearly 100 videos with graphic sexual content, such as Watermelon Woman, which includes an explicit lesbian sex scene,' Unbound, in which "sixteen women * * * free themselves from societal definitions, stereotypes—and the prison of the bra * * * breaks through the constraints of traditional move making and the censorship of women's bodies." [11] The group's catalog also features Age 12: Love with a Little L, by Jennifer Montgomery, which is described as a "vivid reconstruction of lesbian identity * * * a riveting amalgam of forbidden desire * * * . A Village Voice reviewer calls Age 12 "playful, aggressive and unashamedly erotic." [12] The catalog also includes films dealing with incest, sado-masochistic sex, oral sex and highly political topics with titles such as Keep Your Laws Off My Body and Daughters of Dykes.[13]

By contrast, the Shakespeare Festival/LA has thrived without ever having received any NEA grants. Founded in 1985 by out-of-work actor Ben Donenberg, the theater festival staged Twelfth Night in a downtown square during its first year. The success of that production, which included an audience of homeless men and

women, spawned the festival's "Food for Thought" admission policy, in which canned food for the homeless is accepted for payment of tickets. In this way, some $1 million in food has been donated to the Salvation Army. Donenberg also created a youth program to bring Shakespeare into the public schools, particularly in minority areas, and widened his following by staging productions in different locales. The festival attracts grants from major corporations and hundreds of individuals. "There's always a way to raise money," he told a reporter. "If the leadership is there, you can get it." [14]

CONCLUSION

In a time of high taxes and swollen government budgets, when many families are hard-pressed to live on one (or even two) incomes, it is indefensible to use tax dollars to fund government-dictated art. Why should a young family struggling to make ends meet be forced to Find Watermelon Woman when, for them, going to a decent movie is a rare treat? Congress should abide by the agreement reached in 1994 to allow the NEA to pass into history and allow the marketplace to continue to support the arts, free from government intrusion.

Robert H. Knight is Director of Cultural Studies at the Family Research Council, a Washington-based research and education organization. Mr. Knight, a former Los Angeles Times news editor and writer, wrote and directed a video documentary on Alfred C. Kinsey titled The Children of Table 34.

ENDNOTES

1. Quoted in Jan Breslauer, "The NEA's Real Offense: Agency Pigeonholes Artists by Ethnicity," The Washington Post, March 16, 1997, p. G–1 at 8.
2. Letter from Jane Alexander to Rep. Sherwood Boehlert (R–NY), June, 1994.
3. Giving USA 1994: The Annual Report on Philanthropy for 1993, AAFrc Trust for Philanthropy.
4. National Endowment for the Arts, Application Guidelines fiscal year 1990, p. 1.
5. Breslauer, op. cit., p. 1.
6. Testimony of Patrick A. Trueman, Director of Governmental Affairs, American Family Association, before the Interior Appropriations Subcommittee on March 5, 1997.
7. Ibid.
8. For a list, see Robert H. Knight, "The National Endowment: It's Time to Free the Arts," Insight IF95AICU, Family Research Council, June, 1995.
9. NEA grants summarized in letter from Rep. Pete Hoekstra to NEA Chairman Jane Alexander on February 13, 1997.
10. Women Make Movies 1997 25th Anniversary Film & Video Catalogue.
11. Ibid, p. 22.
12. Ibid, p. 25.
13. Ibid, p. 30.
14. Laurence Jarvik, "Why Does a Los Angeles Theater Company Produce Shakespeare for the Homeless?" Culture Watch, Capital Research Center, Vol. II, No. 3, March 1997.

---

PREPARED STATEMENT OF DR. THOMAS E. LINEHAN, PRESIDENT, RINGLING SCHOOL OF ART AND DESIGN, ON BEHALF OF THE ASSOCIATION OF INDEPENDENT COLLEGES OF ART AND DESIGN

Mr. Chairman and Members of the Subcommittee, I submit this testimony on behalf of the Association of Independent Colleges of Art and Design (AICAD) and recommend funding the National Endowment for the Arts (NEA) at $136 million for fiscal year 1998. AICAD represents the free-standing, degree-granting, accredited colleges of art and design in this country. Our 32 member schools enroll 50,000 students from all 50 states, employ 8,000 artists and designers, and have combined operating budgets of more than $475 million.

While most of our members have received grants from the NEA, all of our members believe in the importance of the NEA and its significant federal role. The endowment performs the important role of convener and creates the opportunity for national committees to reach a consensus relating to arts initiatives.

Many of these initiatives address the opportunities and threats of our times. For example, American science and technology has captured the world market advantage in computer graphics, animation and communications. Each of our member schools are providing instruction to artists, designers, and filmmakers in computer imaging. A small federal initiative through the National Endowment for the Arts can turn America's technology advantage into a design and communications advantage as well. The technology advantage was created through the support of the National Science Foundation.

The design advantage in the world marketplace can be secured through the support of the National Endowment for the Arts. The media arts and the design arts

have a severe shortage of design talent that can work with advanced imaging technology. We have given our engineers and scientists the computing power tools of the next century. Let's now develop a talented pool of performing artists, media artists and designers who can utilize these same tools.

Formal art teaching in America began out of a commercial need for artists to work in the textile mills of New England. The United States had a serious balance of payments problem in its trade with England and France. To make the local textiles more attractive to the American markets, we called upon American artists and designers to develop uniquely American designs—ones which would keep the textile dollars at home. It worked.

It is now time to call upon American artists and designers again. Through the NEA's various programs in the performing and visual arts, a national consensus can be reached that successfully turns the nation's technology advantage into an artistic advantage in the world market.

America's computer animators, worldwide Web designers, special effects artists, computer composers and performers can secure first place for the nation in the entertainment and communications marketplace of the next decade. The National Endowment can convene, critique and generate consensus regarding such urgent and pressing needs. This is a proper federal role.

For a second example of a proper federal role, let me suggest the following. As the demographics of the United States change and a larger percentage of our population ages, their needs will change. It is time to call upon America's architects, planners and designers to directly respond to this aging population. Both residential and public design must be changed to address these demographic changes. Instead of moving people from their homes to group residential centers, a new design agenda is needed. This national agenda, supported by the NEA, would promote a new design that assumed that we all will "age in place" (our homes). This new design accounts for the changes brought on by aging and allows for the residential environment to be either changed or reprogrammed.

The talent, the will, the agency support is here to create a revolutionary change in how residences are designed. This new design should minimize the impact on the citizens and maximize their independence. Such an NEA sponsored design initiative could be supported by insurance companies and health maintenance organizations, as well as by associations for senior citizens. This national initiative supported by a premiere National Endowment, can and would be an important federal role.

Finally, the National Endowment provides programs to help us understand the arts of our time. We look to the great nations in Europe, Asia and Africa that surround our own country. We know, understand and value their unique contribution to human culture. The National Endowment for the Arts is the vehicle Americans have, as a nation, to add our contribution to the global stage.

I urge you to provide an allocation of $136 million to the Endowment for fiscal year 1998. In our colleges of art and design we teach our students that their work is important and that it will impact society. Through the endowment, the artists and designers of this country, like the textile designers of a younger America, stand eager and ready to make their contribution once again.

---

PREPARED STATEMENT OF DAVID O. WEBB, SENIOR VICE PRESIDENT, POLICY AND REGULATORY AFFAIRS, ON BEHALF OF THE GAS RESEARCH INSTITUTE [GRI]

Gas Research Institute (GRI) appreciates the opportunity to submit testimony to the Seante Interior & Related Agencies Subcommittee to present GRI's views and recommendations for fiscal year 1998 funding of gas-related research and development (R&D) programs within the Department of Energy's (DOE) Fossil and Conservation programs. GRI supports the overall budget request of $192 million for gas-related R&D submitted by the President for these DOE programs since it continues critical funding for on-going programs in natural gas.

GRI is the RD&D management organization for the natural gas industry. GRI has over 320 member companies representing producer, pipeline, and local distribution companies. Our mission is to discover, develop, and deploy technologies and information that measurably benefit gas customers and enhance the value of gas energy service. GRI jointly plans and cofunds approximately $20 million annually with DOE Fossil Energy and Conservation program offices. Therefore, any change in policy or reduced levels of federal funding for these DOE programs will have an impact on GRI and the gas industry's cooperative research program. Specifically in the fiscal year 1998 budget request for DOE, $19.4 million is included for joint DOE/GRI projects. GRI and other industry participants are contributing $29.5 million of cofunding for these projects.

Research managed and cofunded by GRI is in the public domain because we are a not-for-profit 501(c)(3) research organization and IRS regulations require public disclosure of the research results. The majority of benefits of such research most often accrue to the population in general and do not necessarily result in a marketable product by any one company.

Because many companies, manufacturers, government agencies, and marketers come together to contribute to the research under a GRI program, benefits are quickly dispersed to each contributor and society. Each contributor reduces its financial risk; research is not duplicated; the cost is reduced for each company; and the gas customers quickly receive the benefits if the research is successful. In this regard, GRI does not view federal cofunding of this type of research as corporate welfare since the benefits are broadly dispersed to the many companies and their customers. We view the private/public involvement as an added benefit through the prudent use of scarce research dollars by both parties. As research funding becomes more scarce, this type of joint R&D is even more critical.

FEDERAL ENERGY R&D POLICY

Federal Energy R&D Policy sets the future direction for development and efficient use of our nation's valuable energy resources. The role of the federal government in funding energy R&D is critical as a basis for decision-making by industry as it competes in an ever increasingly competitive world market. Our technical world is becoming increasingly complex and as the cost of R&D grows, no single company or group of companies can afford the cost and risk associated with the development of many of the new energy technologies. Therefore, in times of declining budgets, government funds should be used primarily for investments that are expected to yield broad public benefits and, therefore, not likely to be undertaken by the industry unless government provides all or part of the funds.

The government must continue to have the primary role and responsibility for funding and managing fundamental long-term basic research in energy because private companies are market driven and cannot capture the economic benefits of much of this research. Society receives large and continuing benefits from fundamental research, but industry alone cannot fund the level of basic research necessary to achieve national goals and objectives.

On the other hand, both government and industry have a joint responsibility to plan, conduct, and fund applied R&D to meet the nation's energy goals. Industry should be brought in early to assist in the planning, financing, and management of the applied research. The partnership of private industry in federally sponsored R&D accomplishes several goals:

If the federal research is aimed at top industry priorities, industry will provide cofunding. If industry is not willing to support applied energy research, government should question its own role in the research.

Industry will bring rigorous cost/benefit analysis to prioritize R&D.

Once industry buys into the research and participates financially and managerially, the commercialization path will be shorter because industry will be committed to bringing the product or process to the marketplace in order to benefit from the research.

When the project is ready for commercialization, industry is already on board and has a vested interest in ensuring the technology reaches the marketplace, thus ensuring success from the government/industry investment.

Finally, costly duplication of research is eliminated.

The DOE fiscal year 1998 gas-related R&D budget request was developed with input from the gas industry and with the goal of completing important on-going projects in a timely manner. Industry support of this budget is evidenced through significant cost-sharing from the private sector. The research proposal set out by DOE will result in completion and commercialization of technologies which will contribute significantly to the nation's goals as we pursue all of our energy options. In addition, many of these products which result from this R&D are excellent candidates for export to other countries, thereby increasing the U.S. position in global competitiveness.

Congress has recognized and needs to continue to recognize the role of government and industry in cofunding applied energy R&D and should give priority to those DOE research programs that are jointly funded with industry.

INCENTIVES FOR INDUSTRY-FUNDED R&D

In recognition that industry needs to fund more energy R&D as the direct federal funding of this research is reduced, last year Congress extended the Research and Experimentation (R&E) Tax Credit for eleven months. This tax credit will again be

a topic of consideration this year since the President's budget proposes to extend the credit for another year. However, this tax credit as now structured is a disincentive for collaborative research. GRI, along with other not-for-profit R&D organizations, has been active in seeking ways to eliminate the current disincentive and create incentives for collaborative research. Providing incentives for collaborative research is a sound policy at a time when shrinking research dollars both in government and private industry are a reality. Collaborative research is more efficient in terms of both dollars and time spent. The disincentives to the R&E tax credit can be corrected by extending and modifying the R&E tax credit to:

Recognize 100 percent of the funding contributions to 501(c)(3) collaborative research organizations as qualifying for the tax credit (versus the 75 percent in the current law);

Redefine "qualified research" for collaborative R&D to encompass the IRS definition of qualified research for a 501(c)(3) organization;

Provide a non-incremental 20 percent tax credit for companies' contributions to collaborative research conducted by 501(c)(3) organizations.

RECOMMENDATIONS

GRI encourages the Subcommittee to support the Administration's request for gas-related R&D of approximately $192 million of which $178.78 million is in this Subcommittee's jurisdiction. Critical goals can be reached by continuing funding in the proposed DOE budget for programs in natural gas supply, gas turbines, fuel cells, natural gas cooling, natural gas vehicles, and industrial efficiency. We at GRI are committed to continue to work with both Congress and the Department of Energy to accomplish the mutual goals of government and industry.

## NATURAL GAS-RELATED RESEARCH WITHIN JURISDICTION OF INTERIOR AND RELATED AGENCIES SUBCOMMITTEE, FISCAL YEAR 1998

[Dollars in millions]

| Program | Fiscal year— | |
|---|---|---|
| | 1997 appropriation | 1998 request |
| Fossil energy | | |
| Natural gas supply: | | |
| Exploration and production | $14.12 | $14.90 |
| Delivery and storage | 1.00 | 0.99 |
| Utilization | 5.84 | 4.81 |
| Environmental research/regulatory impact analysis | 2.65 | 4.62 |
| Advanced turbine systems | 46.60 | 31.38 |
| Fuel cells | 50.12 | 46.29 |
| Total fossil | 120.33 | 102.98 |
| Energy efficiency | | |
| Natural gas cooling [1] | 7.85 | 8.75 |
| Lighting end appliance R&D [1] | 0.46 | 1.45 |
| Gas turbines | 28.85 | 28.85 |
| Industries of the future [1] | 5.78 | 5.66 |
| Transportation—natural gas vehicles [1] | 20.34 | 23.48 |
| Fuel cells (transportation and microcogeneration) [1] | 5.28 | 7.61 |
| Total energy efficiency | 68.56 | 75.80 |
| Total gas related | 188.89 | 178.78 |

[1] Indicates gas-related portion taken from overall program.

PREPARED STATEMENT OF ELIAS H. CAMARA, PRESIDENT AND CEO, M-C POWER CORP.

Mr. Chairman, this hearing occurs at a very significant point in M-C Power's development of our molten carbonate fuel cell (MCFC) powerplant.

Fuel cells are energy conversion devices that transform the energy in a fuel directly into-electricity by means of an electrochemical reaction. Because there is no combustion, fuel cells are clean, highly efficient, and can be sited close to the electricity demand point, significantly reducing the high costs of transmission and distribution. Molten carbonate fuel cells operate at 1,200° F., are 55 to 60 percent efficient, and produce high quality heat for cogeneration. With heat recovery, total plant efficiency can approach 85 percent.

On February 20, 1997, we had the pleasure of hosting the official dedication of our current 250 kilowatt (kW) cogeneration powerplant demonstration at Naval Air Station (NAS) Miramar in San Diego, California. The facility began to produce electricity and steam for NAS Miramar several weeks before me dedication and so far has operated for over 1,300 hours.

There are a number of aspects of this demonstration that we think are exciting.

First, a successful demonstration at NAS Miramar will show that we are applying the lessons we are learning throughout our development process in resolving the basic issues of fuel cell stack design, gas flow distribution, component manufacturing processes, and assembly techniques. Although most of the balance of plant components are commercial technologies that only need to be modified for adaptation to our fuel cell application, the fuel cell stack itself is cutting-edge, first-of-a-kind technology.

The 250kW stack at NAS Miramar is 6 feet high, containing 250 individual fuel cells, each approximately 60 inches long by 41 inches wide by 0.3 inches thick. They are layered one on top of the other, each with a total of six separate, full-area components. Every individual cell must fit, seal and stack within very close tolerances in order to maintain proper seals, gas flows and electrical current collection during operation. The engineering challenges of design, manufacturing techniques, materials handling and assembly procedures have been the drivers for M-C Power and the DOE fuel cell program, and success at Miramar will go a long way to show that we are meeting those challenges.

The second exciting aspect of our fuel cell development is the team we have put together. M-C Power was incorporated in 1987, with the sole purpose of developing molten carbonate fuel cells. That is the area of our technical expertise, backed by the continuing technical support of the Institute of Gas Technology, who performed the original stages of the development of our technology.

To turn fuel cell stacks into powerplants, however, a broader range of expertise is needed. In the fuel cell stack are the components that produce the electrochemical reaction that generates electricity. The powerplant must also include components, known as the balance-of-plant (BOP) equipment, mat produce a clean stream of hydrogen-containing fuel from natural gas or other fuel, and components that convert the fuel cell's direct electrical current into high quality alternating current suitable for use in a conventional electricity distribution grid.

To supplement M-C Power's fuel cell expertise, we have teamed with the Bechtel Corporation for their world-wide reputation in engineering and powerplant design, and with Stewart & Stevenson Services for their world-wide reputation in powerplant fabrication and packaging, service, and market knowledge. That combination of skills and assets will continue to be of great benefit in moving our technology forward.

Members of this subcommittee should be proud of your role, as well. With increasing pressure to wisely spend fewer tax dollars, your consistent support of the DOE fuel cell program that provides our basic funding is deeply appreciated. We know there are competing interests for prioritization and funding under your jurisdiction.

We also owe much to the strong financial support to date from the Gas Research Institute, the Electric Power Research Institute, the Defense Advanced Research Planning Agency and individual utilities who have committed scarce R&D funds to supplement the DOE program funded through this subcommittee. San Diego Gas & Electric has shown strong leadership in their industry as the host utility for our HAS Miramar project.

We benefit, as well, from a number of other sources. During this same hearing you will receive testimony from the Alliance to Commercialize Carbonate Technology (ACCT), a rapidly growing consortium of electric and gas utilities and other private sector entities, including international members. ACCT provides us with a constant stream of guidance and feedback about technical issues and market directions to assure that we will better fit distributed generation needs. In turn, we hope

that ACCT members learn more about fuel cells and how ACCT members might soon use them in their own industries. We assume that the knowledge and insight they gain about our fuel cells will help give them sufficient confidence in our technology to be among our customers.

We are also pleased to see growing international interest in our progress. At the Feb. 20 dedication of our NAS Miramar demonstration, we had delegations from both Russia and Poland who recognize our leadership and are interested in working with us to develop future molten carbonate fuel cell markets and manufacturing in their home countries. We also have a series of development discussions underway with companies in South America who expect large markets there. The demonstration at Miramar is also serving as a good opportunity the Navy, Marines and other branches of the military an opportunity to begin to familiarize themselves with the attributes and cogeneration applications of molten carbonate fuel cells for dependable, efficient energy production on military bases.

Despite all that interest, we need to be clear that this demonstration of our first 250kW powerplant at NAS Miramar, while a great breakthrough, will still be several significant steps away from a powerplant adequately developed for deployment in the power generation industry. Our DOE program is directed toward a demonstration that will produce 1000kW or 1 megawatt (MVV) of power, effectively four times the output of the NAS Miramar unit.

Although we hope that the powerplant at NAS Miramar will show that we have solved the fundamental design, manufacturing and assembly techniques necessary for a successful fuel cell stack, we also fully expect that it will lead us to improvements that still need to be implemented in order to increase performance and reliability up to market-acceptable standards while also bringing down size and cost. Even when we can call the unit at NAS Miramar a success, it will still be only the first time that a fuel cell stack of this size has been successfully demonstrated. At the moment, it is a single stack that has performed well for several weeks. While we are extremely pleased with that, we also know that reproducibility, performance over time, scale-up, manufacturing cost and packaging to fit the market are the real criteria for success. Those are the challenges that lie ahead, in a program that will continue to need your strong support.

The balance-of-plant design and equipment used at Miramar were designed to provide a functioning plant that would allow the cogeneration of both electricity and heat for use within NAS Miramar. Our future 1 MW product will use multiple units of fuel cell stacks based on, but improved from, the one at Miramar, and a package design that will be optimized for cost, efficiency and size. That future product, producing approximately four times as much power as the Miramar unit, must do so in approximately half the ground space. Developing a multi-stack unit, with its own carefully designed balance-of-plant is the challenge that still confronts us beyond Miramar.

Mr. Chairman, M-C Power is here once again to ask for your continued support, and the support of this subcommittee. The Department of Energy's fiscal year 1998 request for molten carbonate fuel cells represents a 10 percent cut from the level the Congress appropriated for us this year, and the program funding has historically been divided approximately equally between M-C Power and the Energy Research Corporation, who is developing a different approach to molten carbonate fuel cells. Your strong and steady support in the past has been vital to bringing us this far.

The good news, however, is that we are now making significant steps forward. The past years of hard work and funding support are now showing more dramatic pay off, and the curve of our progress is accelerating. Although we know you will hear that same plea from many witnesses, we hope our Miramar project will provide the proof of that claim for us. If this subcommittee accepts the DOE request for fiscal year 1998 funding in this program, M-C Power's portion of that funding would likely be approximately $15.5 million. In order to keep our fiscal year 1998 growth and progress on track according to our current DOE contract, approximately $20 million for M-C Power would be necessary.

Unfortunately, we are not yet at the point where we can make up that difference by turning to the private sector. Although we look forward to that day even more than you do, because it will indicate our developmental success, we are not yet there.

As noted earlier, even if completely successful by any definition of success applied to it, the Miramar project is still only the first successful 250kW stack in a configuration that is not yet the final 1 MW unit.

We are also at a time when electric and gas utility markets are in a state of rapid change. You will hear more about this in the ACCT testimony submitted in this same hearing. While there is strong consensus that deregulation may lead to even greater markets for small, incremental distributed generation technologies such as

molten carbonate fuel cells, the current market uncertainties of deregulation cause caution among possible energy sector partners or purchasers. Current electric utilities, now both generating and distributing electricity, may, in future deregulated markets, become primarily distributors. Current gas utilities face similar uncertainties about their future competitive roles. New energy service companies and entrepreneurial ventures may arise to capture opportunity markets.

Until the impacts of those changes become more clear, however, sources of private funds for molten carbonate fuel cell development have the luxury of waiting both for more dependable proof of our success and more clarity about who will use or deploy technologies such as ours. Continued support by this subcommittee will stabilize assurance among our potential supporters that the Congress and the Department of Energy remain committed to our development until we reach that point.

Again, M-C Power thanks you and this subcommittee for your strong support in the past, and we ask for your equally strong support for fiscal year 1998.

---

## PREPARED STATEMENT OF DR. FRANK DERBYSHIRE, DIRECTOR, UNIVERSITY OF KENTUCKY, CENTER FOR APPLIED ENERGY RESEARCH

My testimony is concerned with a request to the subcommittee to support an innovative concept that can lead to the commercialization of clean coal technologies for advanced power generation, and provide an opportunity for the entrance of commercial coal conversion technologies. I am asking for federal funds to cost share a one year study that will provide the basis for a decision point to proceed with the formation of an industrial consortium to design and construct a pioneer commercial powerplant in Kentucky. The plant will employ advanced technologies for the production of clean, low-cost electrical power, with the optional co-production of liquid fuels, chemicals, and materials.

### USE OF COAL

Coal is our most abundant fossil fuel, the source of low cost electrical energy, and is vital to national prosperity and energy security. Low-cost power is an important locational factor for attracting new manufacturing industries, for economic development, and for job creation. Neither natural gas nor oil can compete in terms of abundance or low cost.

To address environmental concerns over the use of coal, the federal government, through the Department of Energy, has made an enormous investment to demonstrate clean coal technologies. The advanced technologies that are now available offer increases in efficiency, which translates to still lower cost electricity and greatly reduced $CO_2$ emissions. At the same time, sophisticated emission control systems minimize environmental impacts. The commercialization of advanced technologies would help to stabilize coal production, particularly in the eastern coal-producing states, and provide a spur to the growth of US industry.

### ADVANCED POWER GENERATION

It is anticipated that any new plant for advanced power generation will employ one of several schemes tested by the DOE at the pilot plant or demonstration-scale and based upon integrated gasification combined-cycle (IGCC) technology. IGCC involves coal gasification to generate electricity efficiently with effective gas clean up. The system can be combined with one of a number of technologies to produce liquid fuels, chemicals, or materials. The advantages of IGCC include much greater flexibility in fuel selection, improved emissions control and greatly improved thermal efficiencies. Extremely low grade coals can be utilized with up to 99 percent $SO_2$ capture, and the thermal efficiency is up to 35 percent over conventional plants bringing a 25 percent reduction in $CO_2$ emissions. The ability to convert a slip stream of gasified coal to other products affords additional flexibility in the product slate and could improve overall process economics.

### IMPEDIMENTS TO COMMERCIALIZATION

The deregulation of the electric utility industry has brought uncertainties, but also new opportunities for the free market implementation of new technologies. Numerous reported studies have demonstrated that while the utilities recognize the potential advantages of advanced power generation technologies, they are unwilling to incur costs that adversely affect their competitive position. Considerable investment is required to construct a new facility and, as with any new technology, there is some technical risk associated with a "first-of-a-kind" plant. IGCC represents a fun-

damentally new technology, and there is limited experience of economics and operation at the commercial scale.

As a consequence, decisions to build new baseload capacity, and the type of technology that will be employed, are being deferred as long as possible, and the life of existing plants is being extended. Even then, there will still be hesitance to adopt advanced technologies. An additional area of uncertainty concerns the price and availability of natural gas. Industry is unlikely to act alone to take the next steps, and government support is necessary to encourage commercialization and to protect the sizeable investments that government and industry have already made in the clean coal technology program—estimated to be nearly $7.2 billion.

PIONEER COMMERCIAL PLANT

A proposed solution to this impasse has been developed by members of the Kentucky Coal Marketing and Export Council which provides oversight of the Commonwealth's coal interests and is a body advisory to the Governor of Kentucky, consisting of coal producers, utilities, transporters, and the academic and financial communities. The basic elements are to bring together an industrial consortium to construct and operate a 300–400 MW merchant or pioneer baseload plant for advanced power generation, based upon an appropriate gasification technology and, optionally, to co-produce liquid fuels, chemicals, and materials. The plant would represent the first essential step towards the eventual attainment of mature, low-risk commercial processes. Through collective investment by private industry, the risks are shared, and the proposed plant will deliver baseload power and products to the partners in proportion to their ownership interests and needs. The co-production of high added-value products could help to offset economic uncertainties, attract other industries to join the project, and provide a mechanism to commercialize coal conversion technologies. A particular example of these products is a recently developed minimum emission diesel fuel, or eco-diesel, that can be produced by synthesis gas conversion and could be used to meet federal fuel requirements for state fleets.

By siting the plant directly in the coal fields, transportation costs and environmental impacts will be reduced. Because advanced clean coal technologies can lower the constraints on coal quality, it will also allow the utilization of coals that have been "stranded" because of their sulfur and ash contents. It is also the intention to examine the use of coals that have been stranded by outdated mining practices (e.g. in waste ponds, abandoned highwalls) and because of limitations in mining technology (e.g. in thin seams). Other advantages and benefits of the project are that it will: assist economic development and the stabilization of coal industry: provide employment; realize revenue from taxes; enhance the utilization of indigenous resources and reduce dependence on imported energy; and improve US competitiveness in technology and engineering. The concept is consistent with the Department of Energy's strategy. It provides a model for similar ventures that can bring investments in research and development to timely industrial implementation, and could eventually lead to the widespread construction of new plants for advanced coal-fired power generation.

Private industry will bear the main burden of investment, and will look to the state and federal governments for support to help to initiate the venture, for use of their expertise and resources to help to carry it through, and to provide incentives in the form of guarantees or subsidies that will mitigate the risk and encourage investors. The period from inception to plant start-up will extend over five to eight and will involve several distinct stages, with a decision point at the end of each stage.

REQUIREMENTS

Stage I will be a one year feasibility study to establish a detailed definition of the concept, to determine the technological and economic uncertainties, and to ascertain whether the generation of co-products is worthwhile. This groundwork is essential to affirm a sound basis for the concept and to provide the information necessary to attract industrial partners. The study will produce: economic and technical analyses of prospective technologies; an evaluation of the technologies and benefits of the generation of co-products; cost estimates for subsequent phases; the projected cost of new power production; an analysis of markets for electric power and other products; and defined criteria for plant siting and potential locations. The end product will be a prospectus for potential industrial partners. Other critical issues should be addressed in related research and development programs.

If a decision is made to proceed, subsequent stages will involve: a detailed evaluation of the technology, and economics of the selected plant, environmental assessments, and a preliminary engineering design; a detailed engineering design and

costing; and construction and operation. The work will be directed by the Kentucky Coal Export & Marketing Council and will involve the efforts of the University of Kentucky Center for Applied Energy Research and an experienced DoE contractor such as MITRETEK Systems.

It is requested that the committee appropriate the sum of $400,000 for the next fiscal year to support the first stage. In recognition of the significance of the overall concept to the Commonwealth of Kentucky, the state is prepared to commit a further $200,000 towards the first stage costs, consisting of $150,000 committed in kind by the University of Kentucky Center for Applied Energy Research and the balance through the office of the Governor.

Input to the feasibility study will be provided by information from current and on-going research and development programs. The continuation of these programs, and their focus on selected topics will be important to the success of later stages. We request the subcommittee to appropriate funding that will allow a continued funding and, where appropriate, expansion of the DOE's research and development programs in the following areas: the disposal and utilization of the solid by-products from advanced gasifiers; the production of liquid fuels and chemicals from coal synthesis gas; the production of added-value carbon materials from coal; and the development of technologies for stranded coal recovery.

---

LETTER FROM TOMMY CRAWFORD, CHAIR, SOUTHEASTERN MANUFACTURED HOUSING ALLIANCE

NEW YORK, NY, *March 13, 1997.*

Hon. Senator SLADE GORTON,
*Chairman, Senate Interior Appropriations Committee,*
*U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: I am writing today to urge your support for $7.0 million in funding for Energy Star Partnerships, a program that works closely with industry to demonstrate energy efficient equipment and activities. The program is funded by the Department of Energy's Office of Building Equipment.

The Southeastern Manufactured Housing Alliance is working on a path parallel to the DOE Energy Star Partnerships. Our common goal is on reducing energy use and energy costs in manufactured housing. The Southeast is synonymous with manufactured homes. Over 47 percent of all new manufactured homes are in the Southeast and, in composite, this industry adds about $14.1 billion to the regional economy (1996). About one out of every seven homes sold in the nation are produced by manufacturer members of the Alliance. Three of the top ten residential power suppliers are Alliance members and for many utility members over 70 percent of their new connections are manufactured homes.

However, manufactured housing is by no means only a regional concern. The industry is experiencing explosive growth nationwide. By sometime in the next decade, industry observers expect manufactured homes to account for about 50 percent of all new housing. The problems we address have relevance to all manufactured homes.

The Manufactured Housing Alliance is collaborating with the Department of Energy's Energy Star Partnerships program on a number of activities related to increasing the energy efficiency of our nation's manufactured housing. This is particularly important, since the manufactured housing industry provides the lion's share of shelter for low income families; households whose financial security often depends on the low energy costs associated with energy efficient construction. Some of the activities we are undertaking in partnership with DOE include the following: development of energy efficiency lending practices for manufactured housing, equipment sizing guidelines to improve overall performance, consumer home buying educational workshops, and improvements in air distribution systems. There are myriad other research areas that merit sponsorship. We will continue to identify and pursue these opportunities to improve housing efficiency and affordability. The Energy Star Partnerships program is an ideal vehicle for leveraging these initiatives and bringing the benefits to American home buyers and owners.

To that end, it is important that the Energy Star Partnerships program at DOE be funded at the fiscal year 1998 requested level of $7.0 million. As Chairman of the Appropriations Subcommittee, we would very much appreciate your support for full program funding. The members of the Manufactured Housing Alliance feel very strongly that this program be fully funded—and activities relating to manufactured housing should increase—improving housing affordability, energy efficiency, and quality.

Thank you for your consideration of this request.

Sincerely,

TOMMY CRAWFORD, *Chair.*

---

PREPARED STATEMENT OF THE PETROLEUM TECHNOLOGY TRANSFER COUNCIL

The Petroleum Technology Transfer Council (PTTC) is pleased to comment in support of the Department of Energy fiscal year 1998 funding request for oil and natural gas programs in the Office of Fossil Energy. The Fossil Energy programs are responsible for many important projects that benefit US independent oil and gas producers.

This testimony is mainly about the PTTC, a unique organization formed by industry in 1994. In partnership with state governments, industry, and the US Department of Energy, PTTC has created a multi-disciplinary network for effectively communicating exploration and production (E&P) technologies. Our main mission has been to transfer practical, cost-efficient technology to producers in the field to improve production efficiency and help prevent the premature abandonment of the thousands of marginal wells in the 33 producing states. In a very short time, PTTC has proven to be a true success story for DOE. It has achieved its original goals—and the program is able to document its results.

The nation's small independent operating companies—which are responsible for the majority of the production in the lower 48 states—increasingly are using PTTC to gain access to the research and development programs from the Department of Energy, the national labs, universities, state geological surveys, petroleum service companies, and other sources. Independent producers are participating in PTTC's network of resource centers, workshops and Internet websites. As a result, accessing and applying E&P technologies is helping increase the recovery of US resources—and addressing the problem of the 17,000 marginal wells abandoned every year in this country.

PTTC has served as one of the main mechanisms for disseminating DOE-sponsored upstream technology and information to the industry. The Department of Energy has supported the effort and provided start-up funding under a five-year cost-share program. fiscal year 1998 represents the fourth year of the contract, and PTTC has more than exceeded its cost-share requirements.

The original agreement with DOE called for $3.56 million in federal funding for the PTTC for fiscal year 1998. These funds currently come from both the oil and natural gas programs of DOE's Office of Fossil Energy. Our total cost estimates for the current year, fiscal year 1997, shown in Table I, have been scaled back by 27 percent from the contract amount, respecting the need to reduce federal spending. At the same time, PTTC has dramatically increased its non-federal cost-share.

Continued federal support of PTTC is needed to continue the program until it is completely established and can survive on funding from industry and state governments. Beyond fiscal year 1999, the PTTC expects that it will no longer need federal funds, as efforts are continued through self-generated revenues. We believe that this initial seed money investment by the DOE will be returned in multiples through incremental federal revenues from new projects and additional energy production that will be stimulated by effective technology transfer.

TABLE I.—PTTC FUNDING

[Dollars in thousands]

| Source of funds/yr. | Fiscal years— | | | | | Total |
|---|---|---|---|---|---|---|
| | 1995 | 1996 | 1997 | 1998 [1] | 1999 [1] | |
| DOE FE Oi/Gas programs | $2,200 | $2,200 | $2,400 | $3,560 | $3,460 | $15,720 |
| Non-Federal cost-share | 1,500 | 2,100 | 1,800 | 3,200 | 3,500 | 11,700 |
| Total | 3,700 | 4,300 | 4,200 | 6,760 | 6,960 | 25,500 |
| DOE share (percent) | 60 | 50 | 57 | 53 | 50 | 54 |
| Non-DOE share (percent) | 40 | 50 | 43 | 47 | 50 | 46 |

[1] Represents amount in 5-year contract.

INDUSTRY AND GOVERNMENT SHOULD SHARE IN R&D INVESTMENTS

Public and private research continue to achieve advances in petroleum E&P technology that could yield significant national benefits in the form of increased domestic production, reduced oil imports, and increased public sector revenues. Technology advances resulting from ongoing R&D projects promise to amplify these potential benefits. Both industry and the public sector stand to gain from the development and application of advanced E&P technologies; thus both should share in the investments.

Government also has an essential stewardship role—to ensure that our domestic resources are produced efficiently and with respect for the environment. To achieve these goals, industry and government must recognize the challenge and work together.

Industry investment in petroleum-related technology and R&D is significantly reduced. Thus, DOE needs to continue to invest wisely in "technology transfer" that is focused toward the industry's most important needs. This means identifying where advances in geosciences and petroleum engineering can achieve the greatest return in deferring premature well abandonments and maximizing incremental oil and gas production.

EFFECTIVE TECHNOLOGY TRANSFER IS ESSENTIAL TO REALIZE R&D BENEFITS

The full economic potential of new and existing technologies will not be achieved if producers are not aware of the technology, do not understand its economic potential, or do not feel comfortable with applying it. Nor will it be achieved if known resources are abandoned in the reservoir before the technology can be applied. Effective technology transfer is essential to achieve the full benefits of this potential and to sustain a viable domestic petroleum industry.

The government has already invested billions of dollars through the years in federally-funded research at national labs, universities, and other R&D providers. To truly obtain value from this past investment, it is critical to continue technology transfer programs. It is important for PTTC to be funded for a few more years until it is fully established in all regions, and can become financially self-sufficient. By doing so, the government will have an effective mechanism for getting federally-funded R&D into the hands of industry.

PTTC EFFECTIVELY TRANSFERS PRODUCTS OF PUBLIC AND PRIVATE R&D

Current technology transfer approaches are not efficient—particularly as they serve independent producers. Rates of technology penetration in the independent producing community are far slower than among the majors. This is the primary reason why PTTC was formed by the Independent Petroleum Association of America, in conjunction with the state and regional producing associations, the Gas Research Institute (GRI), the Interstate Oil and Gas Compact Commission (IOGCC) and other groups.

Studies performed by the National Petroleum Council, IOGCC, and DOE have identified significant gaps and recommended improvements that must be made by government, industry, and the organizations that support the industry. PTTC's role is to help bridge these gaps in technology transfer to petroleum producers, accelerate and improve the flow of technology information to domestic E&P companies, and provide essential industry input to the research community to help ensure that DOE and other research focuses on the highest priorities of the E&P industry.

PTTC IS ACHIEVING ITS TECHNOLOGY TRANSFER GOALS

The PTTC has helped DOE in targeting upstream R&D efforts on practical, short-term projects with immediate applications in the field. As a result, the public and private R&D process is accelerated by informing users of new and on-going research projects. PTTC technology workshops serve as catalysts for bringing new partners into R&D consortia and other industry groups. An important benefit is that small independent operating companies (those without the staff or budget for R&D) have new access to cost-efficient technologies to maximize the recovery of oil and natural gas reserves. The future of the domestic petroleum industry's R&D efforts must be collaborative—a federal, state, industry partnership. PTTC epitomizes this new paradigm by serving as a technology clearinghouse.

Some of the PTTC's most important accomplishments include:

PTTC has completed 32 problem identification workshops in all ten regions. The technical report from the workshops provide valuable input to DOE.

PTTC has conducted more than 30 technology workshops around the country, focusing on a variety of topics from 3-D seismic applications to produced water disposal.

PTTC conducted a series of traveling workshops for DOE to disseminate results of its Class 1 Reservoir Demonstration Project. These workshops were held in six cities, and more are planned.

PTTC is working jointly with many other organizations to co-sponsor relevant training sessions—including the Society of Petroleum Engineers, the American Association of Petroleum Geologists, IOGCC, GRI and others.

All 10 PTTC regional resource centers are open, and three satellite centers are expected to open in fiscal year 1998, depending on the availability of funds. These centers have been established at existing technical institutions in petroleum producing regions throughout the country. They provide technical assistance, computerized workstations with access to information and analytical tools, and other technical outreach services for local operators.

Commercial vendors of technology, software, and other information have been enthusiastic about donating their products and services to the PTTC resource centers, and helping to train producers in state-of-the-art technologies to solve their most important technical problems. PTTC has currently received approximately $1.8 million worth of software donations.

PTTC has created an electronic information system on the Internet allowing petroleum producers and other users to share information. The system links the 10 regional home pages with the national Headquarters web site. The most popular feature is an interactive Technical Forum that is divided into topics for users to post questions, comments or notices. Hundreds of producers have attended PTTC workshops on accessing oil and gas information on Internet.

PTTC HELPS DOE'S OIL AND GAS PROGRAMS SERVE A DIVERSE CLIENTELE

PTTC is one key element of the oil and natural gas programs in the DOE Of rice of Fossil Energy that makes good sense. It delivers demonstrable and measurable benefits to the producing industry and to the nation. PTTC provides a new and effective means for disseminating the results and products of federally-funded oil and natural gas research and analyses. Last year, DOE designed its new outreach program based on the PTTC structure and the regional DOE-PTTC teams are working closely together to meet industry's technical needs. With other important DOE initiatives such as the Natural Gas and Oil Technology Partnership, the reservoir class programs, and other actions, the audience for the products of DOE programs has expanded.

DOE'S OIL AND GAS PROGRAMS PROVIDE VITAL SERVICES

We want to close on behalf of America's independent petroleum producers by asserting that Congress should continue to support an active DOE role in petroleum-related R&D and technology transfer. Oil and natural gas are strategically and economically critical national resources, and the value of DOE programs in these areas extend far beyond geoscience and engineering research.

Through technology transfer efforts such as the PTTC, the results of federally-funded research will reach operators in the field, where it can be used to preserve our national energy security. We encourage Congress to provide the funding that DOE has requested to continue its vital oil and natural gas programs. Thank you.

---

PREPARED STATEMENT OF THE COAL UTILIZATION RESEARCH COUNCIL [CURC]

This written testimony is submitted by the Coal Utilization Research Council (CURC or the Council), a recently-formed organization currently consisting of utilities, coal producers, mayor equipment suppliers, architect, engineering and construction firms and other service providers interested in the cost-effective and environmentally superior use of coal. Having only been launched within the past month, the membership of CURC is not yet able to comment, in detail, upon the proposed Department of Energy (DOE) budget for fiscal year 1998. During this Subcommittee's deliberations in the coming months, the Council hopes to provide Members with detailed comments about the scope and direction of the DOE's proposed fiscal year 1998 fossil energy budget, particularly those items related to the coal research and development program.

Many members of the CURC are also members of the Clean Coal Technology Coalition. The clean coal program is a model for successful government/industry partnering. Industry's successful involvement in clean coal has led many companies

interested in the continued use of coal to now join together in the creation of this new organization so that we might collectively focus on the longer term research and development needed to insure the continued use of coal.

THE MISSION OF THE COAL UTILIZATION RESEARCH COUNCIL

The members of CURC intend to examine in-depth those coal-related research and development programs being conducted at the federal and state government levels, as well as within industry. CURC will collaborate with government agencies and other industry organizations throughout this process. The Council intends to achieve a consensus among our members about the direction and level of effort required by government and industry to achieve coal-related technology development results that will then be applied commercially. The Council will be a vocal advocate and a provider of useful information that addresses the importance of, as well as the benefits to, our Nation with respect to coal-related R&D and technology development. To the extent possible, CURC will also encourage the establishment of international cooperation and information dissemination that addresses coal-based R&D and the promotion of international coal technology exchanges. Importantly, such exchanges must be reciprocal: information and "know how" cannot, and should not, flow in one direction only. We have information to provide and share; other nations do, as well. As a consequence of these efforts, we will seek, perhaps not in this budget cycle but in subsequent examinations of future budget requests, to provide this Subcommittee with an industry view of a coherent coal-related R&D agenda (a long-term coal R&D "roadmap") that will be designed to best insure the continued use of coal.

GENERAL COMMENTS ABOUT DOE'S COAL R&D BUDGET

Our membership is aware of the very difficult choices confronting this Congress as you must choose among programs and priorities. While we are in no position yet to recommend significant changes or reallocations or any overall increases to the coal R&D program, we do wish to take this opportunity to emphasize the importance of continuing an aggressive R&D program for coal utilization. And, importantly, the members of CURC urge the Subcommittee to resist any attempts to further reduce appropriations for coal R&D.

SPECIFIC COMMENTS

First, we would caution against reducing budgets or eliminating research and development programs related to fossil energy as some in Congress are advocating. Those Members have attacked federal energy research and development programs claiming that the programs represent corporate welfare and special interest Subsidies." That label needs to be challenged. Where industry is willing to cost-share with government in pursuing coal-based R&D, that partnership is not corporate welfare. That label also is not appropriate where the government, on behalf of taxpayers, is partnering with industry and has an interest, on behalf of the public, in ensuring that our natural resources are used efficiently and that the use of those resources results in the least negative impact to the environment while also insuring a great benefit to the general public through secure, reliable and low-cost energy and other coal-based products.

Second, many in industry, like government, have been required to downsize significantly. While industry recognizes the importance of research and development, it is nonetheless true that long-term R&D is among the first budget categories to feel the knife because limited dollars are increasingly directed at technology innovation designed to support shorter and shorter product life cycles. In other words, research and development dollars are only justified and approved if near-term results are shown. Yet, in the face of these budget cuts in R&D, we also know, as a nation, that federal support for longer-term R&D has been a critical element to our industrial competitiveness. The President's Committee of Advisors on Science and Technology recently reported to the President (see: letter from John A Young, Co-chair of the President's Committee of Advisors on Science and Technology, dated December 6, 1996): "The United States has allowed Federal spending on energy R&D to fall more than three-fold in real terms in the last 15 years, a period in which private funding for energy R&D also was falling. Government spending on energy R&D is more than twice as high in Japan as in the United States, and about four times as high as a fraction of GNP."

That same communication to the President recommended: "* * * an expanded effort on clean and more efficient fossil-fuel technologies."

For purposes of comparison, in fiscal year 1994, the DOE provided over $167 million for coal R&D programs; however, in fiscal year 1997, this amount was reduced to $103 million—nearly a 40-percent reduction in only 4 years.

While the reduction to the requested funding level for coal R&D is less dramatic this year, it is a continued reduction nonetheless. And, in light of the goals and objectives that the DOE has set forth as justification for the budget requested for fiscal year 1998, it does not appear that this decreased level of funding can achieve the goals sought. During the coming months, the CURC intends to examine the levels of funding for the various categories of programs included in the DOE's coal R&D program against the goals which those funding levels are supposed to support. In addition, the Council will seek an industry perspective regarding research and development and then will urge upon the Congress and the Administration our agreed-upon R&D "roadmaps" which we believe should be pursued in the support of an overall goal to insure the continued utilization of coal.

Third, in this time of constrained budgets, it may also be necessary to prioritize among programs. Our intent is to undertake such a task and to provide that information to the Congress, as well. As a result, while the CURC is not now suggesting that funding for coal-related R&D should be raised to the level of several years ago, we may call to the attention of the Congress a need to insure that a balance in federal expenditures is achieved among the various sources of energy and energy conservation/efficiency.[1]

CONCLUSIONS

U.S. coal reserves represent 90 percent of our Nation's combined energy reserves; and, coal-fired generation provides 55 percent of U.S. electricity. Worldwide, coal accounts for 25 percent of total energy consumption and is projected to increase to more than 50 percent over the next 20 years. In addition, coal provides significant amounts of energy for industrial processes and is an emerging feedstock for transportation fuels and chemicals. Coal and coal-related technologies add billions of dollars each year to our economy. In addition, coal-based technologies that permit the use of coal are part of a growing U.S. export market. Those growing exports contribute to our country's international competitiveness.

To assure the continued utilization of our abundant reserves, coal must be used effectively, economically, and in a manner that is environmentally acceptable. Coal will remain a basic energy feedstock to power and fuel the U.S. economy and will be used increasingly throughout the world as an energy and industrial feedstock, particularly as developing countries gain economic strength. New technologies derived from research and development are key to the continued effective use of coal.

In an era of increasing competition to provide low cost electricity, it is important for coal to remain a significant fuel resource of the future. In addition, mounting pressure to produce economical energy from coal will be coupled with pressure to minimize the environmental impacts resulting from coal use. These demands can be met through advancements in existing technologies and the development of new technologies.

Continuing government support is required to ensure that a balance of short-and longer-term, high-risk research and development is pursued. Certain clean coal technologies for power production also are amenable to the production of clean fuels and chemicals. Research and development in these technologies should continue to be an important part of federal government's coal R&D program.

The members of the Council appreciate the opportunity to present these views and look forward to working with the members of the Subcommittee.

---

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF ENERGY SERVICE COMPANIES

The National Association of Energy Service Companies (NAESCO) is a trade association of energy service companies (ESCOs) and their trade allies, including utility and manufacturing companies. NAESCO's current membership of over 100 organizations includes firms involved in the design, manufacture, financing and installation of energy efficiency equipment and services in the private and public sectors, including Federal buildings.

---

[1] Despite an overall reduction in funding for DOE R&D programs, not all program budgets are being cut. In the fiscal year 1997 budget request, the budget for fossil energy programs was scaled back 10 percent, while the budget for renewable energy and energy efficiency was increased by 35 percent (from the fiscal year 1996 level of appropriations).

The thousands of energy efficiency retrofits installed by NAESCO member companies to date enable energy consumers to save an average of 25 percent off of their previous building energy costs. NAESCO's energy service company (ESCO) members offer capital constrained customers the opportunity to upgrade their facilities without any up-front capital expenditures. In addition, ESCOs assume the performance and technical risk so that repayment for project costs comes only from measured and verified energy savings generated by a successful, ongoing project. NAESCO appreciates the opportunity to present the following testimony.

In its fiscal year 1998 budget request, DOE states that "the major fiscal year 1998 emphasis" for the Federal Energy Management Program (FEMP) "will be on using private sector investments to retrofit federal facilities using energy savings performance contracting [ESPC], thus stretching federal leveraging to the maximum." For the reasons stated below, NAESCO fully supports DOE's budget requests for FEMP and other programs that are designed: (1) to support the objective of using ESPCs for the energy efficient retrofit of federal facilities, and (2) to provide equal access by all qualified energy service providers to the Federal market for energy efficiency services.

THE ENERGY SERVICES INDUSTRY

The U.S. electricity market is moving away from its traditional monopoly structure and cost of service regulation and into a market characterized by open retail competition. At the same time, energy efficiency retrofits, funded and carried out by private sector energy service companies (ESCOs) offer the opportunity to upgrade existing facilities and manufacturing processes to create a more energy efficient and productive U.S. economy.

ESCOs are entrepreneurial companies, who finance and install energy efficiency measures for energy users. The ESCOs' services often include the installation of energy efficient lighting, motors, HVAC and other energy conservation measures at no up-front cost to a customer such as the Federal Government. The owners or occupants of such buildings benefit from reduced energy costs, while enjoying an upgraded facility. As an added benefit, existing utility generation capacity is freed up so that it can be sold to new customers, thus avoiding investments in new generating capacity.

ESCOs produce numerous new jobs, not only within their companies, but through the use of contractors and through the countless other firms involved, directly and indirectly, in supporting energy conservation projects. For example, the ESCO industry has spawned a new group of firms that specialize in providing the hardware and software used in measuring energy savings.

Approximately one-third of the money invested in ESCO projects is applied to labor costs. Thus, out of the estimated $2 billion of installed projects to date, ESCOs have generated approximately $700 million in direct labor employment. In addition, the energy efficiency installed by ESCOs are primarily U.S.-produced, providing an added stimulus to the U.S. economy. Energy service companies thus support American manufacturing and stimulate job growth while enhancing the competitiveness of U.S. industry by reducing the operating costs of the nation's buildings, and manufacturing facilities and processes. In addition, the more efficient application of energy produces environmental benefits through reductions in air emissions from burning fossil fuels.

REDUCING THE COSTS OF OPERATING THE FEDERAL GOVERNMENT THROUGH ENERGY SAVINGS PERFORMANCE CONTRACTING

The Federal government is the single largest energy consumer in the world. In 1994, the Federal government spent about $3.8 billion for the energy it used in the buildings that it owns and leases. These annual energy costs can be reduced by as much as $1 billion through performance based energy efficiency improvements financed by the private sector, for example, through the use of energy savings performance contracts (ESPCs). Moreover, these savings and the related facility improvements can be achieved at no added cost to the Federal budget, or to American taxpayers. In addition to these energy savings, the U.S. economy benefits through the creation of new jobs and through the increased competitiveness in global markets that results from the reduced costs of maintaining public and private sector infrastructures.

Congress recognized and endorsed these potential budget and energy savings in the 1985 Omnibus Budget Reconciliation Act and in the bipartisan 1992 Energy Policy Act (EPAct). In recent years, initiatives undertaken by the Department of Energy's (DOE) Federal Energy Management Program (FEMP), including Energy Savings Performance Contracting (ESPC), are leading to the development of procure-

ment structures designed to enable Federal agencies to enter partnerships with the private sector for the installation of commercially available energy efficiency technologies.

Where these efficiency investments are undertaken by ESCOs through energy savings performance contracts (ESPCs), energy consumption and cost reductions are measured continuously and reported monthly, thus ensuring real and verifiable savings. Under an ESPC, all project costs can be financed by the private ESCO who is repaid out of verified energy cost savings over the life of a contract, up to 25 years. Also, ESPC contracts usually provide for the maintenance of the conservation measures by the ESCO at no additional cost to the customer.

Unfortunately, the Federal government is realizing only a small fraction of the energy cost savings available through such private energy conservation investments in Federal facilities. DOE initiatives like Energy Savings Performance Contracting, the Regional Energy Action Teams and the Energy Efficiency Partnership Initiatives offer an important first step on the road to capturing the energy cost savings readily achievable in a broad range of Federal facilities. DOE and its sister Federal agencies must be aggressive in their pursuit of a full realization of the dollar savings and energy consumption reduction available through the wide-spread use of ESPCs.

THE DEPARTMENT OF ENERGY BUDGET REQUEST FOR ENERGY CONSERVATION

As Secretary Peña observed during his Senate confimnation hearings, the DOE should be the leader in reducing energy consumption throughout the Federal sector. Over the past three years, the DOE Office of Energy Efficiency Conservation and Renewable Energy has demonstrated leadership and initiative in four critical areas: (1) in technical guidance and training of Federal energy managers; (2) in the formulation of standardized guidelines and procedures for quantifying the energy savings resulting from the installation of energy efficiency measures; (3) in the finalization of the energy savings performance contracting regulations necessary to undertake private investments in Federal facilities; and (4) in the development and dissemination of materials designed to educate both public and private concerns regarding the availability and benefit of energy efficiency measures.

There now is experience among some Federal energy managers with private-sector financing of energy efficiency upgrades of Federal facilities through the use of energy savings performance contracting (ESPC) procedures. At this time, additional Federal support is required in two principal areas: (1) Federal contracting officers must be better educated on the opportunities for greater energy productivity within available appropriations, through such alternative financing and contracting mechanisms as energy service performance contracting; and (2) Technical and contracting support is necessary to enable Federal agencies to implement energy savings performance contracts (ESPCs). Through these efforts, it is hoped that energy savings performance contracting (ESPC) will come to be viewed as a standard mechanism for the procurement of energy services.

Through DOE's Federal Energy Management Program (FEMP), training is being provided for the over 3,000 Federal energy managers and contracting officers. FEMP also is addressing the need for technical and contracting support through its regional energy action plan (REAP) teams and other related initiatives. In addition, FEMP makes a substantial contribution to education and information dissemination about the benefits of ESPCs through the creation of educational materials and TeleFEMP broadcasts.

Finally, both FEMP and the Energy Efficiency Partnership Initiative, within DOE's office of Building Technology, State and Community Programs, are supporting the development of educational materials for federal, state and local facility managers. These materials offer a highly effective means of: (1) creating awareness of the increased productivity available through energy efficiency; and (2) enhancing contract officers and facility managers' understanding of how public sector energy efficiency projects undertaken in partnership with private sector energy service companies (ESCOs) work.

NAESCO believes that these efforts facilitate DOE's stated goal of emphasizing the use of energy savings performance contracts (ESPCs) and thus supports the budgetary levels being sought by the DOE for these initiatives. Furthermore, these programs are more than self-funding since, according to the DOE, the energy costs savings are about $3 for every $1 invested. Since 1985, the U.S. Government has saved over $11 billion as a result of energy efficiency investments in federal facilities to date. The DOE has set a target of $15 billion in net cumulative energy savings by the year 2015 as a result of these investments. By comparison this year, DOE has requested $31 million to support its ongoing efforts to facilitate the devel-

opment of a greater number of energy efficiency investments through its technical assistance and educational initiatives. NAESCO believes that the budget request for DOE's energy efficiency initiatives is relatively deminimus when compared to the dollars saved as a result of the widespread implementation of ESPCs. NAESCO looks to both DOE and Congress in its oversight capacity as helping stimulate Federal compliance with the existing laws and regulations mandating energy consumption reduction and utilizing third party entities like ESCOs to provide the financing and assume the performance risk.

THE NEED TO ENSURE ALL QUALIFIED ENERGY PROVIDERS EQUAL ACCESS TO THE FEDERAL MARKET

During his Senate confirmation hearings, Secretary Designate Peña supported the development of a fully competitive marketplace for energy efficiency and other energy related services. In its fiscal year 1998 budget request for FEMP, the DOE has stated its intent to emphasize the use of energy savings performance contracts (ESPCs), which require an open competitive process, for the procurement of energy efficiency services in Federal facilities.

NAESCO believes that the current reliance on the use of utility sole source contracts by Federal agencies for energy efficiency services violates Federal requirements for full and open competition and is contrary to the national trend toward competition in the utility industry. Moreover, it denies the Federal government and U.S. taxpayers the benefits of competition in the market for energy services.

THROUGH THE COMPETITIVE PROCUREMENT OF ENERGY EFFICIENCY SERVICES, THE FEDERAL GOVERNMENT CAN REDUCE THE ENERGY COSTS BORNE BY AMERICAN TAXPAYERS

Within the United States' economy, residential and commercial buildings, including those dedicated to the Federal sector, consume one-third of all primary energy and 65 percent of all the electricity we produce. By investing in energy efficiency, we can capture more than 25 percent of this energy for use elsewhere within our economy. If the same amount of capacity for energy production were to be provided from the construction of new electric powerplants, it would require 80 1,000 megawatt plants with their attendant environmental impacts and siting concerns. Through energy efficient improvements in existing buildings we can free up financial resources for other, more productive purposes while at the same time creating new jobs and reducing air emissions.

As NAESCO pointed out last year, a 1994 macroeconomic study demonstrates that by meeting a 2010 energy use reduction target of 30 percent, the U.S. will reduce annual electricity generation by 27 percent and decrease the need for the construction of new generating facilities by over 50 percent. U.S. electricity customers will enjoy an 18 percent overall reduction in their electricity bill (a savings of $50 billion), while electric sector emissions of carbon dioxide and oxides of nitrogen will be reduced by 33 percent and 12 percent, respectively. These lower costs for energy, available through private energy efficiency investments, will enable U.S. consumers to increase their annual consumption of non-electricity goods and service by $45 billion. ("DSM and the Broader Economy," Edward Moscovitch, The Electricity Journal, May 1994.)

CONCLUSION

The competitive procurement of energy efficiency investments in Federal facilities, which are financed with private sector funds, offers a win-win budget initiative for the Congress and the U.S. taxpayer. These initiatives will increase energy productivity by reducing the energy consumption and therefore the dollar cost of operating and maintaining Federal facilities.

Last year in the conference report on the fiscal year 1997 Interior Appropriations Act, the Congress recognized the potential Federal budget savings that are achievable through energy efficiency improvements in Federal buildings. In addition, it supported the greater use of partnerships with private sector energy service companies (ESCOs) to capture those savings through the use of energy savings performance contracts (ESPCs). NAESCO thanks you, and urges you to do so again.

---

PREPARED STATEMENTS OF JOSEPH N. DARGUZAS AND ILENE WILDER, SARGENT & LUNDY, L.L.C.

Mr. Chairman and Honorable Committee Members: Thank you very much for this opportunity to provide testimony concerning an extremely critical issue facing the

United States and our energy independence. As a Registered Professional Engineer in many states and as a citizen of the United States, my professional opinion is that continued Federal and State participation in fossil energy development and demonstration projects is essential.

Our home State, Illinois, has committed to spend over $2 million in support of the LEBS work this year. Our company, Sargent & Lundy, has invested millions of dollars in research, development and demonstration programs. However, we cannot afford to continue without the backing of our Federal government.

We support the continuation of the fiscal year 1997 line item for Advanced Pulverized Coal-Fired Power Plant development of the Low Emission Boiler Systems (LEBS) for fiscal year 1998. After due consideration last year, you and your colleagues in the House determined that this was an appropriate funding amount. Continuing at this level will allow the benefits of previous years' funding to be realized and allow us to begin the final phase of the LEBS project work.

This project, if your funding allows us to continue, will provide benefits to citizens across the United States. For example: Important research will continue at the University of Utah. States providing solid fuels will benefit by having a cleaner use for their product. In the East, people living in States such as New Hampshire, Rhode Island, Pennsylvania, West Virginia, etc. benefit from their employment on this project.

Please consider why we believe continued Federal participation in our Low Emission Boiler Systems (LEBS) Prairie Energy Project is so essential:

—We have been making steady progress since 1993 to take our LEBS design from concept through bench scale testing, through pilot scale testing. We are now at the point where we are ready to make the next order of magnitude size increase to an 80MW Proof of Concept facility.

—Consistent with the overall LEBS Combustion 2000 goals of having a nominal 400MW, pulverized coal design ready for commercial deployment in the year 2000, we believe the 80MW size is the next appropriate technological step. (We plan to build this Proof of Concept facility at a mine owned by Ziegler Coal Holding Companies.)

—Given the current status of the electric industry re-regulations, a project such as this must be economically viable without recourse to utility-rate-based support.

—While the 80MW size is technically appropriate, economies of scale dictate that this size is not economically viable. Even though our current and potential Prairie Energy Project team members including, DB Riley Research' Sargent & Lundy, AEP Resources, and Ziegler Coal are willing to commit to approximately one-half of the project cost, and the State of Illinois approximately one-fourth of the cost; we will simply not be economically viable without the 25 percent support needed from the Federal Government.

—Perhaps most importantly, Federal help will enable continued development of the technology that will provide economical electric energy in an environmentally acceptable manner. Given the current concerns with respect to global warming and other environmental issues facing the 105th Congress, we believe that having these technologies developed domestically is extremely important to our future economy. Funding significantly lower than the current levels will cause project delays that will result in this window of opportunity being lost to foreign competition. It would also leave U.S. companies at a disadvantage in competing in emerging foreign markets.

Going forward with this project will offer major benefits to the People of the United States, including:

Environmentally Sound: 70 percent lower $No_X$ emissions than conventional systems; over 98 percent $SO_2$ removal; reduces carbon emissions by 15 percent; and generates useful byproducts to several industries.

Technology Leadership: Continued use of U.S. technology and ingenuity; maintain world leadership role by developing "state-of-the-art" equipment and services; and create strategic competitive advantage for U.S. technology.

Improve Employment Picture: Create near term jobs; and promote industrial growth and long term employment.

Economical Power: Provides low cost electricity to consumers, approximately $.03kWh; and economic benefit of spin-off jobs will be far reaching.

Your continued support for the LEBS/Prairie Energy Project and the entire fossil energy budget will be greatly appreciated.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS [NASCSP]

NASCSP represents state administrators of the Department of Energy's Weatherization Assistance Program (DOE/WAP) and the Community Services Block Grant (CSBG).

This testimony is provided in support of the funding request contained in the President's budget, $154 million, for the Weatherization Assistance Program. This is a program that from its infancy has conserved energy, created jobs, reduced dependency on oil imports and improved the health, safety and comfort of low-income citizens.

This committee has acknowledged that Weatherization is a worthwhile program that saves energy and improves the health and well-being of low-income citizens, and has demonstrated that support by increasing the funding levels provided by the House in fiscal years 1996 and 1997. We thank the committee for its constant support of this vital program.

We believe Weatherization has a national impact and senses the national interest by creating the technological and programmatic foundation for the individual state programs. Weatherization contributes to the achievement of national energy and social goals through: Cleaner air through reduced $CO_2$ emissions—Weatherization reduced $CO_2$ emissions by 63,215 metric tons in 1996 that would otherwise have been released into the atmosphere; reduced consumption of imported fuels through reducing consumption at the residential level; reduced demand on other social programs such as the Low Income Home Energy Assistance Program (fuel assistance), housing and health care; and implementation of innovative energy conservation technologies and transfer of this technology into the private market.

The Department of Energy invests significant amounts of money in energy conservation research through its laboratories. The Weatherization Program has been a testing ground and provided a fertile field for the real life demonstration of this research. The National Renewable Energy Laboratory (NREL) is developing an audit that will be used to determine the best way to conserve energy in mobile homes. Oak Ridge National Laboratory (ORNL) Building Technology Center is testing the use of storm windows as replacement windows for use in warm climate states. The Florida Solar Energy Center and the state of Hawaii are working on the development of cost effective solar hot water heaters. The front line in the deployment of these technologies will be the Weatherization Assistance Program, while the beneficiaries will be citizens across the nation. The technology developed as a result of field experience and demands from agencies using these retrofit measures have national benefits for the entire home-building industry, the prefabricated housing industry and the existing housing stock.

Numerous service providers in the Weatherization Program are private contractors. For many of them, the Weatherization Program provided their first experience with serious residential energy conservation. The advanced audits developed by ORNL, sophisticated diagnostics and the other technologies practiced by Weatherization providers are also now being used in the utility industry. The unique public-private partnership within the Weatherization Program means that the deployment of technological advances, proven within the Weatherization Program, are expeditiously adopted in the rest of the residential building industry.

Weatherization continues to be a wise investment of taxpayer dollars: The Weatherization Program provides a return on investment of $2.40 for every dollar appropriated; the Weatherization Program produces an average of 33.5 percent energy savings for space heating per household; the Weatherization Program identifies and corrects for the presence of carbon monoxide and thereby increases health and safety in weatherized households; the Weatherization Program reduces $CO_2$ released into the atmosphere by 1.12 metric tons per household per year; the Weatherization Program leverages an additional $3.39 from other federal, state, local and private sources for each dollar appropriated; and the Weatherization Program creates or sustains 75 jobs per million dollars appropriated; 11,550 at a funding level of $154 million.

ORNL recently concluded a report: "State Level Evaluations of the Weatherization Program in 1990–96: A Metaevaluation That Estimates National Savings." The report finds that the Weatherization Program has improved its energy savings over the past seven years, by 83 percent. The program produced an average of 18.3 percent in savings in 1989–90, while by 1996 the program was achieving savings of 33.5 percent. With this greater increase in energy savings there is a concomitant reduction in carbon emissions. This report shows that the program reduced $CO_2$ emissions by 1.12 metric tons per household per year, or 63,215 metric tons in 1996

alone. The greater energy savings also increased the benefit/cost ratio of the program by 49 percent, from 1.61 in 1989–90 to 2.40 in 1996.

The greater savings are based in large part on the introduction and use of more advanced conservation diagnostic tools and audits. Over 26 States moved to more complex audits since the introduction of the National Energy Audit by DOE in the intervening years. The rigorous conservation standards developed by the Weatherization Program are also being adopted by the private sector.

The Government Performance and Results Act (GPRA) requires that all federal programs have measured outcomes. Weatherization has been performance based for years and uses feedback analysis of outcome measures to constantly evaluate effectiveness and as a basis for change. Weatherization is more successful in maximizing lessons learned from outcome measurement than other programs under the purview of this subcommittee or those operated by the few other Departments that have attempted such program measurements.

Largely because of skepticism from past administrations, the Weatherization Program was subjected to a more rigorous evaluation than most government energy or low-income programs. Its performance in 1989–90 passed all cost benefit tests with flying colors and funding was increased. Using the lessons from that evaluation, the Department of Energy insisted on common use of the most successful program elements, that is, advanced computerized energy audits and addressing air distribution systems. The program's performance nearly doubled.

What makes this program different from other DOE programs that are also working on improving measured outcomes is that many of the benefits go not only to business, but to private families who are low-income. More than a third of these households include an elderly person. It has been suggested that because of this, the program does not belong under the purview of this subcommittee. We think this is an erroneous assumption. The program has demonstrated its capacity for implementing sophisticated energy conservation technologies, and has continued to increase energy savings. Weatherization increases the health and safety of its clients; but, first and foremost it is the most successful residential energy conservation program in the country.

Weatherization is a proven federal, state, local and private partnership that develops and transfers technology, saves energy, creates jobs, puts dollars into local economies, and helps a needy segment of our society. For these reasons, NASCSP on behalf of the State Weatherization Programs urges you to support the continuation of the Weatherization Assistance Program for low-income people by approving the Administration's request for $154 million in fiscal year 1998.

---

## PREPARED STATEMENT OF U.S. SENATOR JEFF BINGAMAN, NEW MEXICO, ON BEHALF OF THE INTERSTATE OIL & GAS COMPACT COMMISSION

Mr. Chairman and other subcommittee members: The Interstate Oil & Gas Compact Commission (OGCC) submits the following comments in support of full funding of the Department of Energy (DOE) budget request for oil and gas research within the Office of Fossil Energy.

The IOGCC is a 36-state organization of governors founded on the principles of conservation of petroleum. The Compact was created by the governors of oil and gas producing states in 1935, at a time when the U.S. petroleum supplies were at a surplus level and production was out of control. The waste of this precious resource was rampant and the states decided to join together to address the desperately needed conservation issues. The Compact grew out of a recognition by a group of producing state governors that voluntary agreements among producers were not working, and the clear recognition that federal control of the industry was looming on the horizon. These governors believed states had an obligation to prevent avoidable waste of oil and gas, and believed this was a fundamental right of the states to preserve self-government. The states' initiative has certainly been successful regarding conservation. Now we face a different threat as most oil fields are abandoned after only 20 to 30 percent of the reservoir is recovered, America has turned to the easy access of oil and gas that imported sources offer. That has a compound effect in that domestic production could be enhanced with little or no environmental impact and our independence could be reaffirmed if we reduced our reliance on imports

### SUMMARY OF ISSUE

Research has pushed domestic production to vastly increased efficiency and recovery levels.

In 1995 oil imports accounted for $52 billion dollars of the U.S. trade deficit.

Petroleum imports could increase to 65 percent of total consumption within the next five years.

Potential government revenue is being lost every day as production declines.

The U.S. may have to abandon 60–80 percent of discovered oil resources by 2015.

Federal support for applied energy research has fallen 81 percent since 1978.

Oil and gas are America's primary choice for fuel, accounting for about two-thirds of our total energy consumption. Unfortunately, to satisfy demand we rely on petroleum imports for about 50 percent of that two-thirds. It is projected by the DOE that in the next five years oil imports will increase to around 65 percent, while oil and gas use grows in supplying the United States' energy needs. The domestic petroleum industry is a key source of jobs and revenue for IOGCC member states

An even more striking number is that transportation fuel requires 97 percent of the oil produced. The IOGCC states believe we should not want to become more dependent upon foreign oil to ensure food is delivered, hospitals get their medicine, people get to work, and the military is able to move troops. Clearly the situation as it now stands is intolerable.

The United States cannot afford to increase its dependence on foreign supplies of oil and gas. The security of our Nation and the health of our economy depend upon a stable supply which can be met by increased domestic petroleum production. The federal government must begin to pursue a rational energy policy based upon three principles: increased domestic production, increased efficiency in the use of petroleum, and a common sense approach to regulation that encourages conservation without hamstringing production.

There are several steps the federal government can take to achieve these goals. One of the more important steps is a renewed emphasis on oil and gas research and development (R&D).

There are those who would argue that the United States is a mature producing region for oil and gas, but we are far from recovering all of our available resources. The IOGCC estimates that there are at least 351 billion barrels of oil left in known reservoirs, 106 billion of which are recoverable with current technology. With advances in research the U.S. could add another 25 to 50 billion barrels by the year 2015. Proved natural gas reserves are 164 trillion cubic feet (Tcf). According to the DOE, with current technology, economically recoverable natural gas in the lower 48 states is estimated at 1,040 Tcf. With advanced technology recoverable reserves rise to 1,696 Tcf by the year 2015.

Those numbers do not tell the entire story. In addition to proved reserves, there is the possibility that several undiscovered reservoirs still exist. The National Oil Program of the DOE estimates there are at least 25–60 billion barrels of undiscovered oil. Current technology allows recovery of only a limited amount of the oil in a reservoir. According to the DOE, unless new technologies are developed and made available by the year 2010, the United States would have to abandon 60–80 percent of known oil resources. The thought of having to abandon producible domestic oil is a chilling one. The federal government's role in oil and gas research is an important one. The DOE has provided the seed money for dozens of projects that bear economic and social benefits while strengthening our national security. This is not "corporate welfare", for two reasons: (1) the vast majority of DOE oil and gas research is funded through a cost sharing arrangement with independent and major producers, and (2) the benefits to the public greatly outweigh any benefits to the industry.

The vast majority of the oil and gas research done by DOE provides technology and knowledge that small independent producers would not be able to conduct for themselves. These independent producers, the equivalent of family farms, are the backbone of the oil and gas industry. These projects produce benefits for the economy by increasing jobs and wages, providing more efficient consumption of oil and gas, enhancing revenue for government, and increasing environmental protection.

RECENT SUCCESSES

DOE's oil and gas program helps increase production on existing wells by funding research into new recovery technologies. Only one-third of all oil can be produced through conventional vertical drilling. Secondary and enhanced recovery methods are absolutely necessary if oil production is to be increased. Past R&D by both the DOE and industry produced revolutionary technologies. The development of 3-D seismic imaging, horizontal drilling, waterflooding, in-situ combustion, inert gas flooding and other enhanced recovery operations have revolutionized oil production. These developments did not happen by accident; they required a tremendous commitment of capital, time and knowledge that the DOE helped industry find.

Advances made in secondary and enhanced recovery operations have not only been effective in increasing production but also in increasing revenue for producers, the economy, and government. Three-dimensional seismic imaging, in conjunction with other information technology and enhanced recovery operations, is being used to better characterize existing wells. This leads to identification of oil bearing formations that producers may have missed. After the formations are located, producers are better able to produce the existing well.

According to Alfred C. Decrane, Chairman and Chief Executive Officer of Texaco, horizontal drilling can double, triple, or even quadruple the amount of oil recoverable from a vertical well. Horizontal drilling allows operators to access reserves trapped in naturally fractured reservoirs. It also allows access to reserves in thin geographic formations where trapped hydrocarbons are not targetable with injection substances. Horizontal recovery has brought new life to fields in Utah and North Dakota. In the Pearsall field in Texas, horizontal recovery brought post primary recovery in excess of the vertically recovered reserves.

In Wyoming, Dakota Oil Producers, an independent producer, in partnership with the DOE's National Oil program, conducted tests with a new technology called Huff 'n' Puff. This enhanced recovery technique involves injecting surfactant and inert gas into a low pressure reservoir to produce a foam that helps prevent the premature channeling of injected gas. This technology helps increase the pressure of the reservoir which allows more oil to be recovered. Tests are still continuing in the area, but early results are encouraging. Wells that had ceased production are now producing again.

In the Unita Basin in Utah, DOE National Oil Program research into reactivating mature Class I fields is finding considerable success. In the fall 1996 newsletter of the DOE's Reservoir Class Program, Irene Chang (BDM-Oklahoma) writes "The result of the first two completed field tests? A win-win-win for taxpayers, producers, and DOE. The projected yield from federal taxes and royalties alone from just the first project to reach production, Inland Resources/Lomax Exploration Company's Waterflood in the Unita Basin, will pay for the entire 29-project, $120 million Class program."

Another DOE program, the Rocky Mountain Oil Field Testing Center in Casper, Wyoming, uses a marginal oil well field to conduct tests of new technology. They provide a site for technology and environmental research, demonstrate new technology to cash strapped independent producers and a offer a hands on classroom for a new generation of oil and gas students.

R&D for natural gas provides the similar benefits to the industry and the nation that oil research provides. A Gas Research Institute (GRI) program was initiated in the early 1980s to develop technology to leverage the innate capability of natural gas to approaching the problem of lowering nitrogen oxide emissions. The total investment in this area has been $35 million; projected savings to customers and industry is projected to exceed $40 million by 1999.

Another GRI R&D program, conducted and cost shared with the New York gas company Brooklyn Union, completed 13 separate R&D programs that allowed them to safely and economically produce methane from land fills. A $500,000 investment yielded nearly $15 million in benefits.

There are not many things, besides raising taxes, the federal government undertakes that might be said to increase revenue. On top of that, there are not many programs the federal government administers that pay for themselves. Oil and gas R&D is the exception to the perception that most government programs are wasteful and eventually failures.

These are only a few examples of the kinds of petroleum R&D projects that the federal government helps fund. Most of the projects are successful in that they help increase domestic oil and gas production. Every new barrel of oil or cubic foot of gas produced in the United States replaces foreign imports on a one-to-one ratio, thus reducing our trade deficit and enhancing our national security. Every new barrel also produces U.S. jobs and revenue for IOGCC member states.

In 1994 the DOE took steps to ensure that research breakthroughs are made available to those who need it most: independent producers. In a three-way partnership with the DOE, state governments and industry, the Petroleum Technology Transfer Council (PTTC) was established.

The purpose of this non-profit group is to provide independent producers access to information from federally funded R&D projects. PTTC acts as a clearinghouse of information for independent producers who cannot afford to do such an accelerated level of research themselves and may have been unaware of new knowledge and technology.

Time after time oil and gas R&D performed with the help of the federal government proves to be economically and socially successful. The contributions to the

health of the economy and the wealth of the nation are enormous. Petroleum R&D is licensed to other sectors of the economy who adapt it for their own uses. Petroleum R&D is a win-win-win situation for industry, the public, and federal, state and local governments.

FUTURE NEEDS FOR OIL AND GAS R&D

Two recent discoveries in the offshore oil and gas area provide an exciting picture of what the domestic oil and gas industry, in partnership with the DOE, could achieve through increased funding of R&D.

In the Eugene Island oil field off the coast of Louisiana, drillers made a startling discovery: the field seemed to be replenishing itself. Preliminary research suggests as oil is recovered more oil migrates up from a greater depth to replace it. Research undertaken to understand the "architecture" of this reservoir could help producers find the same type of formations in other places, thereby increasing production dramatically. Producers might also be able to create an artificial migratory formation in other reservoirs to determine if more oil lies under proven reserves. The knowledge and technology that might emerge from this research is unfathomable. The threat is that as research budgets are slashed, the type of research needed in this situation will wither.

In North Carolina, geologists discovered a new gas reservoir 200 miles off the coast in the Blake Ridge. This formation, according to the U.S. Geological Survey, is made up of enough natural gas to supply the world for the next 107 years. There is only one problem: nobody knows yet how to produce the gas. It is frozen in crystals along the Blake Ridge and presents, right now, severe structural, economic and environmental barriers. Long-term research could provide the tools necessary to overcome current barriers. As Dr. Charles Paull, a University of North Carolina geologist, said, "It's a pretty unanswered question [how to bring the gas out]. On the other hand, engineers are pretty good at figuring out ways to do things if you define the problem for them." The biggest unanswered question: Will the funds needed to support the engineers be available?

CURRENT PROBLEMS

Despite the recognized value of long-term petroleum R&D, according to a report by the DOE, there is an R&D "crisis." Long term R&D expenditures, by both the petroleum industry and the federal government, are declining.

The dollars, in private industry, are being shifted toward mid-term and short-term projects. While these projects keep industry competitive in today's marketplace, they do little to prepare for competition in the future. Stable oil and gas prices, restrictive regulation, and increased global competitiveness are several of the factors contributing to the decline of long term R&D expenditures in the private industry.

Funding by the federal government of applied energy research, which includes fossil energy research, has fallen a staggering 81 percent since 1978. In the private sector, energy R&D expenditures since 1982 have fallen nearly 30 percent from $3.8 billion to $2.9 billion.

As noted earlier, oil and gas R&D done by the DOE primarily benefits the independent producer. Independent producers provide up to 50 percent of our oil production. These producers are the petroleum industries' small businesses and are the backbone of the oil and gas industry. With the drop in research dollars allocated for DOE's oil and gas R&D program these independent producers face abandoning wells, a loss of income and jobs, forcing the nation to lose valuable petroleum resources.

CONCLUSION

A renewed emphasis on long term R&D is not a cure-all for all the problems faced by the domestic petroleum industry. There are other barriers that stand in the way including public indifference, economic, environmental, and political barriers. Long term R&D, while not the answer, could and would help the United States face these barriers armed with new knowledge and new technology.

C.H. Lyons, an independent operator, said in 1957, "So long as favorable political and economic conditions prevail, the minds of men will be directed toward improving methods and techniques for finding and producing ever-greater quantities of oil. We can be sure that our concept of finding and producing oil in the future will differ radically from those of today."

Federal government oil and gas R&D, when performed correctly and in partnership with industry, will foster the radical concepts needed to keep the domestic oil

and gas industry alive and producing valuable energy resources to fuel America well into the 21st century.

---

PREPARED STATEMENT OF DR. BERNARD S. LEE, PRESIDENT, INSTITUTE OF GAS TECHNOLOGY

This testimony supports fiscal year 1998 Department of Energy expenditures in: The overall natural gas related programs in Fossil Energy; the molten carbonate fuel cell program in Fossil Energy; the cross-cutting component development portion of the fuel cell programs in the Transportation and Buildings sections of the Conservation program; the Industries of the Future programs funded through the Office of Industrial Technologies in Conservation; and the natural gas related research on natural gas vehicles supported through the Transportation programs in Conservation.

Although it may not be the specific jurisdiction of this subcommittee, the current issue of utility deregulation should be interlaced throughout your consideration of fiscal year 1998 funding for Department of Energy programs. Because competitive market pressures may cause further near-term cuts in many areas of private sector, utility-based R&D, the need for continued—and strengthened—federal support is extremely important.

Utility efforts to lower costs to their customers must, by nature, focus on expenditures or savings with near-term impacts. They must also have predictable, almost guaranteed results. Those results must also deliver benefits directly and dependably to the investor. Those requirements are seldom predictable from many areas of R&D.

Deregulated utility markets, at least initially, will likely be driven solely by the price of the electricity or natural gas to be delivered, and, to remain competitive, that price will be stripped to its barest essentials. The natural gas utility industry is currently in the midst of a nation-wide debate over how—if at all—to create an on-going funding mechanism to support the work of the Gas Research Institute, and much of the controversy stems from business units that are willing to forego the GRI R&D surcharge in order to gain a competitive edge in current pricing. That short-term market focus is having similar effect throughout utility industry R&D.

In deregulated markets, new competitors, seeking to capture the most attractive segments of service territories, will do so solely on the basis of the cost of current services, without investing in R&D for the future. That may then force current utilities to similarly abandon long-term R&D.

We are particularly concerned about the impact of the potential near-term reduction of private sector support for the kind of long-term R&D programs that are typical of the Department of Energy programs funded through this subcommittee. While utilities may still have competitive incentives to conduct R&D in areas of maintenance, distribution, or automated metering and business systems in order to maintain a competitive advantage in the provision of service, they may have less near-term incentive to invest in end-use technologies where there will be no guarantee that, when successful, the energy used in those technologies will be acquired through that utility. Broader issues of R&D investment—energy efficiency, environmental performance, domestic industry competitiveness in world markets—risk being pushed aside by day-to-day competition. Equipment manufacturers may similarly be under increased pressure to keep costs—and, therefore, prices—as low as possible in order to stay competitive, marketing the best products already in hand rather than investing in long-term R&D.

While those competitive trends may bring attractive near-term savings to utility customers, and promises of significant near-term profits to the most agile and aggressive marketers, they also bring responsibility to this subcommittee and your jurisdiction over the important long-term R&D supported through the Department of Energy, which is in our national interest. In an ever-tightening budget, you obviously face difficult decisions. The constant pressure to be good stewards of taxpayers dollars must be balanced against continuing to develop energy and environmental technologies that will help our nation continue to address the valuable "public good" benefits of a stronger domestic economy, improved energy efficiency, lower emissions and lower reliance on imported fuels that will arise from DOE's on-going research programs.

In recent years, despite steadily tighter budgets, this subcommittee has done an admirable job of not only preserving, but expanding natural gas related R&D in the DOE budget. IGT appreciates that support.

There are several specific areas to which we hope to draw the subcommittee's attention as you consider the distribution of fiscal year 1998 DOE funds:

FUEL CELLS

The M-C Power Corporation is one of two contractors developing molten carbonate fuel cells through DOE funding and private sector cost-sharing. The approach to molten carbonate fuel cells currently being advanced by M-C Power was originally developed by IGT, and IGT still maintains a role in R&D support. During this hearing you will learn directly from M-C Power about the success of their current demonstration and the scope of both their technology and market development efforts. IGT strongly endorses M-C Power's request for funding to continue their work in fiscal year 1998.

As M-C Power moves toward success, IGT has the opportunity to turn our R&D capabilities toward other fuel cell R&D, as well. Through funding in both the Transportation and Buildings portions of the DOE Conservation budget, DOE will soon be receiving proposals for the development of cost-effective components for PEM fuel cells. This DOE program is designed eliminate redundant R&D and lower overall PEM development costs by establishing technology breakthroughs for specific PEM fuel cell components or systems that will then be available and of benefit to all developers of PEM powerplants. That is an effective method for simultaneously boosting the success and hastening the development of all competitive PEM developers, while taking advantage of the experience and unique skills that IGT and others may bring to this field.

IGT has recently developed a novel process for manufacturing the bipolar separator plates for PEM fuel cells that should significantly lower the future market cost of these fuel cells. Last year, DOE estimated the cost of mass-produced PEM fuel cell stacks to be $234/kilowatt. The bipolar plate portion of that cost was $149, with humidification and cooling costing $45. IGT is developing a molded composite plate which incorporates the bipolar plate, cooling and humidification functions, and will cost less that $10/kilowatt. That would be a 95 percent reduction in the total current cost of these stack components. IGT's bipolar plate technology is simple and economical, and can be adapted to any geometric configuration used by PEM developers.

IGT intends to apply for fiscal year 1997 support through this DOE competitive program, in the hope of securing $575K for one year of funding, supported by private sector cost-sharing, to further develop and demonstrate our innovative approach.

DOE has asked for an increase to $10 million in Transportation and $1.7 million in Buildings for PEM component development for fiscal year 1998, and IGT supports that DOE request.

INDUSTRIES OF THE FUTURE PROGRAMS IN THE OFFICE OF INDUSTRIAL TECHNOLOGIES (OIT)

The OIT programs in the Industry portion of DOE's Conservation budget offer a similar approach of funding technology development intended to benefit a broad industry rather than a specific company. OIT, in its Industries of the Future program, has chosen seven energy-intensive industries—steel, aluminum, metal casting, chemicals, refining, forest products and glass—for concentrated development. Collectively, these industries represent the bulk of our nation's industrial energy consumption, and the goal of the OIT program is to increase these industries' energy efficiency and productivity and lower their emissions, while increasing their competitiveness in world markets. While the individual industries may be large in size, scope and importance to our domestic economy, they are characterized by a broadly diversified base rather than a few industry-dominant companies. Benefits derived from the OIT projects will be applicable to a broad range of domestic market competitors. The problems to be addressed in the OIT programs are identified and prioritized by the affected industries, strengthening the probability that the innovations developed by the OIT projects will be broadly implemented. All projects are competitively chosen, and all come with significant private sector cost-sharing, making this program an effective mechanism for leveraging both federal and private sector funding.

IGT is already a participant in several of the OIT programs, particularly through technologies affecting our nation's glass industry.

Last year, IGT received a prestigious R&D 100 award for our work, co-funded through OIT's Glass Vision Area, on our oxygen-enriched air staging (OEAS) technology that uses natural gas for energy efficient $NO_X$ control in endport and sideport glass melting furnaces. Our technology will achieve $NO_X$ reductions of 50 percent from these furnaces while improving their energy efficiency.

In another Glass Vision Area project, IGT leads an industry team that is currently developing a high luminosity natural gas burner, a novel combustion system

in which soot is generated and then combusted in the burner flame zone, resulting in a highly luminous flame that greatly improves heat transfer and thermal efficiency, and lowers $NO_X$ emissions.

With support through OIT's Steel Vision Area, we are working with industry partners to develop a natural gas fueled oscillating combustion technology that can be applied to a number of high-temperature material processing industries. Bench-through pilot-scale testing has already shown 50–90 percent $NO_X$ reductions through this flame control, coupled with increases by as much as 10 percent in heat transfer, furnace efficiency and productivity. Further gains may occur by combining this technology with our OEAS and high luminosity burner breakthroughs.

We also have an on-going project with funding support from OIT's Refining Vision Area, through which we are working to develop an ultra-low-emission natural gas-fired Forced Internal Recirculation (FIR) burner that can be used in both new and retrofit applications in process fluid heaters used in the refinery industry and elsewhere, and watertubeboilers in a broad range of applications.

IGT hopes to continue to be involved in the competitive solicitations issued through OIT's Industries of the Future programs so that we can continue to work together with DOE and industry partners in improving our nation's industrial energy efficiency, environmental performance and competitiveness in world markets.

For fiscal year 1998, DOE has asked for an increase of approximately $9.4 million for the industry-specific OIT programs, moving from an fiscal year 1997 appropriated level of $46.3 million to $55.7 million in the fiscal year 1998 request. IGT encourages this subcommittee's support for at least the full level of the DOE fiscal year 1998 request, and would encourage additional funds above the DOE request, particularly in the glass and steel industries and other technical areas where natural gas applications can produce significant benefits.

NATURAL GAS VEHICLES

Finally, IGT would call the subcommittee's attention to the DOE fiscal year 1998 request for R&D related to the more economic and expanded use of natural gas fueled vehicles.

Natural gas fueled engines are now being successfully demonstrated in fleets of cars, vans, trucks and buses throughout our nation, bringing significantly lowered emissions and a shift from imported crude oil to important transportation sectors. That visible success consequently may give the impression that we have now achieved maturity in our development of natural gas vehicle technology, and that future success now should rely strictly on competitive market forces. It should be noted, however, that most of the success achieved to date has been in limited fleet applications, where fueling station infrastructure support exists or when fuel cost savings are substantial enough to offset the cost of a customer-owned central refueling station. If we are to extend the energy and environmental benefits of natural gas vehicles to more fleets, as well as to the general public, significant R&D must still be done on compressed and liquefied natural gas engine development, on-board storage, fueling stations and fuel quality issues. Today's engines do not take full advantage of natural gas' beneficial fuel properties. Higher efficiency engines and lower-cost vehicles can be achieved by supporting DOE's programs in these areas. IGT also supports DOE's deployment efforts, which have encouraged vehicle and engine manufacturers to stay in the market.

Significant new benefits can be gained by expanding DOE's program to include large inland waterway and marine engines operating on liquefied natural gas (LNG). One engine on a tow boat moving barges on our inland waterways currently consumes as much diesel fuel annually as 100 heavy-duty trucks. Many tow boats have up to three engines. Conversion of these vessels to LNG could provide dramatic improvements in environmental benefits, lower shipping costs and reduced national reliance on imported oil.

IGT has begun to work with a consortium of equipment manufacturers, LNG suppliers and tow boat operators to develop the technology, adapting current DOE advances for rail applications, for converting tow boats and other marine vessels to LNG. IGT urges this subcommittee's support for expanded fiscal year 1998 funding in this area.

---

## PREPARED STATEMENT OF THE ELECTRIC TRANSPORTATION COALITION

### INTRODUCTION

This testimony is presented on behalf of the Electric Transportation Coalition ("the Coalition"), a national, non-profit organization of electric utilities, automobile

manufacturers, state and local governments and other entities that have joined together to advocate greater use of electricity as a transportation fuel. (A membership list is attached.) A principal activity of the Coalition is to encourage the adoption of incentive-based policies and programs to support the development of a widespread and sustainable market for electric modes of transportation.

The members of the Coalition recognize the significant budgetary constraints faced by the federal government. We also recognize that the Subcommittee must ensure limited dollars are prudently allocated. The Coalition believes that electric vehicle-related programs of the Department of Energy ("DOE" or "the Department") represent such wise expenditures in that such electric vehicle ("EV") programs provide valuable support for the introduction of this new transportation technology, thereby furthering the national policy objective of increasing the use of alternative fuels in the transportation sector.

The role of the federal government has been, first, to provide research and development support to address technological issues, through programs including the United States Advanced Battery Consortium and the hybrid propulsion systems program; and second, to assist industry in the testing and evaluation of the latest electric vehicle technologies through the Vehicle Field Test and Evaluation Program (previously called the Site Operators Program). A third major emphasis of the federal government should be to acquire electric vehicles for federal fleets.

The on-going DOE EV-related programs are providing critical support in a number of areas that are key to the success of this new, efficient and clean transportation technology. These DOE programs complement, and augment, other work that is being undertaken by industry separately or in partnership with other federal agencies. If fiscal year 1998 appropriations for these DOE programs are significantly reduced or eliminated, the requirements for funding would fall to other parties who may not be able to increase their investments even further in order to move this technology toward the marketplace.

THE UNITED STATES ADVANCED BATTERY CONSORTIUM (USABC)

The Coalition urges support for the funding level of $15.8 million requested by the Administration for the USABC program. (In fiscal year 1997, the Administration requested $15.32 million and the USABC was ultimately funded at that amount.)

The USABC is a battery research and development program, critical to the advancement of EVs. Full-size battery packs and their components, such as cells and modules, are being developed through research contracts and then tested by the developers, U.S. automobile companies, and national laboratories. The battery packs also have been installed in prototype EVs being operated at electric utilities and testing facilities of U.S. automobile companies. In April 1996, USABC participants (comprised of U.S. automobile manufacturers, battery developers, the U.S. Department of Energy and several national laboratories) completed Phase I of their efforts. The auto makers that participate in USABC include Chrysler, Ford and General Motors (GM). The national laboratories participating include Lawrence Berkeley, Argonne, Sandia, and Idaho National Engineering Laboratory. Phase I comprised four elements: begin research efforts (i.e., establish research goals and criteria as well as award contracts); establish a U.S. advanced battery industry; develop an advanced battery to meet mid-term criteria (potential to double the range and performance of EVs compared to battery technologies available today) with pilot plant production capability; and, demonstrate design feasibility of advanced batteries meeting long-term goals (i.e., make EV range and performance comparable to that of today's gasoline-powered vehicles).

These activities were not only successful, but cost effective. All the Phase I accomplishments were reached at less than projected cost. Phase I activities were budgeted to total $262 million (from industry and government); only $200 million was spent.

Phase II will build upon the successes of Phase I and move forward toward the next levels of battery development. Phase II consists of three elements which the industry participants expect to complete by the end of 1999: conduct more extensive safety, durability, and life testing of mid-term batteries to obtain automotive validation (i.e., ensure the batteries meet requirements determined by industry as necessary for normal automotive applications); continue research efforts to reduce costs associated with mid-term batteries; and, develop long-term battery technologies through the pilot-line production stages.

It is important to note that without the limited federal assistance already invested, the advancements in battery technology accomplished to date through the USABC probably would not have been achieved. Individually, companies cannot, or

are unwilling to, make the significant investment required to conduct advanced battery research.

The majority of fiscal year 1998 funding will be directed toward long-term, lithium-based battery research. In later years, the USABC anticipates reduced expenditures as the program and projects near completion in 1999.

FUNDING FOR THE HYBRID PROPULSION SYSTEMS DEVELOPMENT PROGRAM

The Coalition requests support for the Administration's funding request of $67.7 million for the Hybrid Propulsion Systems Development Program. This program allows industry and government to work together to develop a consumer attractive, ultra-low emission vehicle with high fuel economy. As of February 1996, three major contracts had been awarded to teams of developers, featuring large and small businesses and domestic automobile manufacturers, for the development and demonstration of hybrid electric vehicles (HEVs). GM and Ford have been working under contract on HEVs since 1993. Chrysler's efforts began in 1996. The Phase I goal of this five-year program is a 50 miles per gallon (mpg) propulsion system. The Phase II goal, scheduled to be reached by 2004, is an 80 mpg system.

FUNDING FOR THE VEHICLE FIELD TEST AND EVALUATION PROGRAM AND FEDERAL FLEET CONVERSION ACTIVITIES

The Coalition urges the Subcommittee to fund the Vehicle Field Test/Evaluation program at the level recommended by the President, $3.7 million. The program, which was initiated in fiscal year 1997 as a follow-on to the Department's Site Operator Users Task Force electric vehicle test and evaluation program, provides critical federal support to industry efforts to test, evaluate and undertake fleet case studies of electric vehicles manufactured by original equipment manufacturers. Two test teams, known as "Quality Vehicle Test Sites (QVTS)" have been selected under the program to establish a uniform set of procedures to be used in undertaking baseline performance, reliability and fleet testing of EVs and for the conduct of such testing on EVs as they become available.

This year, in addition to the important effort underway with industry, the Department plans to acquire, test and evaluate new electric vehicles within the U.S. federal fleet. DOE intends to focus federal acquisitions of electric vehicles on those equipped with advanced batteries that have been developed through the United States Advanced Battery Consortium. This important effort can help to assure that the federal government meets its obligations, under the Energy Policy Act of 1992 (Public Law 102–486), to transition to the use of alternative fuel vehicles.

Finally, the Energy Policy Act of 1992 ("EPAct") requires the federal government, beginning in fiscal year 1996, to convert the federal fleet to alternative fuel vehicles. Fifty percent of new vehicle acquisitions for the federal fleet (except for limited uses like military applications or emergency uses) must be AFVs in fiscal year 1998; next year (fiscal year 1999) that percentage rises to 75 percent. On December 13, 1996, President Clinton issued an Executive Order (E.O. 13031) directing federal agencies, in compliance with federal law, to convert agency fleets to AFVs and to provide reports to the Department of Energy, General Services Administration and the OMB certifying that such acquisitions have been made by purchase, lease or otherwise. Federal agencies are required to use their own funds to acquire such vehicles.

Importantly, the President's executive order also recognized the state of technology development of EVs and determined, and directed, that if funding is available, the Department of Energy shall provide financial assistance of a limited amount (no more than $10,000 per vehicle) to agencies that choose to acquire EVs to fulfill some or all of their vehicle acquisition requirements. A portion of the funds requested would be used to assist federal agencies desiring to test and evaluate EVs in their fleets.

This requested funding for federal agency participation in converting portions of the federal fleet to EVs will complement the efforts of the Electric Transportation Coalition in its efforts to target major metropolitan areas for the early introduction of electric vehicles.

The President's executive order is directed toward metropolitan areas with populations of 250,000 or more. Last year, the Coalition, in cooperation with other national organizations and the Departments of Energy and Transportation, conducted a series of workshops in ten major metropolitan areas across the United States. The program, known as the "EV Market Launch Framework," was supported by the U.S. electric utility and automotive industries and is designed to "ready" the market for the introduction of EVs. Workshops were conducted in southern California; Sacramento; Phoenix/Tucson; Atlanta; Broward County, Florida; Detroit; Richmond; Washington, D.C./northern Virginia; New York City and Boston. These areas are be-

lieved to be the initial sites for EV introduction. Importantly, many federal agencies (and their fleets) are also located in these areas. The private sector, through the leadership of the electric utility industry, is making preparations to acquire EVs when they are made available; it is hoped that the federal government—in these same or similar areas—will do likewise. The funds requested by DOE will greatly assist federal agency decisions to include EVs in their plans to convert fleets.

The modest amount of funding that is being requested will enable DOE and industry participants to continue an important cost-share program through which electric vehicles and associated infrastructure and services to support such vehicles will be evaluated and tested. This focused test and evaluation of new technology is a foundation upon which a widespread, sustainable market for electric vehicles can be built in the United States

OTHER DEPARTMENT OF ENERGY PROGRAMS OF INTEREST TO THE ELECTRIC TRANSPORTATION COALITION

In addition to the programs outlined above, the Coalition also supports funding to a number of other alternative fuel-related programs administered by the Department of Energy.

The Coalition membership recognizes that electrically-propelled vehicles can be "fueled" through a variety of different sources. Continuing research and development efforts that will lead to a family of electric vehicles comprising those powered by batteries exclusively, those powered by batteries and an auxiliary power unit, and those powered by fuel cells, are critical to assuring that the U.S. leads the world in offering the highest-performing, cleanest and most consumer-attractive transportation options for the 21st century.

Further, to assure that the marketplace is prepared and receptive to new forms of transportation like EVs, the Coalition strongly encourages full funding, at the levels requested by the Administration, of DOE's programs designed to create an infrastructure for alternative fuel vehicles, including electric vehicles, and to build public awareness and confidence in these new modes of transportation. These funds include $3.8 million for the Clean Cities initiative; $4.75 million for infrastructure, systems and safety activities and $1.6 million for EPAct replacement fuels programs. These outreach, education, organization and infrastructure deployment activities by DOE encourage investment by industry and help to build market acceptance for alternative fuel vehicles.

CONCLUSION

The Electric Transportation Coalition requests that the Appropriations Subcommittee on Interior and Related Agencies fully support the Department of Energy's advanced automotive and alternative fuels programs to further the development of electric and other innovative modes of transportation. Successful development and introduction of EVs into the market will produce new, high-skill jobs in the United States; reduce our growing dependence upon foreign oil by substituting plentiful, domestically-controlled, supplies of electricity as an alternative transportation "fuel"; and, most importantly, assist in our continuing efforts to reduce the environmental impacts associated with the transportation sector.

---

## PREPARED STATEMENT OF THE AMERICAN PUBLIC POWER ASSOCIATION

The American Public Power Association (APPA) is the service organization representing the interests of over 2,000 municipal and other state and locally owned utilities throughout the U.S. Collectively, public power utilities deliver electric energy to one of seven electric consumers (about 35 million people) serving some of our nation's largest cities. The majority of APPA's member systems are located in small and medium-sized communities in every state except Hawaii. We appreciate the opportunity to submit this statement concerning fiscal year 1998 appropriations. We welcome Senators Gregg, Campbell, Dorgan and Boxer to this Subcommittee and look forward to working with all of you during the 105th Congress. The focus of our testimony will be on U.S. Department of Energy (DOE) programs within this Subcommittee's jurisdiction.

### I. DOE ENERGY EFFICIENCY PROGRAMS

APPA supports the Administration's emphasis on DOE energy efficiency programs in its funding request for fiscal year 1998. We ask that this Subcommittee ensure these important programs continue to be among the options available to our nation's electric utilities as they strive to meet the increased competitive and environmental

demands placed on them by the marketplace and society. While we realize the budget constraints you face, we ask for favorable action on the Administration's request in this area. DOE's energy efficiency programs received funding of $717 million in fiscal year 1995. Appropriations were cut 25 percent in fiscal year 1996 and were increased by 3 percent in fiscal year 1997. The Administration is proposing funding in fiscal year 1998 to approximately $688 million, restoring most of the reduction from the fiscal year 1995 level. Energy efficiency is becoming even more important in the context of debate about electric utility restructuring. Due to the uncertain future this has wrought, many utilities already have downsized or terminated some energy efficiency programs in order to reduce costs. Yet these programs can be very helpful in maximizing the overall progress made toward achieving a competitive, high-growth economy for our nation while maintaining the kind of environmental quality we all desire for the future.

*A. Electric Vehicles (EVs)*.—EVs provide multiple environmental benefits, with special emphasis on reduced tailpipe emissions and ozone formation in urban areas. Congress has recognized these potential advantages as well as the possibility for EVs to diversify the sources of energy used in the transportation sector, decreasing our nation's dependence on foreign oil imports and improving our trade balance. APPA urges the Subcommittee to maintain support for battery research and development through the U.S. Advanced Battery Consortium (USABC). This research has produced battery packs that have been installed into EVs at utilities and testing facilities of U.S. automobile companies. For fiscal year 1998, USABC will require approximately $15.8 million in federal funds. In fiscal year 1997, the Site Operator Program (SOP) received only $1.6 million. For fiscal year 1998, we encourage the Subcommittee to return funding to the fiscal year 1996 level of $2.5 million. The SOP is a joint effort by government, utilities and educational institutions featuring cost-sharing by non-federal participants. It tests and evaluates near term electric vehicles and associated infrastructure in realistic operating environments and demonstrates market opportunities for EVs.

*B. Fuel Cells for Transportation*.—We urge the Subcommittee to fund DOE's transportation fuel cell program at the $29.6 million requested by the President. It is important that these advanced technologies be available for application to both mobile and stationary sources. The availability of this technology for transportation is critical for cities and states that must achieve mandated federal air quality standards. The fuel cell vehicle is virtually pollution free and highly efficient. Even a 10 percent market penetration could reduce regulated air pollutants by more than one million tons a year and emissions of carbon dioxide by 60 million tons a year. (This would fulfill the U.S. commitment to bring its $CO_2$ emissions back to 1990 levels.) It also would save 800,000 barrels of oil a day. One of APPA's members, the Sacramento Municipal Utilities District (SMUD), has done extensive research in this field because of the outstanding environmental and energy efficiency attributes of the technology. We also support DOE's $2 million program to develop fuel cells for buildings based on the technology developed in the vehicle program.

*C. Community and Building Technologies*.—APPA supports the Administration's request of $303.4 million to restore previous reductions to these energy partnership programs. Among them are Rebuild America, designed to accelerate energy efficiency improvements in existing commercial and multi-family buildings, and DOE's Energy Partnerships for Affordable Homes Program, a collaboration of public and non-public groups working to make public and private housing more energy efficient and affordable. DOE can play a facilitating role in helping bring new technologies and standards to market. Examples of valuable DOE efforts in this regard include the Technology Introduction Partnerships (TIPS) program and Motor Challenge. TIPS, in particular, has been an important one for APPA member systems. Motor Challenge is a voluntary partnership between DOE and industry designed to promote adoption of motors and motor-driven equipment that increase energy efficiency, enhance productivity and improve environmental quality. By the year 2000 it is estimated Motor Challenge will generate energy cost savings of $1.2 billion and electricity savings of 25 billion kWh.

*Building Codes and Standards*.—EPAct also requires each state to certify that it has reviewed its residential and commercial building codes to determine whether they meet energy efficiency targets. DOE is providing important technical assistance to encourage states to adopt such codes. We support the Administration's request that $20.5 million be provided to continue this program. Of this amount, $11.9 million would be used for the building standards and guidelines program and $8.6 million for evaluating lighting and appliance standards.

*Community Energy Systems*.—District heating and cooling systems act as community energy systems by transporting waste energy (from local powerplants, industrial processes and natural resources) to buildings to provide heating and/or cooling.

In addition to reducing emissions of carbon dioxide and other pollutants, these systems enhance energy security and cost stability, stimulate community development and facilitate phase-out of ozone-destroying refrigerants. APPA member systems that receive information and technical assistance from this program include those located in Burlington, VT; Fairbanks, AK; San Antonio, TX; Holyoke, MA, and Lansing, MI. APPA recommends $5 million to provide: (1) an integrated information campaign to local and state governments and the private sector on the benefits of district energy, and technical assistance and cost-shared funding for community energy resource assessments and feasibility studies, and (2) research, development and demonstration in partnership with ongoing cooperative international efforts to reduce costs and improve efficiencies of district energy technologies.

*Municipal and Community Energy Management*.—This program, within the Office of Building Technology, provides funding to municipalities for conducting a variety of projects that address energy-related areas of greatest concern to local governments. APPA recommends this program, operated by the Urban Consortium Energy Task Force (UCETF), receive $1.6 million, funding level to that provided in fiscal year 1997. UCETF is a program of Public Technology, Inc. (PTI), the non-profit technology organization of the National League of Cities, the National Association of Counties and the International City/County Management Association. Currently 22 jurisdictions, including many public power communities, are represented on UCETF: Albuquerque, NM.; Austin, TX; Chicago, IL; Columbus, OH; Dade County, FL; Denver, CO; Greensboro, NC; Hennepin County, MN; Kansas City, MO; Long Beach, CA; Memphis, TN; Monroe County, NY; Montgomery County, MD; Orange County, FL; Philadelphia, PA; Phoenix, AZ; Portland, OR; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA, and Washington, D.C.

*Weatherization Assistance Program*.—APPA wholeheartedly supports the Administration's budget request of $154.1 million for weatherization assistance, especially important to the working poor, elderly and disabled. The program helps more than 100,000 residents annually. Weatherization programs have the additional benefit of stimulating economic growth by increasing disposable income and creating jobs in the service sector. The DOE Weatherization Assistance Program has been especially effective at helping low income citizens afford their energy bills and at the same time reduce their energy usage. The funding increases requested for fiscal year 1998 should be provided to this valuable program to help alleviate the multi-year backlog of weatherization work requested locally.

*State Energy Conservation Program*.—State energy offices work on nearly every energy efficiency issue. They encourage technology development, renewable energy, alternative fuels, energy emergency preparedness, energy facility siting, recycling, transportation efficiency programs, energy conservation and economic development, among other activities. State energy offices have been extremely successful in identifying the needs of local communities, businesses and consumers, and funding appropriate efforts to effectively transfer technology to constituents. With increased devolution of responsibilities to the states, this program offers the ideal combination of state-level implementation on a flexible basis with federal support. We ask that this Subcommittee favorably consider the Administration's request of $45.1 million for the State Energy Conservation Program. The program suffered a 50 percent cut in fiscal year 1996. The spending level requested for fiscal year 1998 would bring the program's funding level up to 85 percent of its fiscal year 1995 level.

## II. DOE FOSSIL ENERGY RESEARCH AND DEVELOPMENT PROGRAMS

*A. Fuel Cells*.—Fuel cells have captured the interest of government and industry alike. Their modularity, high efficiency and negligible emissions of smog and acid rain precursors make fuel cells an important growth area deserving national priority. A consortium, including APPA member systems, along with the National Rural Electric Cooperative Association (NRECA), the Electric Power Research Institute (EPRI) and DOE, is co-sponsoring carbonate fuel cell research, testing and the first utility-scale demonstration of a carbonate fuel cell powerplant. The direct fuel cell program consists of two major efforts—the Santa Clara Demonstration Project and the ongoing Product Design Improvement (PDI) cost-shared initiative.

The first demonstration of a U.S.-developed fuel cell powerplant has now begun operation in Santa Clara, CA. This 2-MW fuel cell unit has been grid-connected for almost 4,000 hours. It has achieved a 44 percent efficiency level, a record for a fossil fueled powerplant of this size, has recorded emissions below conventional detection limits and is providing valuable information on fuel cell powerplant operations. APPA member systems participating in the consortium include the City of Santa Clara, Los Angeles Department of Water & Power, Sacramento Municipal Utility District, the City of Vernon, CA, the Salt River Project and Northern California

Power Agency. The final phase of the development effort, the design and fielding of a pre-commercial unit, has now begun. Performance and cost targets for this final phase are supported by the 21 members of the Fuel Cell Commercialization Group (FCCG). In addition to those named as supporters of the Santa Clara project, APPA member systems comprising FCCG include Alabama Municipal Electric Authority, City of Anaheim (CA) Public Utilities Department, Florida Municipal Power Agency, City of Manassas (VA) Electric Department, City of Tallahassee (FL) Electric Department and Wisconsin Public Service Corporation. In fiscal year 1998, the cost-shared contract calls for DOE support in the amount of $20 million. We urge Congress to fully fund this project so that progress can continue toward full commercialization.

*B. Advanced Gas Turbine Program.*—APPA strongly supports DOE's Advanced Turbine Systems (ATS), Ceramic Stationary Gas Turbine and Catalytic Combustion programs. These are model public/non-public partnerships to develop more efficient, low-emission turbines for power generation in utility and industrial applications. They have been strongly endorsed by electric utilities, the natural gas industry, the oil industry, electric service industries and industrial users. To keep these programs on track toward their long-range goals, which include a reduction of liquid and gaseous fossil fuel consumption, $22.2 million is needed for fiscal year 1998. Of this amount, $17.1 million would be used by the ATS Program; $4.1 million is needed by the Ceramic Stationary Gas Program, and $1 million would go to the Catalytic Combustion Program. The benefits of this investment can be enhanced and made even more effective if DOE accelerates the programs with near-term funding increments, rather than decreasing dollars and stretching out the program years, as proposed in the Administration's budget.

### III. ENERGY INFORMATION ADMINISTRATION (EIA)

APPA asks this Subcommittee to carefully review the Administration's request, which would result in a 5 percent reduction in spending at EIA during fiscal year 1998. We are concerned that this level of funding is inadequate to enable EIA to continue its important role in data collection and dissemination. With increasing competitiveness in the electric utility industry, it is critical that utilities, government, regulators and the public all have access to reliable data from EIA in order to monitor pricing and structural changes in the electric utility industry and their effects on competition.

---

## PREPARED STATEMENT OF THE BUSINESS COUNCIL FOR SUSTAINABLE ENERGY

### INTRODUCTION

The Council is pleased to offer testimony to the Energy and Water Subcommittee of the Senate Appropriations Committee on the proper role for government in promoting energy research and development, as it relates to renewable energy programs at the Department of Energy (DOE).

The Council is comprised of business leaders who share a commitment to pursue a new energy strategy designed to realize our nation's economic and national security goals through the rapid deployment of efficient, non- and low-polluting energy technologies. Council members include a diverse range of manufacturers, energy producers, suppliers of energy resources, and energy service companies.

The diversity of our membership is further reflected in the fact that our member companies range in size from Fortune 500 enterprises to small entrepreneurial businesses. A list of Council members is included.

### FEDERAL PROGRAMS TO PROMOTE RENEWABLE ENERGY RESOURCES

The Council recognizes that it is the suppliers and users of energy—not the federal government—that ultimately will decide which energy sources will meet our future energy needs. However, the federal government does play an important role in helping the private sector share the risk of investing in deployment of clean technologies that, while at or near economical viability, face financial, informational, or institutional obstacles to their wide market availability.

Today, many efforts using the "cost-shared" approach advocated during the Bush Administration are mid-course in their program cycles. Industry agrees that the cost-shared approach offers the best way for the federal government to meet its policy goals in supporting renewable energy resources while at the same time ensuring that federal renewable energy research efforts are cost-effective. As Congress seeks new ways to further lower those costs, the Council strongly encourages Congress to preserve the integrity of existing multi-year contracts with the renewable energy in-

dustry. The Council also urges Congress, when making budget cuts, to resist the urge to make broad, indiscriminate cuts that may cripple cost-effective and productive renewable energy programs. Such cuts have the unintended consequence of freezing industry R&D efforts and make the financial community even more reluctant to invest in emerging technologies. Further, such cuts run the risk of ultimately undermining U.S. competitiveness as our technological superiority in renewable technologies is equaled and perhaps surpassed by the aggressive research and deployment programs currently being conducted by our trading partners in Europe and Japan.

Notwithstanding the significant progress renewable industries have made in reducing costs and increasing technology reliability, barriers still remain that slow their commercialization. DOE is engaged in a number of programs to help eliminate or mitigate the impacts of these barriers. I would like to briefly review a few of these programs that the Council believes are particularly effective.

WIND

World markets for wind energy are growing at an unprecedented rate. Figures for 1996 indicate that total worldwide installed wind capacity stands at 6,190 MW, up 24 percent from a year earlier. This figure includes approximately 1,200 MW installed in 1996. The Council expects 1997 additions to reach nearly 1300 MW. After 2000, The Energy Information Administration expects U.S. wind capacity to grow rapidly, reaching 12,000 MW by 2015, when wind is expected to generate enough power to serve more than three million homes.

The Council respectfully requests an appropriation of $42.9 million for wind energy research and development in the fiscal year 1998 to fund projects in next generation wind turbine development ($19.7 million recommended), cooperative research ($9.1 million recommended), and applied research ($14.1 million recommended). This level of funding is particularly important to continue development of next generation wind turbine technologies needed to keep the U.S. industry competitive in restructured domestic markets and in the fast growing, highly competitive international markets.

Wind programs have been a success story for DOE's overall R&D program. Although wind is making headway in the electric power generation market, present installed wind capacity represents only 0.1 percent of total U.S. generating capacity. Clearly there are opportunities for growth as wind power costs continue to fall. The goal of cost-shared DOE/Wind Industry efforts is to develop the next generation aimed at delivering electricity in the range of 2.5 cents/kWh.

A relatively small increase for Cooperative Research and Testing will provide additional support for industry testing at the National Wind Technology Center (NWTC) in Rocky Flats, CO. This will allow for a completion of efforts to develop U.S. certification and standardized criteria for wind energy technologies. Ultimately, streamlined certification criteria will make it easier for U.S. businesses to market and sell American-made wind turbine technologies in international markets.

The main focus of the applied research program is development of models to better understand aerodynamics (through wind tunnel tests), fatigue damage prediction and structural reliability capabilities. Modeling and code design work is underway at both the national Renewable Energy Laboratory (located in Golden, CO) and the Sandia National Laboratory (New Mexico).

More and more electric utilities are becoming interested in generating power from large-scale wind powerplants. The world markets for wind turbines were valued at $1.3 billion in 1996 and turbines were Denmark's second leading export. This market is expected to further grow over the next few years. These new markets are driven by the fact that at least one-third of the world's population—over 2 billion people—do not have access to reliable energy. Maintaining a U.S. presence in this growing industry is a valuable investment of federal resources—one that will pay off many times in the next several decades.

SOLAR ENERGY

The United States currently leads the world in the diverse portfolio of solar technologies: photovoltaic, solar water heating, and solar thermal electric technologies (solar power tower, parabolic Troughs, and dish-engines). However, our international competitors are positioning themselves to take market share from the United States in vast, multibillion dollar world markets, as a result of strong support provided by their respective governments—especially in Japan and Germany—through a variety of aggressive development, commercialization, and deployment programs. Maintaining our lead will require strong and focused U.S. government ac-

tion, not only to support international activities but also to securing a secure position in growing and domestic markets.

Solar technologies available today include photovoltaics (PV), solar water and pool heating, solar process heat, and solar thermal power technologies. Faster integration of solar energy systems in both supply- and demand-side applications in our domestic economy—combined with support for increased exports of U.S. solar technologies to take advantage of emerging multi-billion dollar markets—will have the parallel benefits of creating thousands of new high-technology manufacturing jobs and improving our environment. The Council supports the trend toward market-driven, industry cost-shared programs designed to leverage federal dollars with private-sector participation to enhance private-sector understanding and use of these technologies.

Improving conversion efficiency of solar panels and reducing manufacturing costs will play a key role in sustaining U.S. dominance in the area of PV. We are recommending $85 million for the Photovoltaic Systems Program, one of the best leveraged of any program in the Department of Energy. Our two most formidable competitors, Japan and Germany, are spending $182 million and $95 million, respectively, to jettison their in-country industries into increasingly lucrative world markets. One critical factor in the U.S. PV industry's future success will be its ability to leverage its financial and intellectual resources with those of its strategic partners in the Department of Energy to commercialize breakthroughs made in the areas of basic materials science, applied research, and systems engineering.

The Council supports DOE cost-shared initiatives in R&D (thin-films and other advanced materials, $20 million recommended) and manufacturing (PV-MaT, $18 million recommended) which address these issues. Equally important is the concept of building integrated PV programs (PV:BONUS, $4 million recommended) where PV manufacturers, system integrators, and utilities are working together to reduce the cost of PV-generated electricity. Another good model for public-private efforts is the "PV-COMPACT" program ($14 million recommended), a collaborative effort involving more than 80 electric utilities (representing over half the electricity production in the U.S.) and other interested organizations to garner the economic, commercial and environmental benefits of PV technologies.

PVs and other solar technologies offer the U.S. environmentally benign and cost-effective energy supply options in a variety of market applications. The market viability of these technologies is demonstrated in growing private sector interest in developing new manufacturing facilities related to solar industries. In the area of PV production alone, the last two years have witnessed six U.S. companies—including Council members United Solar Systems Corporation and Amoco/Enron Solar—announce plans to construct new photovoltaic plants. This activity is a unique example of DOE funding encouraging significant private-sector investment that creates new jobs. The Council strongly urges Congress to continue its support of public/private partnerships that help ensure that U.S. companies can compete effectively in rapidly emerging world renewable energy markets.

The Council recommends $5.7 million in funding for the Solar Thermal Buildings program, a research and development program focusing on materials and components for solar water and space heating technologies for building applications. Based at the National Renewable Energy Laboratory and the Florida Solar Energy Center, the program also has a strong technology standard and certification component. Activities in fiscal year 1998 should include ongoing cost-shared technology validation projects, laboratory R&D, and customer-oriented applied R&D of solar building technologies with universities and industries.

The Council recommends a total of $27 million for the Solar Thermal Electric and Process Heat programs, an R&D program on materials and components with a heavily cost-shared technology validation component. Over the past five years, the primary program focus has been collaboration with industry to develop advanced solar thermal electric technologies to the point of commercial readiness.

INTERNATIONAL ACTIVITIES

Finally, the Council would like to offer its support of federal programs designed to help open important international markets for renewable technologies, including DOE programs such as the Committee on Renewable Energy, Commerce and Trade (CORECT) and GT-World.

The developing world—Eastern and Central Europe, the former Soviet Union, Asia, Africa, and Latin America—presents tremendous opportunities for the deployment of renewable energy technologies. Renewables offer great flexibility to developing countries looking for economically viable, reliable, and clean energy supply options that can be used to serve growing metropolitan areas and remote rural regions

where power is otherwise unavailable. Renewables can also help support the development of commercial activities such as agriculture and telecommunications through remote power source applications. Competition in rapidly growing developing country markets is intense; U.S. renewables manufacturers face the dual obstacles of competition from conventional energy sources and foreign renewables manufacturers buoyed by government assistance.

In this regard, it is important to note that major U.S. competitors are now making aggressive moves into the renewables market. When measured against the relative size of their economies, Japan, Germany, and Sweden are each now making larger government R&D investments in renewables that the U.S. In fact, the U.S. taxpayer spends a lower portion of its R&D budget on energy than any other taxpayer in an industrialized, market-based economy.

U.S. Government assistance in identifying market opportunities, providing education and training for energy decisionmakers in the developing world, and supporting demonstrations of renewable technologies in overseas applications promises to help ensure that U.S. renewables manufacturers will be successful in capturing market-share throughout the expanding global market for clean energy technologies and services.

CONCLUSION

Promoting research, development and validation of emerging renewable energy technologies will result in the near-term creation of thousands of new jobs, a stronger economy, enhanced export opportunities for domestic manufacturers, and a cleaner environment. DOE's budget request continues federal emphasis on developing low-and non-polluting energy technologies and services as a means of achieving these goals. It utilizes cost-shared collaboratives with industry to leverage limited federal funds in recognition that cooperation with industry is vital for addressing market imperfections impeding the widespread use of renewables. The Council strongly supports this approach, and urges Congress to continue its support of federal research, development and validation programs for renewable energy technologies.

---

PREPARED STATEMENT OF FATHER WILLIAM L. GEORGE, S.J., ASSISTANT FOR FEDERAL RELATIONS, GEORGETOWN UNIVERSITY

Mr. Chairman and members of the Committee, I am Father William L. George, S.J., assistant to the President of Georgetown University, the Reverend Leo J. O'Donovan, S.J. Thank you for the opportunity to testify on the Fuel Cell Transit Bus Research and Development Program. In the past, this Committee has strongly supported the introduction of this key transportation technology. Your vision has successfully developed three, 30-foot Fuel Cell powered transit buses. These buses are the only Fuel Cell powered vehicles in the world capable of operation on liquid fuel, and currently undergo testing in various locations around the country.

In fiscal year 1998, we request this committee augment the National Park Service (NPS) Grand Canyon Project by $1.2 million to develop the introduction of a Fuel Cell powered transit bus fleet amenable to the park operation. A specification should be included to properly identify Fuel Cell technology as most beneficial to the needs of the Grand Canyon. The suggested Fuel Cell technologies are those being developed under a ETA Grant to Georgetown. This activity will be the harbinger of the first pilot production Fuel Cell bus fleet in the country. This opportunity leverages all the R&D efforts of the past to solve a critical need of the NPS and provides a clear path for the introduction of the Fuel Cell technology into the transit industry.

Two years ago, I testified that the commercialization of Fuel Cell technology would pass to the Federal Transit Administration (ETA). Funds have been provided to develop a commercially viable 40-foot Fuel Cell bus using a domestic Fuel Cell manufacturer. Two such vehicles are being fabricated, each with a different type of Fuel Cell. The first, which we consider a commercial prototype based upon the initial program authorized by this subcommittee, should be delivered in the fall of 1997. The second is more developmental in nature and is due sometime later. Both are 40-foot transit buses that are designed to achieve commercial production.

The next step to commercialization is to build a small, pilot-production fleet of buses, and apply it to a real-world situation. To gain wide user acceptance, it is important to choose an operation which provides a showcase to a broad segment of potential bus riders and where the attributes of the Fuel Cell power system are absolutely essential. The problems of the Grand Canyon National Park provide an ideal opportunity.

Traffic congestion at the Grand Canyon National Park exceeds available road and parking capacity. The noise and pollution greatly detract from the serene beauty of one of our greatest National landmarks. The Park must convert to a pedestrian and transit-oriented facility. The conversion will initially require a fleet of at least 25 transit vehicles. The NPS has made a commitment to use a transit fleet that is environmentally sensitive to noise and exhaust emissions. The NPS is currently working through the preliminary concept phase of the transit planning for this system.

We strongly endorse the efforts of the Park Service to preserve the pristine natural setting of the Grand Canyon and believe that Fuel Cell powered transit buses offer the most promise. The Fuel Cell bus will introduce citizens from all over the country to the next generation of power systems. This highly visible program will serve as an exemplar of shared technology satisfying both Interior and commercial transit applications. The needs of the Grand Canyon and the commercialization of Fuel Cell technology for transportation will be advanced by this activity.

---

## PREPARED STATEMENT OF THE CLEAN COAL TECHNOLOGY COALITION

### I. INTRODUCTION

This testimony concerns fiscal year 1998 funding for the Department of Energy's (DOE) Clean Coal Technology Program. This written statement is submitted on behalf of the Clean Coal Technology Coalition (CCTC or Coalition), a public/private organization of electric utilities, coal companies, technology developers, state governments' universities and others organized to encourage the development and deployment of clean coal technologies.

The members of the Coalition understand the budgetary pressures resulting from fiscal constraints facing the federal government. However, we also understand the value of the federal government role in supporting prudent long-term investments in quality programs. The CCTC strongly urges the Congress not to sacrifice such important investments in our Nation's future for immediate and limited budgetary savings. We encourage the Members of the Subcommittee to maintain a course toward completion of the highly successful Clean Coal Technology Program (CCT Program).

The CCT Program is a jointly funded partnership between government and industry to demonstrate a new generation of innovative coal processes in a series of showcase, cost-shared demonstration projects. The CCT Program has been, and continues to be, an extremely successful public/private partnership in which government and industry have formed effective partnerships in making sustained progress toward long-term goals.

Last year, $124 million was rescinded by Congress from the CCT Program. This was in addition to $200 million that had previously been rescinded from the CCT Program by the Congress. These reductions have significantly affected the implementation and administration of the CCT Program and any additional reduction in funds could seriously impact the integrity of the program. The members of the Coalition urge Congress to defer any additional funding cuts and support the successful completion of this important, and successful program.

The members of the Coalition support full funding for the DOE cost share of the remaining CCT Program projects. We believe that government should fulfill its commitments accepted in good faith by the private sector. We encourage the Congress to ensure sufficient funds are available for all projects which the DOE and the industry partner have determined should be continued and completed.

For fiscal year 1998, the Administration proposes to rescind an additional $153 million and defer the release (or payment) of $133 million in unobligated CCT Program funds until fiscal year 1999. The Coalition understands that the Administration's request is predicated upon the cancellation of previously selected projects and the combining of other selected projects and the funds, therefore, are no longer needed.

In addition to its proposal to rescind an additional $153 million, the Administration is seeking an advance appropriation of $50 million to be made available in fiscal year 1999 to initiate the development of an international clean coal technology program. If approved, these funds are intended to "offset" part of the proposed $153 million CCT Program funding cut. The Coalition has taken a position in support of international cooperation and demonstration of clean coal technologies. We strongly believe in the importance of successfully demonstrating clean coal technologies, either domestically or in the international arena. However, DOE participation in international clean coal technology projects has been evaluated by the Congress in the past and was rejected. Therefore, unless there is a change in the will of the Con-

gress, we are not able to view this proposed funding as an offset to the funding cut in the CCT Program. Indeed, the outcome of the Administration's request may simply be a rescission of the $150 million and no addition of $50 million for an international project in fiscal year 1999. Further, the outcome might simply be an additional $50 million reduction in the program. This decision would be made in conjunction with the fiscal year 1998 budget to be effective in fiscal year 1999. We urge the Congress not to make such a conclusion.

Given the fact that the Clean Coal Technology Program is a technology development program, it is possible that projects might experience cost overruns or expected reductions in technology costs may not be realized as rapidly as expected. In such cases, more funding to achieve technology/program related goals would be required. To that end, sufficient funding must be available to provide the DOE adequate flexibility to ensure the goals of the Program can be achieved and the accomplishments to date are not lost. The Coalition recommends that if a rescission is to be made, the Congress rescind not $153 million, but rather $100 million, leaving the requested advance appropriations for an international program in the clean coal domestic budget as a "safety net" for ongoing projects or clean coal-related initiatives that will have the support of Congress and the Administration.

As the Subcommittee considers fiscal year 1998 appropriations allocations, we urge your continued support for this quality program that has assisted, and will continue to assist, efforts to obtain benefits derived from clean, efficient, and economic, coal-based power generation.

## II. THE CLEAN COAL TECHNOLOGY PROGRAM—A SUCCESSFUL COOPERATIVE UNDERTAKING

In 1986, the DOE established the CCT Program as an industry/government partnership for sharing the costs of projects that demonstrate innovative technologies for using coal in a more environmentally sound, efficient and economical manner. The CCT Program was borne out of recommendations by the U.S./Canadian Special Envoys on Acid Rain and approved, and finally recommended, by former Canadian Prime Minister Brian Mulroney and President Ronald Reagan. The establishment of the CCT Program responded to the need to insure that the Nation's energy demands are met, in part, by our most abundant energy resource—coal—in an environmentally responsible manner that does not jeopardize the attainment of air quality standards. Clean coal technologies meet these needs.

Much of the CCT Program's success is based upon its unique structure. First, unlike many other federal programs, the CCT Program was designed to serve a specific mission: to demonstrate a variety of clean coal technologies. Once the selected projects are completed, the CCT Program will end. Second, industry is assigned a critical role in the project selection process. Rather than select technologies, the government assists in the development of technologies chosen as most promising by industry. Third, the CCT Program contains a repayment provision. Not only do U.S. taxpayers gain the environmental, energy efficiency, national security and job creation benefits associated with the development of clean coal technologies, but when the technologies are successfully marketed, project participants are required to repay the government for federal financial support received. Finally, and most important, the CCT Program is a cost-shared venture. Nearly two-thirds of all CCT Program funds have been supplied by the private sector (industry has invested approximately $4 billion and the Federal government $2 billion in the Program, even though the program only requires 50/50 cost-sharing.)

The CCT Program has been implemented by the DOE through five solicitations and currently consists of 40 showcase demonstrations that are either completed, or underway, in locations across the country. Success of this public/private partnership may be measured by several factors: first, the majority of the 40 projects are completed, in operation, or under construction; second, for every $1 invested by the Federal government, private companies and states have contributed approximately $2, making the CCT Program one of the most successfully leveraged technology-development ventures managed by the U.S. Government; third, millions of dollars worth of commercial sales of clean coal technologies have been realized, thousands of new U.S. jobs are being supported by clean coal technology projects and the U.S. balance of trade has benefited (and will continue to benefit) from export sales of clean coal technologies.

## III. THE IMPORTANCE OF COMPLETION OF THE CCT PROGRAM

The federal government plays a critical role in the CCT Program by providing "seed" funding and support for these new technologies. Government support of clean coal technologies has mitigated the high risks and costs associated with technology

development and the lack of economies of scale that attends the initial demonstration of a technology. In turn, this support has increased the rate of development and deployment of clean coal technologies. Government participation has been, and continues to be, vital to the successful and timely introduction of clean coal technologies into the marketplace.

At the inception of the Program, Congressional appropriators had the foresight to provide advance appropriated funds for the clean coal program. This innovative funding process assured the private sector that the government was a committed and reliable partner and provided the security required by industry to invest large sums of capital into the CCT Program. To slash funding at this point would: (1) forfeit a relationship that the federal government and industry have worked hard to nurture and develop; (2) break government's commitment to partner with industry in the 40 clean coal technology demonstration projects; and, (3) destroy an important bond of trust. It is vitally important that sufficient funding be provided to the CCT Program, not only for the purpose of honoring government commitments, but also to provide the U.S. market with advanced technologies for future power generation needs. Adequate funding will allow the program to continue, projects to be completed, technologies to mature, and enable U.S. companies to access the potentially enormous clean coal technologies export market.

## IV. CLEAN COAL TECHNOLOGIES YIELD MULTIPLE NATIONAL BENEFITS

Currently, coal is used to generate 56 percent of U.S. electricity and is emerging as a feedstock for the production of alternative transportation fuels and chemicals. According to the Energy Information Administration, coal is expected to fuel about 50 percent of U.S. electricity production through the year 2015 and coal will continue to be the primary source of electric power well into the next century, not only in this country, but for much of the world. Given these facts and projections, the United States is presented with an extraordinary opportunity to market its new, cleaner, coal-based power systems overseas which will create new U.S. jobs and help reduce the U.S. trade deficit.

Clean coal technologies allow the Nation not only to meet current and future power generation needs while utilizing our most abundant energy resource—coal—but also to provide that power in an environmentally sound manner. This is an important point. Without new technology, it may be difficult for generating companies to respond to increased electricity demand, comply with environmental regulations and, at the same time, refrain from increasing the cost of electricity production and electricity prices to consumers. Given that $200 billion from our economy goes for the purchase of electricity yearly, any economic penalty could erode U.S. competitiveness and limit economic growth.

The clean coal technologies under development have proven successful in removing and preventing emissions. The various clean coal technologies can remove 30 to 90 percent of nitrogen oxides and 50 to 99 percent of sulfur dioxides from the combustion of coal. Also, because some of these technologies are more efficient converting coal to useful energy, significantly less $CO_2$ is emitted.

In addition to significant environmental benefits, CCTs already have benefitted our domestic economy through revenue from sales and jobs creation. Further, a significant potential exists to export clean coal technologies which, in turn, will create additional U.S. jobs. Global electricity demand, particularly in developing countries, is rapidly increasing. To meet that demand, many nations will rely upon indigenous coal resources and foreign capital to finance utility projects. In fact, the U.S. Department of Energy estimates that the total world market for CCTs is between $250–750 billion through the year 2010. If the U.S. were to capture only 20 percent of that export market, DOE estimates as many as 29,000 to 43,000 U.S. jobs would be created.

## V. CONCLUSION

The Clean Coal Technology Coalition understands the budgetary constraints faced by the federal government and respects congressional action to consider plans to reduce federal spending. We ask that the Clean Coal Technology Program, an effective program which promotes and achieves multiple national goals and benefits, not be sacrificed for immediate savings. In the long-term, such actions only would result in a net loss for U.S. taxpayers from lost jobs, exports, cleaner technologies and domestic fuel security.

PREPARED STATEMENT OF GARY A. STYLES, MANAGER, PLANNING AND ANALYSIS, POWER SYSTEMS DEVELOPMENT FACILITY, SOUTHERN COMPANY SERVICES, INC.

INTRODUCTION

Mr. Chairman and members of the committee. This statement of Southern Company Services, Inc., ("SCS") is in support of $20 million for the Wilsonville Power Systems Development Facility in the Advanced Clean and Efficient Power Systems Program requested in the U.S. Department of Energy ("DOE") Fossil Energy R&D budget for fiscal year 1998. Specifically, the budget request is for $10 million in the high efficiency—integrated gasification combined cycle activities and $10 million in the high efficiency—pressurized fluidized bed combustion activities. SCS would also like to request that the budget for the pressurized fluidized bed combustion activities be increased by an additional $2 million ($12 million total) to fund startup and commissioning of the advanced pressurized fluidized bed combustion ("APFBC") train and support projects. Construction of the APFBC is currently scheduled for accelerated completion in fiscal year 1998. Acceleration of APFBC construction will result in lower overall cost to project but will increase project cash flow for fiscal year 1998. Without this additional $2 million, completion of startup and commissioning of the APFBC train at the PSDF may be delayed.

Southern Company is actively involved in many areas of research including technologies that can be used by the affiliated operating companies to produce power more efficiently. In particular, Southern Company, through SCS and its operating companies, supports and conducts research that will help the nation utilize its coal resources while minimizing the environmental effects of using one of our nation's most plentiful and valuable resources. As a result, SCS has participated in projects in both DOE Clean Coal Technology program and the DOE Fossil Energy Research and Development program.

The purpose of this testimony is to request this Subcommittee's continued support for the Power Systems Development Facility ("PSDF") for advanced coal gasification and pressurized combustion research. SCS would also like to express appreciation to this Subcommittee for previous support for advanced fossil energy research. SCS specifically requests a minimum of $22 million for the PSDF project in fiscal year 1998. This request assumes that the full $22 million for fiscal year 1998 and the full $22 million that was approved by this committee for fiscal year 1997 are available to the project.

OBJECTIVES OF THE PSDF RESEARCH PROGRAM

The objectives of the PSDF research program, in conjunction with other DOE research projects and programs, are to reduce technical risk, improve environmental performance, and reduce the cost of producing electricity from coal, our nation's most abundant fossil fuel resource. For many reasons, natural gas fired combustion turbines and combined cycle power plants are currently the most cost-effective electric power generating technologies in many areas of the United States. Natural gas fired power plants are projected to capture over 50 percent of new electric generation capacity over the next 10 to 15 years. However, many may remember that less than 15 years ago, electric utilities were prohibited by federal law from burning natural gas to produce electricity due to shortages of natural gas and its importance to domestic heating. During this period of energy stability, we must not, as a nation, become complacent or we may face another energy crisis in the future. Our nation needs competitive, cost effective, clean, and efficient coal-based technologies to meet our future electric energy needs.

The fundamental purpose of the PSDF is to support the national program to assure competition between energy resources and, thereby, keep electricity prices low. Coal reserves currently accounts for over 90 percent of the U.S. combined energy reserves supplies over 56 percent of the energy for electric power generation. Coal is still our nation's lowest cost fossil fuel. However, for coal to continue to be a cornerstone of our national energy policy, we must reduce the capital cost of new coal fired power plants by at least 20 percent while simultaneously increasing efficiency and improving environmental performance. To accomplish these objectives, we must improve the reliability of individual plant components and optimize system integration and performance. This type of research can be accomplished most cost effectively at a dedicated pilot-scale development facility such as the PSDF. The PSDF is designed to be the U.S. test facility to support the Clean Coal Technology program and advanced coal-based power generation development for the next five to 15 years.

DESCRIPTION OF POWER SYSTEMS DEVELOPMENT FACILITY

The Wilsonville PSDF is a joint industry/DOE facility for engineering-scale testing and development of devices to remove particulates and other contaminants from hot gas in high-efficiency coal gasification and pressurized fluidized-bed combustion power plants. SCS and our industrial partners are supplying over $40 million in cost sharing to the PSDF project. The industrial partners, which represent a major portion of the domestic electric power generation, power generation design and manufacturing, construction, and coal mining include: M.W. Kellogg, Inc., Peabody Coal, Foster Wheeler Corporation, Southern Research Institute, Westinghouse Electric Corporation, Combustion Power Corporation, Industrial Filter & Pump, Inc., and the Electric Power Research Institute. Three of the industrial partners, Foster Wheeler, M.W. Kellogg, and Westinghouse are also actively involved in Clean Coal Technology demonstration projects that will enhance commercialization opportunities for technologies being developed at the PSDF. Southern Company, and its industrial partners in the PSDF, have financial incentives to see that technologies successfully developed at Wilsonville and other sites are effectively implemented in the market place.

In addition to the Wilsonville, Alabama plant site, components for the facility are being developed at the following locations: Grand Forks, North Dakota (gasifier development), Houston, Texas (gasifier development); Livingston, New Jersey (combustor development); Menlo Park, California (filter fabrication); Cicero, Illinois (filter fabrication); Orlando, Florida (gas turbine burner), and Pittsburgh, Pennsylvania (filter fabrication).

High-temperature, high-pressure gas cleanup must be perfected in order to use new high-performance gas turbines in coal-based power plants. When fully developed, these technologies will: (1) improve the efficiency of power generation from coal by over 25 percent compared to pulverized coal power plants with a corresponding reduction in $CO_2$ emissions; (2) lower the cost of electricity by over 20 percent; (3) be more acceptable to coal-based utilities than today's coal-gasification combined-cycle designs; and (4) reduce pollutants by over 95 percent.

The PSDF will be the focal point for much of America's advanced electric power generation technology development in the 1990s and into the twenty-first century. Current plans call for the facility to contain five modules: (1) an advanced pressurized fluidized-bed combustor ("PFBC"), an extremely clean method for burning coal; (2) a transport reactor gas source, an advanced type of coal gasifier and pressurized combustor; (3) a hot gas cleanup module to test filters for removing fine particles and other contaminates from coal gases; (4) an advanced burner-gas turbine module; and (5) an advanced fuel cell. At the PSDF, private developers will be able to test innovative electric power system components—new combustors, improved cleanup systems, and advanced turbines and fuel cells—at a central location, saving the time and expense of building separate test facilities.

The Wilsonville PSDF offers a number of advantages to the utility industry and to the nation by being able to address issues for the near, middle, and long-term management of technology risk:

—The testing of hot gas cleanup systems addresses near-term developmental needs, and the schedule of the PSDF is geared towards providing support to Clean Coal Technology ("CCT") projects for advanced power generation as these projects enter the design and operational phases.

—The advanced pressurized combustion process offers the potential of a high efficiency system for the mid-term that may be widely used in repowering applications or in greenfield plants.

—The transport gasifier/combustor has significant commercial potential due to its compact size and resulting lower capital cost.

—The integrated gasification/fuel cell concept is a system that has the potential to become the most efficient and environmentally superior coal-based system available over the long-term.

Another important aspect of the technologies being developed at the PSDF is the interaction with technologies being developed in other DOE programs such as advanced turbine, filter development, and the fuel cell programs. The Wilsonville PSDF will be the only facility in the world where all the components of an advanced coal-fired power plant can be tested in an integrated system at a practical engineering scale prior to assuming the risk and cost of commercial applications. This facility and other DOE fossil energy programs will allow U.S. electric utilities to maintain reasonable domestic energy prices and for U.S. equipment suppliers to gain a technological advantage in electric power production that can help increase competitiveness in foreign electricity markets.

STATUS OF THE PSDF PROJECT

Construction of the M.W. Kellogg transport reactor train was completed in May 1996 and startup in the combustion mode began in August. By the end of 1996, over 800 hours of fluid mechanical testing were successfully completed including over 230 hours of operation on coal. In 1997, the transport reactor will be operated in both the combustion and gasification modes and tests on different particulate control devices will begin. Construction and startup of portions of the Foster Wheeler advanced PFBC (APFBC) system are scheduled to be completed in 1997. Tests of the fully integrated Foster Wheeler APFBC are scheduled to being in early 1998.

CONCLUSION

The United States has always been a leader in energy research. Current DOE fossil energy research and development programs for coal will assure that a wide range of technology options continue to be available for future needs. We recognize the difficult choices that confront Congress when it examines the near-term effects of research programs on the Federal budget. We believe, however, that supporting advanced coal-based energy research today, in programs like the PSDF, will be a net plus for the economy, the federal government, and the American people over the long run. For the foregoing reasons, SCS requests your continued support for the Power Systems Development Facility by including $22 million in funding in the Department of Energy's Fossil Energy Budget. We thank you for the opportunity to appear before you today.

---

## PREPARED STATEMENT OF THE BUSINESS COUNCIL FOR SUSTAINABLE ENERGY

### I. INTRODUCTION

The Business Council for Sustainable Energy (BCSE) is pleased to offer its views on the role of government in support of energy research and development—as it relates to energy efficiency programs at the Department of Energy (DOE).

The BCSE is comprised of a diverse group of companies. Our members represent manufacturers, investor-and municipally-owned electric and natural gas utilities, energy marketers, laboratories, associations, and energy service companies. Our diversity is also reflected in the size of our member companies. We have Fortune 500 enterprises and small entrepreneurial businesses as members. The BCSE supports energy-related policies and programs that enhance the nation's economic and national security goals through the rapid deployment of efficient, non- and low-polluting technologies.

The BCSE's membership adds value to government policies and programs by forming consortia and engaging in cost-shared partnerships, leveraging limited federal resources, and advancing U.S. industrial competitiveness. The international marketplace is more heavily subsidized by foreign governments than ever before. In fact, as a percentage of gross national product, U.S. government investment in non-defense research and development (R&D) remains well below that of our fiercest competitors, Japan and Germany.

We believe that energy efficiency can become an even greater force in our economy and offset reliance on foreign oil, while reducing our production of greenhouse gases, and providing new high-technology, high-paying American jobs. Increased federal emphasis on energy efficiency is arguably the least costly and intrusive means to accomplish the goal of an economically viable sustainable energy future. The BCSE will not attempt to address all of DOE's energy efficiency programs given their breadth and diversity. Rather, we will focus on a few programs that illustrate the value of federal support.

### II. THE TRANSPORTATION SECTOR

Perhaps the best indicator of our Nation's need to advance alternative-fuel vehicle (including natural gas and electric vehicles) research, is the current record high level of U.S. oil imports, (52 percent) which is projected by the Energy Information Agency (EIA) to reach 63 percent by the year 2005. These imports contribute significantly to our trade deficit and threaten our economic security, as the Persian Gulf countries are expected to control over 70 percent of the global oil market by the year 2010.

*Alternative fuel vehicles*

As surface transportation in the U.S. is virtually 100 percent dependent on petroleum, alternative fuel vehicles (AFV), by definition, are the only solution to the

transportation sector's vulnerability. Although AFVs are available today, much more research must be done and technical advances realized before either natural gas (NGV) or electric vehicles (EV) will be universally accepted, reliable, and cost-competitive.

The BCSE is supportive of DOE's system optimization and tank storage research for NGVs, particularly in the industry's priority area of high fuel-use NGVs. By utilizing advanced composite materials, compressed natural gas (CNG) storage systems can be manufactured to require less weight for equal or greater amounts of fuel storage.

The BCSE is also supportive of DOE's Clean Cities Program, which in fiscal year 1998 will expand its partnerships to 65 cities across the nation, assisting state and local governments with AFV refueling infrastructure development, education, and technical assistance. The nation-wide infrastructure corridor will be extended and a long anticipated expansion of the Clean Cities electric vehicle deployment program will be undertaken. Our members are putting their money behind these endorsements. While we invest in infrastructure advancements, our members are simultaneously building their fleets. By the end of 1997 BCSE members, Brooklyn Union, headquartered in New York, will have 916 NGVs in its fleet (over 85 percent of its total fleet) and Pacific Enterprises, headquartered in California, will have 765 NGVs.

*Battery technology*

The battery provides an example of a promising technology for electric vehicles. BCSE member Energy Conversion Devices, headquartered in Michigan, which produces the Ovonic Nickel-Metal Hydride battery, is a member of the U.S. Advanced Battery Consortium. Fifty-five percent of funding for this important partnership is provided by the private sector. Advanced mid-term batteries will double the approximately 70-mile vehicle range compared with conventional lead-acid batteries, and the Ovonic Nickel-Metal Hydride battery has met or exceeded the mid-term performance goals set by the Consortium. The electric battery and other promising energy storage technologies could redefine transportation, ending the transportation sector's reliance on foreign oil.

III. UTILITY/POWER GENERATION SECTOR

EIA projects that cogeneration and non-utility applications in the U.S. will account for nearly 58 percent of all new electric generating capacity built over the next 20 years. Natural gas powered industrial turbines and fuel cells are the prime cogeneration candidates to meet the projected capacity demand.

*Fuel cell technology*

The BCSE is very supportive of DOE's fuel cell programs in the power generation, building, and transportation sectors. One of the BCSE's members, International Fuel Cell, headquartered in Connecticut, is engaged in cost-shared partnerships with the federal government. Fuel cell power systems are poised to enter the market for distributed power generation and, in the future, will be available in the future in a variety of sizes and types to fill the diverse power generating needs of the commercial, industrial and utility sectors. Fuel cells are very efficient energy converters. Compared to the average 35 percent efficiency of the present electrical grid, the projected fuel-to-electric conversion efficiency for fuel cell power plants range from 45 percent, for the units about to enter the market, to 70 percent for units that could become available by 2010. The ultra-low emissions and "good-neighbor" features of fuel cells enable them to be sited close to the end users, eliminating losses associated with long-distance transport over high-voltage lines. The ultra-low emissions include virtually zero $NO_X$ and $SO_2$ levels, and the lowest $CO_2$ emissions of any fossil fuel power plant.

In the transportation sector, the DOE anticipates that light-duty fuel cells will begin to enter the market by 2008. By 2020, it is projected that 75,000 barrels per day of oil could be displaced, amounting to $1.2 billion in energy cost savings and 2.9 million metric tons of carbon equivalent emission reductions. The worldwide market for fuel cells across the power generation, building, and transportation sectors is projected to be $3 billion per year in the post-2000 era with an exponential growth in the market after 2010.

*Gas turbines*

The BCSE strongly supports DOE's Industrial Advanced Turbine Systems Program. EIA's 1996 Energy Outlook and the Gas Research Institute Baseline Projection of U.S. Energy Supply and Demand (1996 Edition), both project that total gas demand for electricity generation is projected to grow from 4.3 quads in 1994 to over

eight quads in 2015. The portion of this gas demand in industrial and commercial cogeneration is projected to more than double, from 1.1. quads in 1994 to 2.7 quads in 2015. Solar Turbines, a BCSE Member, is a solely-owned American corporation headquartered in California. Solar Turbines is the leading manufacturer of industrial-scale turbines. Solar Turbines is expected to be the first in the marketplace with the efficiency and environmental improvements emanating from the successful cost-shared partnership with DOE. fiscal year 1998 research will be geared toward reducing $NO_X$ emissions at the higher temperatures (required to increase system efficiency) without increasing emissions of CO or unburned hydrocarbons.

*Utility programs*

DOE also has worked effectively with utilities and power authorities to promote energy efficiency. Through voluntary programs such as Climate Wise, DOE has obtained the commitment of industry to reduce its emission of greenhouse gases. Generally, activities that reduce emissions also reduce energy use. Climate program participants—such as BCSE member Sacramento Municipal Utility District (SMUD)—have premised their programs on sound economic principals. In fact, SMUD attributes its aggressive support for energy efficiency as a primary reason it has been able to stabilize its electricity rates.

IV. THE BUILDING SECTOR

The building sector (residential and commercial buildings) currently uses 32 quadrillion Btu (quads) of primary energy annually. This is about 36 percent of total U.S. energy consumption, and includes 66 percent of all electricity and 25 percent of all natural gas used in the nation. This energy costs consumers about $220 billion annually. The average household spends about $1,300 per year on domestic energy (excluding associated externalities). Energy consumption in buildings also has serious environmental implications. Carbon dioxide emissions attributable to primary energy use in U.S. buildings alone are roughly equivalent to the total emissions of Japan and the United Kingdom combined.

*Natural gas cooling technology*

Natural gas cooling is very energy efficient, especially when measured on a life-cycle basis (measuring energy from its source through transmission and distribution to the site), and its low-emission properties make it environmentally friendly. Additionally, natural gas cooling is used during the periods of the day and days of the year that correspond to the peak demand for electricity generating capacity, thereby benefiting gas customers and gas and electricity providers. BCSE member York International, headquartered in Pennsylvania, is engaged in a cost-shared partnership with DOE toward the development of a large natural gas commercial chiller. The cost-effective and efficient York chiller will allow end-users to provide for both the cooling needs and thermal requirements of their building. The planned market introduction is scheduled for 1998.

DOE and BCSE member American Standard Companies, headquartered in New Jersey, and its subsidiary Trane, headquartered in Wisconsin, are developing a highly efficient air pre-conditioner system to be incorporated into Trane's "Climate Changer" commercial product line. Desiccant dehumidification-based cooling systems are beginning to show real promise, and DOE technical and marketing studies are an essential component for assured broad commercialization. Similarly, with support from DOE, Engelhard/ICC is developing unique desiccant systems with heat exchange technology to independently reduce both humidity and temperature while drawing 100 percent fresh air from the outside. Indoor air quality is a serious public health issue today and the American Society of Heating, Refrigeration and Air-Conditioning Engineers has recently promulgated ventilation requirements for building systems (ASHRAE–62).

*Standards and insulation*

DOE has played a constructive role in providing educational and technical support of building codes and standards such as the Model Energy Code and ASHRAE 90.1. These codes and standards—promulgated by private-sector organizations—help ensure that our nation's housing stock reflects good building construction practices and is reasonably energy efficient. In addition, DOE has published industrial insulation guidelines that will significantly improve energy efficiency in this sector of the economy. DOE is currently providing educational and technical support to help industry implement the guidelines. DOE also has provided valuable technical assistance to the polyurethane foam insulation industry, helping the industry find a substitute for CFCs as a blowing agent used in insulation installation. The CFC-free polyiso insulation performs as efficiently as the prior product.

*Federal energy management*

The federal government spends over $3.0 billion annually to light, heat, and cool the interior of buildings it owns and operates. These facilities, like those occupied by private industry, often can be economically upgraded and retrofitted to reduce the energy required to provide essential building energy services. The Federal Energy Management Program (FEMP) utilizes energy saver performance contracts for all federal agencies to maximize cost savings and federal purchasing power. These contracts enable facilities to take advantage of all life-cycle, cost effective energy efficiency and alternative fuel technologies. Consequently, DOE works cooperatively with several BCSE members, including: the American Gas Association (head-quartered in Virginia), the Solar Energy Industries Association (headquartered in Washington, DC), the Alliance to Save Energy (headquartered in Washington, DC) and the Gas Research Institute (headquartered in Illinois).

V. CONCLUSION

DOE's energy efficiency activities reflect the broad diversity of the technologies and services that characterize the energy efficiency industry. The federal government has a long history of supporting energy efficiency programs based on the many societal benefits offered by these programs. DOE's programs are directed at mitigating market distortions and are consistent with sound market theory. For these reasons the BCSE urges Congress to continue its support for these efforts.

---

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF RETIRED PERSONS

AARP appreciates this opportunity to comment on appropriations for the Weatherization Assistance Program. This program helps low income households reduce energy costs by funding such activities as installing weather-stripping, storm windows and insulation. Energy costs are a burden on low income families, often forcing such households to make difficult choices among basic necessities. This is especially true regarding the elderly, given their increased risk of fatality from freezing or heat stroke. Older persons also tend to live in older, less well-insulated homes. The bitter winter that swept across so much of the nation this year brought suffering to many elderly and working-poor families who had no choice but to remain in their drafty, dilapidated housing.

AARP supports the Administration's proposed increase (from $120.8 million to $154. 1 million). These Department of Energy grants serve as the core program to leverage utility and housing resources for weatherization activities. Currently, the program is weatherizing approximately 61,000 homes; the budget request would increase this to 77,000 next year. More than 27 million homes remain eligible for such assistance. The Department of Energy reports that, to date, its weatherization program working in cooperation with Federal and State partners has increased the energy efficiency of over 4.6 million homes.

Data from the Department of Energy's 1993 Residential Energy Consumption Survey indicate that low income households spend approximately 14 percent of their income on home energy, about three-and-a-half times the percentage paid by the typical American household. The survey further indicates that energy expenditures as a percent of income for older households are about 50 percent higher than for the general population.

The Residential Energy Consumption Survey also indicates that 35 percent of the homes occupied by older households were built prior to 1950, compared to only 26 percent of those occupied by younger families. These homes are typically less well insulated, more expensive to heat and in need of repair. Research by AARP's Public Policy Institute using data from the 1993 American Housing Survey shows that older households, especially minority older households, are more likely to occupy substandard housing. For example, among owner-occupied units, homes of older African-American households were almost four times more likely to exhibit severe or moderate quality defects. The 1993 American Housing Survey indicates that 64 percent of low income older owners did not devote any funds to routine maintenance or improvements such as weatherization.

Weatherization Assistance has made a crucial difference for many of these older households. Just over one-third of the dwellings weatherized under the program are occupied by older persons. The most recent full-scale evaluation of the Weatherization Assistance Program, a study by the Oak Ridge National Laboratory released in January, 1997 indicates that Weatherization efforts through the Weatherization Assistance Program have reduced home energy heating expenditures by an average of 18 to 24 percent for households utilizing natural gas as their primary heating

source. When combined with Low Income Home Energy Assistance benefits, the home energy cost burden is reduced further.

Emphasis in the Weatherization Assistance Program with respect to methods used has evolved from emergency and temporary measures (such as caulking and weather-stripping) to inclusion of those conservation remedies that on average produce the highest savings (e.g., combined attic and sidewall insulation). Personnel in the field are now much more experienced in determining which conservation techniques, under what circumstances, are most cost effective and save the most energy.

A particularly promising area for improvement in energy efficiency is in manufactured housing. Manufactured homes, more commonly referred to as mobile homes, are a major source of housing for low-income and elderly households. Although the Department of Housing and Urban Development adopted improved energy efficiency standards for new manufactured homes in 1994, the large stock of existing manufactured homes is not energy efficient. Households living in manufactured homes spend on average twice as much for energy per square foot of living space as do households living in single-family homes. Homes manufactured before 1975, representing 44 percent of the existing stock, are even less energy efficient.

Currently, approximately 20 percent of all Weatherization work focuses on manufactured housing. Recent reports by the National Center for Appropriate Technology (NCAT) indicate that new Weatherization techniques for pre–1976 manufactured housing can reduce energy bills by 30 to 50 percent. These techniques are now being made available by NCAT to Weatherization agencies across the nation. The combination of improved weatherization techniques and tougher energy efficiency standards for new manufactured homes promises major improvements in energy efficiency for this form of housing and substantial benefits for low income residents.

DOE's supporting analysis for the 1990 National Energy Strategy indicated that long-term residential energy consumption could be reduced by 23 percent through a gradual introduction of the best available conservation technology. The analysis also noted that to make a major contribution in the short-term, conservation measures must focus on retrofitting existing buildings. In addition, the National Energy Policy Act of 1992 gives great emphasis to improving building efficiency. With a capability to weatherize approximately 250,000 dwellings a year, continuation of the Weatherization Assistance Program is essential to meeting national energy goals.

Thank you for this opportunity to comment on funding next year for this critical program.

---

LETTER FROM D. JAMES G. SPEIGHT, CHIEF EXECUTIVE OFFICER, THE WESTERN RESEARCH INSTITUTE

LARAMIE, WY, *April 8, 1997.*

Hon. SLADE GORTON,
*Chairman, Subcommittee on Interior, Committee on Appropriations,*
*U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: On behalf of the Western Research Institute (WRI), I request that the following statement be submitted as part of the record of proceedings for the Subcommittee on Interior's consideration of the Department of Energy's Office of Fossil Energy research and development fiscal year 1998 budget request. Specifically, WRI requests the Subcommittee's support of the Cooperative Research Program and to provide at least $6,000,000 of which we request $3 million to support ongoing or planned cooperative research projects at WRI. These projects require at least fifty percent industrial cost-sharing. WRI has sought to implement a cooperative research program that is consistent with congressional intent to maximize industry involvement in research, development and demonstration projects. The following discussion reviews the accomplishments of the Cooperative Research Program at WRI and our expectations for fiscal year 1998.

WRI wishes to take the opportunity to support the Of flee of Fossil Energy's budget request in general. We do, however, have a concern over the new and unprecedented orientation in the budget request allocation of budget resources for the Cooperative Research Program. Specifically, WRI believes that in the past the even handed approach to funding allocations within this program has benefited the Department of Energy, provided necessary assurances to industry partners on the program's viability and met congressional intent to ensure that cost-shared research and technology development projects within this program can continue unencumbered by unrelated priorities. Therefore, WRI strongly encourages the Subcommittee to ensure consistency and equal treatment in funding allocation decisions and to ensure that WRI is able to participate at such levels consistent with Department of Energy and industry priorities.

SUCCESSFUL LEVERAGING OF FEDERAL FUNDING WITH PRIVATE COST-SHARING

The Jointly Sponsored Research (JSR) Program emphasizes technology commercialization and continues to be highly successful and supported strongly and enthusiastically by WRI's industrial clientele. All of the available Department of Energy (USDOE) funding for each of the first seven years has been committed to projects.

Since entering into a new JSRP cooperative agreement with the Department of Energy on March 26, 1993, WRI has put in place projects utilizing a total of $10,986,264 in USDOE funds. These funds have been combined with $14,586,209 in industrial funds to produce a $25,572,473 program. The use of fiscal year 1997 funds will produce a program valued at or above $30 million while using less then $13 million in USDOE funds.

While it is always desirable to acquire an asset worth more than $30 million for a price less than $13 million, these numbers substantially understate the true value of the program. What price does one put on the value of new technology which improves regional economies and enhances our quality of life? As this report illustrates, the technology developed during the past four years not only results in billions of dollars of increased or enhanced energy reserves, but a cleaner, healthier and safer environment as well. This means a safer and more secure energy and environmental future for us, our families and for future generations.

TECHNOLOGY MEETING NATIONAL NEEDS

The Cooperative Agreement Program emphasizes technology commercialization consistent with the USDOE's mission to enhance the nation's energy security through increased efficiencies in exploration, production and utilization with minimal or no adverse environmental consequences. Technologies emerging from the program are consistent with this goal and include:

CLEAN FUELS FROM COAL

Thermo Ecotek announced in August 1995 the signing of an agreement to construct a 500,000 tons per year coal upgrading plant in the Powder River Basin of Wyoming. The plant cost $42 million and uses the Koppelman Series C Process. This process was successfully demonstrated by WRI and KFx Inc. in early 1994 using a pilot plant funded by matching funds from the USDOE JSR Program. WRI is presently working with KFx Inc. on projects to increase the throughput and reduce the cost of second generation plants which will use the improved version of the Koppelman Series C Process and to test foreign coals as feedstocks for the process.

INCREASED PRODUCTION OF DOMESTIC OIL

Present above ground steaming technology is limited to depths of 1,800 to 2,500 feet due to large heat losses as depth is increased. Heat loss does not exist with the Meshekow electric downhole steam generator (EDSG) since steam is being produced directly at the formation zones. It is estimated that the U.S. has 42 billion barrels of heavy crude at depths between 3,000 and 5,000 feet. The high operating efficiencies of the EDSG will allow these formerly unexploitable reserves to be recovered.

The EDSG has significant applications for deep reservoirs under layers of permafrost as are found in regions like Alaska's West Sak and Kuparuk oil fields. Alaska's fields are estimated to contain 25 billion barrels of proven heavy oil reserves, the majority of which are deeper than 3,000 feet and lie under thick layers of permafrost. Because of the depth and permafrost conditions, conventional above ground steam generation is impractical if not impossible and the EDSG may represent the only technology capable of recovering this oil.

REDUCED ENVIRONMENTAL IMPACT ASSOCIATED WITH OIL PRODUCTION

Tank bottom wastes from petroleum production are estimated to exceed 27,000,000 barrels in the U.S. alone with an accumulation rate of 2,800,000 barrels per year. RCRA regulations currently allow storage in permitted pits or tanks but fewer and fewer permits are being approved. WRI developed and patented the Tank Bottom Recovery and Remediation (TaBoRR) process to address this problem. The method results in separation of water, a light hydrocarbon stream, a heavy hydrocarbon stream, and an inert, non-leaching, liquid-free solid. The process is currently undergoing testing in a 300 barrel per day process development unit and negotiations are underway with a number of domestic and international companies for extended testing and deployment within operating fields.

REMEDIATION OF HYDROCARBON-CONTAMINATED SITES

Thousands of sites in the US have subsurface hydrocarbon contamination and many are contaminated with heavy oils. WRI developed the CROW process to mitigate such sites. JSR funding has enabled field demonstrations of the technology at the Bell Lumber site in New Brighton, Minnesota and the Pennsylvania Power and Light site in Stroudsburg, Pennsylvania. Installation and shakedown of all field equipment at both sites are complete. The PPL system has been fully operational for more than six months and has produced more than 1500 gallons of DNAPL. The owner estimates that the CROW process has reduced the cost of remediation by more than $1.3 million.

IMPROVED ENVIRONMENTAL MONITORS

The determination or screening of environmental contaminants in the field using portable analytical methodologies or down-hole real time in-situ measurements is an area of great interest in the environmental industry. The TROLL (SP4000) which became commercially available in fiscal year 1996 is a fully submersible intelligent probe designed for monitoring water level and temperature. Using Windows-based software, the TROLL can be easily programmed in the office, car or field and connected either to a PC, which is used for programming and receiving stored data, or to other units via separately-supplied wiring or telemetry.

INCREASED HEALTH AND SAFETY

PEAC is a hand-held computer system that provides first responders with fast, easy-to-use information for chemical spills and emergencies. The size of an emergency response area often dictates how limited resources are allocated. Evacuation distances vary greatly with spill and weather conditions. The ability to determine protective action distances using actual conditions is crucial to resource allocation. Commercial PEAC units are being produced and sales began in January 1997.

SOLVING ENERGY AND ENVIRONMENTAL PROBLEMS TO IMPROVE OUR ECONOMY AND ENHANCE OUR QUALITY OF LIFE

Each of the six technologies being brought to commercialization with the funds provided by the current Cooperative Agreement Program contributes to the overall goals of the U.S. Department of Energy and the Nation. Each has broad applicability both within the United States and abroad thereby helping to enhance the competitiveness of U.S. and western energy technologies in international markets and assisting in technology transfer. The downhole steam generator (EDSG) can potentially increase the Nation's heavy oil reserves by more than 40 billion and perhaps as much 100 billion barrels while the Koppelman Series C Process is expected to generate markets for as much as 20 millions tons annually of low sulfur coal. Both of these technologies contribute substantially to the goal of increased production of U.S. energy resources and reducing the Nation's dependence upon foreign energy supplies. The TaBoRR technology helps to minimize the impact of energy production and utilization on the environment while simultaneously recovering some additional ten million barrels of usable oil. This technology is augmented by the TROLL smart probe, CROW and PEAC technologies, all of which contribute measurably and substantially to a significantly cleaner, healthier and safer environment. The total funding to bring these technologies to this stage of development was more than $30 million with the government's share of this being less than $13 million. We certainly feel that these funds were well spent in "Solving energy and environmental problems to improve our economy and enhance our quality of life."

America has always been a nation recognized for scientific excellence. This excellence has served the nation well in the years since its founding and is largely responsible for our country's dominant industrial position in the world today. The Cooperative Agreement Programs are ideally suited to meet scientific and industrial needs in that they carry this concept—which has already been proven to be so fundamentally sound—one step further * * *.

SCIENTIFIC EXCELLENCE WITH A COMMERCIAL PURPOSE A STRATEGY FOR SUCCESSFULLY COMPETING IN A GLOBAL ECONOMY

In a high-technology global economy, technology development is crucial to the preservation and growth of the American economy and standard-of-living. Much of this technology and growth will come from companies which were small or nonexistent just a decade earlier. These emerging companies must rely upon creative and innovative Institutes such as me Western Research Institute to assist with their process and product development activities. It is a tribute to the wisdom and the

foresight of the United States Department of Energy and the Congress that activities such as the Cooperative Agreement Programs exist to meet these crucial national needs.

As we enter the fifth year of our present Cooperative Agreements, we have a sense of pride and accomplishment regarding what has been achieved during the first four years of the program. We hope that as you read the enclosed materials you shared the same pride and spirit of accomplishment that we do. Certainly much has been done and done well. Technologies developed at WRI during the past four years will add measurably to the Nation's energy reserves while providing a cleaner, healthier and safer environment. Yet much still remains to be done!

Increasingly, the demonstration and commercialization of technology require strong, coordinated and focused activities often spanning several years. Accordingly we find our industrial partners requiring multi-year segments of time and funding. In turn, if meaningful projects are to be undertaken and commercialized, there must be some assurance of long-term and dependable support. Ensuring that this necessary support is available and put to good use in fueling our domestic economy is the challenge facing us all. We at the Western Research Institute look forward to working with members of the 105th Congress to accomplish this extremely important and necessary task.

Sincerely yours,

D. JAMES G. SPEIGHT,
*Chief Executive Officer,*
*Western Research Institute.*

---

PREPARED STATEMENT OF JUDITH L. MONDRE, EXECUTIVE DIRECTOR, CITY OF PHILADELPHIA ENERGY OFFICE AND CHAIR, URBAN CONSORTIUM ENERGY TASK FORCE

This testimony is submitted for the information of the Subcommittee in connection with the Department of Energy's (DOE) budget requests for fiscal year 1998. The Urban Consortium Energy Task Force (UCETF) appreciates this opportunity to report to the Subcommittee regarding its participation in DOE's Municipal Energy Management Program.

The UCETF is made up of local government energy policymakers and administrators from major urban areas around the United States. Currently, 22 jurisdictions are represented on the UCETF: Albuquerque, NM; Austin, TX; Chicago, IL; Columbus, OH; Dade County, FL; Denver, CO; Greensboro, NC; Hennepin County, MN; Kansas City, MO; Long Beach, CA; Memphis, TN; Monroe County, NY; Montgomery County, MD; Orange County, FL; Philadelphia, PA; Phoenix, AZ; Portland, OR; San Diego, CA; San Francisco, CA; San Jose, CA; Seattle, WA; and Washington, D.C. The UCETF is a subgroup of the Urban Consortium, an organization of the nation's largest cities and counties joined together to identify, develop and deploy innovative approaches and technological solutions to shared urban concerns. The Urban Consortium is a program of Public Technology, Inc. (PTI), which is the non-profit technology organization of the National League of Cities, the National Association of Counties, and the International City/County Management Association.

With funding provided by the Department of Energy, Municipal Energy Management Program, the UCETF annually conducts a program of innovative energy technology development, application and replication projects. All projects are conducted by local government staff, in furtherance of the UCETF's objective of improving the energy management capabilities of local governments. Participation in the annual work program is open to larger urban jurisdictions around the United States. Projects are competitively selected based on merit for two categories of funding: energy project funding and technology transfer project funding. All programs must demonstrate strong partnerships, which in many cases include cost-sharing, from the private sector and other government agencies. In addition, the annual work program features a variety of technology transfer and solution deployment activities designed to widely disseminate the knowledge gained through the performance of local government energy projects to jurisdictions of all sizes throughout the United States.

THE UCETF RESPONDS TO LOCAL GOVERNMENT ENERGY NEEDS

Meeting local government responsibilities in times of ever shrinking resources demands creative and innovative solutions. Larger urban governments in particular have found means to utilize energy policy and programs as a tool to help reduce the cost of government and stimulate the local economy, thereby producing more revenues that can be used to deliver priority services to local populations.

The ability of local governments to respond to new challenges and make prudent policy choices in the energy area for the benefit of local citizens is directly enhanced through the UCETF program. The program responds to needs identified by local governments for specific support in addressing and resolving local energy issues. Through the program's emphasis on partnering, Federal funds through the Municipal Energy Management Program leverage more private sector dollars to help local governments achieve energy goals and respond to the mandates of national energy and environmental policies. DOE resources through the Municipal Energy Management Program leverage local and private sector in-kind and cost-sharing contributions, typically on as much as a 4:1 basis. The return on the Federal government's investment is measured in reduced energy consumption, cost savings and environmental improvement in local areas.

Some UCETF-funded projects have a technology focus, some address longer term and institutional issues, and some are policy oriented. The UCETF program is successful because it is able to address all of these areas.

Through its focus on annual work programs, the UCETF is in a position to respond to changing emphases and issues in the energy field. As an example, significant attention in the 1996–1997 program is being devoted to issues involved in the introduction of increased competition in the electricity industry. This issue has the potential to significantly influence—for better or for worse—all local governments. But because of the breadth and complexity of the issues involved, many local governments are ill-prepared to deal with the demands of the changing marketplace. Through research projects in jurisdictions around the nation, and technology transfer activities, the UCETF seeks to become a leading national resource for municipal governments on approaches to, and the implications for local governments of, coming changes in the structure of the electricity industry.

The UCETF maintains its traditional focus on application of technologies to increase the efficiency of energy use, and identify new sources of energy supply, in municipal governments. The UCETF has also been among the pioneers in advancing the concept of "sustainability," and the Task Force continues to focus on projects that make the linkage between energy, environmental and economic imperatives in local communities. An objective of the UCETF is to provide concrete examples to be followed by other local governments on how to integrate energy considerations into other policy disciplines in a way that supports local needs.

THE UCETF'S 1996–1997 APPLIED ENERGY PROGRAM

Through the current UCETF program, jurisdictions are conducting specific energy technology development/application or technology transfer projects addressing locally-identified priorities in the following areas:

*Municipal Governments and Utility Policy.*—Local governments are extremely interested in, and in need of reliable information on, the local impacts of the restructuring of the electricity industry. Local governments will be affected by the move toward greater competition in electricity in a number of ways. Competition offers the opportunity for cost savings through reduced energy bills for local government, businesses and residents. Open access to transmission systems, and wholesale and retail wheeling will affect those local jurisdictions that currently offer exclusive utility franchises. Franchise fees, or other revenues received by local jurisdictions from utilities, may be affected by changes in the industry. Opportunities for greater economic growth may be enhanced by lower electricity rates. But with lower rates come pressures on utilities to discontinue activities in a number of areas, including energy efficiency programs, low income efforts and research and development, that local governments have traditionally valued. The UCETF is conducting five projects focusing on local aspects of the restructuring issue. San Jose, CA is examining the impacts of utility restructuring on municipal revenues, utility costs and energy management. Chicago is investigating the potential role of local government (as consumer, regulator, generator, and possibly aggregator/marketer of electricity) in bringing competitive electricity service to industrial sites. Columbus, OH, which is interested in offering retail electricity wheeling on its municipal grid, is conducting a case study for developing local distribution rates. Portland, OR is developing a "GreenPower Partnership" to offer Portland businesses the opportunity to buy electricity generated by non-hydro renewable resources such as wind, geothermal or solar. Barnstable County, MA, a leader in addressing how competitive franchises may be used in a deregulated electricity industry, is working to transfer the results of its research among local governments around the nation.

*Energy Usage and Supply.*—Local governments face continuing requirements to cut energy usage and costs, and opportunities to apply new technologies expressly suited to local climatic conditions and utilizing local energy resources. Phoenix is in-

vestigating waste minimization and digester gas utilization at a large wastewater treatment plant. Yolo County, CA is monitoring an already constructed project to evaluate the technology and develop guidelines for application of technology to accelerate the rate of generation and capture of methane in landfills. Cabo Rojo/Mayaguez, Puerto Rico is addressing the use of solar assisted air conditioning and dehumidification systems to offset demand for electricity in subtropical climates. Chittenden County, VT is working to expand the opportunity for biomass district energy systems.

*Energy Efficiency for Local Needs/Economic Development.*—Energy efficiency activities can contribute to creation of a sustainable urban environment. Urban governments also have important roles to play in bringing energy efficiency technologies and techniques into the marketplace. Urban areas are well positioned to serve as testbeds for such technologies, as part of an overall effort to increase energy efficiency. The UCETF continues to focus on projects that make the linkage between energy, environmental and economic concerns in local communities. San Francisco is conducting a project to aggregate the small business marketplace for energy efficiency improvements, in order to provide a mechanism for energy service providers to penetrate this important market. Albuquerque is developing guidelines for reduction in both water and energy use, including integrating new technologies into computer controls for water distribution in parks. Honolulu is documenting the appropriate role for electric vehicles in municipal government fleets. Hennepin County, MN is undertaking an innovative effort to combine telework centers with job training and retraining centers. Memphis is working to centralize monitoring and control of HVAC equipment by electronically linking city buildings through a building automation network.

*Technology Transfer.*—The UCETF is conducting five projects specifically designed to document and transfer lessons learned through local government energy programs. Chula Vista, CA is documenting the results of its telecenter project to provide guidance on how to make telecenters work more effectively. San Francisco is developing a boiler maintenance manual including proven strategies for comprehensively maintaining and cost effectively improving the efficiency of existing municipal boilers. With UCETF support, Dade County, FL is conducting a conference to address sustainability and energy efficiency. Montgomery County, MD is developing a CD-ROM version of the Energy Design Guidelines, to provide an easily used and widely transferrable package for energy efficient building design. Tucson, AZ is documenting the barriers to straw bale construction for affordable, energy efficient housing.

In addition to these specific technology transfer projects, the UCETF program features peer to peer exchange and dialogue on a variety of issues, and is concentrating in particular on effectively documenting products available for transfer from prior year programs. Specific efforts are underway in several areas to conduct direct transfer activities to widely share the benefits of Federally-supported energy technology development and application programs. A special focus in the current program has been on electricity restructuring. The UCETF published and distributed widely a primer, "Keeping the Lights On" and supporting Resource Guide intended to introduce municipal governments around the nation to the issues in, and implications of, changes in the electricity industry.

### CONCLUSION

Through the Municipal Energy Management Program, local governments can be a component of the national effort to maintain the United States as the world's leader in developing, applying and exporting sustainable, environmentally benign and economically competitive energy technologies. The UCETF program enhances the ability of local governments to identify, design and implement energy policies that support local economic objectives, including jobs growth and retention. The program offers the nation a proven successful method to identify ways that energy technologies can be applied to aid in addressing community issues; to share information among local governments, and to prepare local officials to respond to the energy and energy-related environmental issues in their own communities.

---

## PREPARED STATEMENT OF THE NATURAL GAS INDUSTRY RESEARCH, DEVELOPMENT AND DEMONSTRATION INITIATIVE

### I. INTRODUCTION

Mr. Chairman and Members of the Subcommittee:

The Natural Gas Industry's Research, Development & Demonstration (RD&D) Initiative is a group comprising the American Gas Association's 300 member companies, producers, pipelines, along with research and trade organizations, formed in 1989, specifically to promote accelerated natural gas technology development.

The Initiative has engaged in a year-long process to identify those areas and technologies of greatest importance to the natural gas industry and the U.S. economy and environment. The Initiative supports the Department of Energy's (DOE) overall fiscal year 1998 request, but specifically seeks $7.7 million above the Administration's request in the following research areas: natural gas vehicle (NGV) on-board storage, NGV medium-and heavy-duty engine development, NGV fueling infrastructure, natural gas cooling/desiccants (dehumidification) systems, natural gas-fired engine driven systems (emission reduction research), and the industrial combustion program.

## II. NATURAL GAS VEHICLES

Congress approved, in fiscal year 1997, the development of a five-year R&D plan for natural gas vehicles. This plan, which is being developed jointly by DOE, the natural gas industry, and the University of West Virginia, will help DOE identify future program needs. Results from a workshop attended by 48 technologists from all parts of the industry were not available to DOE in time for the fiscal year 1998 budget request, but will be used for future budgets. Although DOE has responded to the industry's emphasis on "high fuel-use" medium-and heavy-duty fleet vehicles, the Initiative has additional recommendations to Congress to match the priorities of the 5-year plan. The Initiative seeks $4 million above DOE's request for fiscal year 1998. The priorities are: (1) on-board storage/smart fuel systems, (2) heavy-duty engine development and (3) fueling infrastructure R&D.

One of the major obstacles for natural gas vehicles (NGV) remains on-board storage systems for compressed natural gas (CNG) and liquefied natural gas (LNG) fuels. Improvements are needed in CNG and LNG fuel system inspection techniques, LNG fuel tank structural integrity, fuel storage integration, and lower cost materials such as high strength steels and composite materials for CNG storage. The Initiative proposes an increase of $1.5 million above DOE's fiscal year 1998 request for these programs.

Heavy-duty engines are predominantly compression ignition (diesel) because they have higher potential energy efficiency than spark ignition (gasoline) engines. Natural gas does not lend itself readily to the compression ignition cycle; but, past research has shown potential in utilizing prechamber dual-fuel (natural gas/diesel pilot injection) and lean-burn natural gas prechamber (spark ignition) technology in accomplishing reduced exhaust emissions. To develop natural gas engine technologies which avoid knock and achieve power and torque levels comparable to the highest-rated diesels, further research and development of direct-injection natural gas engines should be pursued. The Initiative requests $1 million above DOE's fiscal year 1998 request to be divided between spark and compression ignition cycles.

Lower-cost refueling technology remains critical to the healthy development of the NGV industry. Cryogenic fuel metering and fuel supply components are essential to ensure that current and future equipment will be the safest and most cost-effective available. Since this is a priority in the 5-year plan, the Initiative requests an additional $1.5 million above DOE's fiscal year 1998 request to begin this research.

## III. NATURAL GAS COOLING

Natural gas cooling is extremely energy efficient, especially when measured on a life-cycle basis (measuring energy from its source through transmission and distribution to the site), and its low-emission properties make it environmentally friendly. Additionally, natural gas cooling is used during the hours of the day and days of the year that correspond to the peak demand for electricity generating capacity, thereby benefiting gas customers and gas and electricity providers. DOE's funding for gas cooling programs continue to remain modest despite strong interest and cost-sharing from industry. The Initiative seeks an appropriation $10.25 million in fiscal year 1998 for natural gas cooling, or $1.7 million above DOE's request.

The Initiative advocates increased government participation on absorption and adsorption technologies. DOE should develop a program comparing and contrasting all available GAX technologies, including solid sorbtion technologies, with the objective of developing the best overall hardware that meets a direct materials and cost labor target of $500 per cooling ton at production levels of 1000 units per year (comparable to an electric heat pump). In parallel, DOE should undertake a cost-reduction program with industry partners to improve the GAX absorber, solution pump and air coil designs.

Desiccant dehumidification systems for heating and cooling are poised to make a substantial impact on the marketplace and the environment. Although test procedures for the first desiccant products on the market have been developed in conjunction with public/private partnerships and support, further rating system work remains. Liquid desiccants can be configured in split systems to offer potential for significant sensible cooling in addition to latent cooling capabilities. Other potential areas of research include coupling engine and desiccant technology for the recovery of waste heat; advanced controls integration; and education, and training programs. The Initiative seeks $700,000 above DOE's fiscal year 1998 request for these activities.

Finally, the Initiative again urges DOE to work with industry on reduction of emissions from gas-fired engine driven systems, particularly large commercial systems that are beginning to penetrate the HVAC market. These systems require pollutant emissions reduction in anticipation of future regulatory requirements. The Initiative seeks $1 million for these activities.

IV. RESIDENTIAL APPLIANCES

With over 53 million customers and five quadrillion Btus (quads) of annual gas usage in 1995, the residential gas market is an important segment of the nation's population and energy use. Residential gas demand is about one-half of total residential energy consumption and almost a quarter of total U.S. natural gas use. The number of residential gas customers is expected to grow by 10–11 million by 2005. In 1995, 64 percent of newly constructed homes utilized natural gas. The Initiative will be working with DOE in fiscal year 1998 and fiscal year 1999 to expand research in the areas of space heating, (burners and heat exchangers), combination systems and appliance interface modules (metering systems).

V. INDUSTRIAL SYSTEMS

The natural gas industry supports DOE's mission to improve the global competitive position of U.S. industry. We encourage DOE to help develop new technologies needed in the next century by our key industrial sectors. These sectors include the seven "vision" areas identified by the Office of Industrial Technology. The Initiative's members are currently supporting the development of new and innovative technologies in cooperation with these industries, particularly in the areas of glass and steel. In the steel market, R&D is needed on rapid strip heating, billet preheating and steel reheating. In the flat glass market, R&D is needed to develop a glass heating furnace to reduce emissions and to improve productivity and oxygen-enriched air staging to provide lower operating costs and lower $NO_X$ emissions.

The metal casting vision also offers significant opportunities for natural gas research. Innovative technologies and materials development can raise the temperature limits of gas-fired heat treating furnaces, reduce operating costs, improve productivity and parts quality, and reduce emissions and fuel consumption.

Finally, the Initiative recommends the restoration of funding ($2 million) in fiscal year 1998 to continue important basic research in the areas of combustion systems and controls, with specific emphasis on the automation of industrial processes. In fiscal year 1997 DOE requested and received $2 million for these important cross-cutting activities.

VI. GAS TURBINES

The Energy Information Agency's (EIA) 1996 Energy Outlook and the GRI Baseline Projection of U.S. Energy Supply and Demand (1996 Edition), both project that total gas demand for electricity generation is projected to grow from 4.3 quads in 1994 to over eight quads in 2015. The portion of this gas demand in industrial and commercial cogeneration is projected to more than double, from 1.1 quads in 1994 to 2.7 quads in 2015. Growth in gas-fired cogeneration capacity is strongly impacted by the move toward a more competitive electric market. Low operating and capital costs and increased-efficiency systems are the key to this market.

The Initiative strongly supports full funding for DOE's Advanced Turbine Systems Program, particularly the industrial-size gas turbine system. Research will be geared toward reducing $NO_X$ emissions at the higher temperatures (required to increase system efficiency) without increasing emissions of CO or unburned hydrocarbons. The critical research issues include: system efficiency, emissions, and materials development and performance demonstrations.

VII. FUEL CELLS

The Initiative places a very high priority on DOE's Office of Fossil Energy's entire Stationary Fuel Cell program. Additionally, the Initiative supports DOE's Office of Energy Efficiency's Building Sector Micro-generation program. Fuel cell power systems are poised to enter the market for dispersed power generation and will be available in the future in a variety of sizes and types to fill the diverse power generating needs of the commercial, industrial and utility sectors. Fuel cells are very efficient energy converters. Compared to the average 35 percent efficiency of the present electrical grid, the projected fuel-to-electric conversion efficiency for fuel cell power plants range from 45 percent, for the units about to enter the market, to 70 percent for units that could become available by 2010. The ultra-low emissions and good-neighbor features of fuel cells enable them to be sited close to the end users, eliminating losses associated with long-distance transport over high-voltage lines. The ultra-low emissions include virtually zero $NO_X$ and $SO_2$ levels, and the lowest $CO_2$ emissions of any fossil fuel power plant. The worldwide market for fuel cells is projected to be $3 billion dollars per year in the post-2000 era with an exponential growth in the market after 2010.

The Initiative supports DOE's efforts to integrate fuel cells into commercial building applications. Applications in the building sector represent a large market for fuel cells and a significant opportunity for increased energy efficiency. The combination of electricity and heat generation give these market entry units an overall energy efficiency of 85 percent and make them an excellent candidate for commercial building sector applications.

VIII. NATURAL GAS SUPPLY

The GRI Baseline Projection of U.S. Energy Supply and Demand, 1977 Edition, of U.S. domestic natural gas production shows a potential increase from 19 quads in 1995 to 27.3 quads by 2015, an increase of over 40 percent. By the year 2015, about 40 percent of U.S. gas supply will depend on the availability of new technology. There have been significant environmental benefits to the nation from greater gas use in our energy mix. The Initiative supports DOE's natural gas supply request. For gas supply to continue to grow, at low and stable prices, new and improved technology advances will be needed to reduce exploration and production costs and increase recovery per unit of activity.

DOE should concentrate on working with industry to develop and demonstrate a set of tools that result in a minimum of formation damage during the drilling, reduce the cost and improve the efficiency of gas recovery from mature fields, and minimize overall environmental impacts.

Federal assistance is also needed to ensure that new regulations can be met adequately, consistently and at the lowest possible cost. A recent National Petroleum Council study noted that the combination of projected requirements of the Clean Air Act Amendments of 1990, the Safe Drinking Water Act and other pending federal legislation could, by the year 2010, raise overall gas-producing costs by as much as $750 million per year.

IX. CONCLUSION

U.S. Industries compete in a global economy where our major competitors, such as Japan, Great Britain and Germany, provide substantial assistance in RD&D and commercialization activities. Natural gas technologies can provide substantial benefits to the nation through cleaner air, job creation, energy efficiency, energy security and increased competitiveness in the world marketplace.

Thank you for the opportunity to present our views.

---

## PREPARED STATEMENT OF THE AMERICAN GAS ASSOCIATION

I. INTRODUCTION

Mr. Chairman and Members of the Subcommittee: The American Gas Association (A.G.A.) is a trade association representing over 200 local natural gas distribution companies (LDCs) in the United States, which together distribute more than 90 percent of the natural gas delivered in this country.

The A.G.A. has engaged in a year-long process to identify those areas and technologies of greatest importance to the natural gas industry and the U.S. economy and environment. The A.G.A. supports the Department of Energy's (DOE) overall fiscal year 1998 request, but specifically seeks $7.7 million above the Administration's request in the following research areas: natural gas vehicle (NGV) on-board

storage, NGV medium-and heavy-duty engine development, NGV fueling infrastructure, natural gas cooling/desiccants (dehumidification) systems, natural gas-fired engine driven systems (emission reduction research), and the industrial combustion program.

A.G.A. continues to maintain concern that DOE's Home Energy Rating System (HERS) program does not measure energy efficiency on a life-cycle basis (measuring energy from its source through distribution to the site.) Nonetheless, A.G.A. supports the fiscal year 1998 request of $1.5 million to be used only to continue existing state pilot programs. Also, A.G.A. is supportive of DOE's Weatherization Assistance Program and is working with the states toward making homes more energy efficient.

II. NATURAL GAS VEHICLES

Congress approved, in fiscal year 1997, the development of a five-year R&D plan for natural gas vehicles. This plan, which is being developed jointly by DOE, the natural gas industry and the University of West Virginia, will help DOE identify future program needs. Results from a workshop attended by 48 technologists from all parts of the industry were not available to DOE in time for the fiscal year 1998 budget request, but will be used for future budgets. Although DOE has responded to the industry's emphasis on "high fuel-use" medium-and heavy-duty fleet vehicles, A.G.A. has additional recommendations to Congress to match the priorities of the 5-year plan. A.G.A. seeks $4 million above DOE's request for fiscal year 1998. The priorities are 1) on-board storage/smart fuel systems, 2) heavy-duty engine development, and 3) fueling infrastructure R&D.

One of the major obstacles for natural gas vehicles (NGV) remains on-board storage systems for compressed natural gas (CNG) and liquefied natural gas (LNG) fuels. Improvements are needed in CNG and LNG fuel system inspection techniques, LNG fuel tank structural integrity, fuel storage integration, and lower cost material such as high strength steels and composite materials for CNG storage. A.G.A. proposes an increase of $1.5 million above DOE's fiscal year 1998 request for these programs.

Heavy duty engines are predominantly compression ignition (diesel) because they have higher potential energy efficiency than spark ignition (gasoline) engines. Natural gas does not lend itself readily to the compression ignition cycle; but, past research has shown potential in utilizing prechamber dual-fuel (natural gas/diesel pilot injection) and lean-burn natural gas prechamber (spark ignition) technology in accomplishing reduced exhaust emissions. To develop natural gas engine technologies which avoid knock and achieve power and torque levels comparable to the highest-rated diesels, further research and development of direct-injection natural gas engines should be pursued. A.G.A. requests $1 million above DOE's fiscal year 1998 request to be divided between spark and compression ignition cycles.

Lower-cost refueling technology remains critical to the healthy development of the NGV industry. Cryogenic fuel metering and fuel supply components are essential to ensure that current and future equipment will be the safest and most cost-effective available. Since this is a priority in the 5-year plan, the Initiative requests an additional $1.5 million above DOE's fiscal year 1998 request to begin this research.

III. NATURAL GAS COOLING

Natural gas cooling is extremely energy efficient, especially when measured on a life-cycle basis (measuring energy from its source through transmission and distribution to the site), and its low-emission properties make it environmentally friendly. Additionally, natural gas cooling is used during the hours of the day and days of the year that correspond to the peak demand for electricity generating capacity, thereby benefiting gas customers and gas and electricity providers. DOE's funding for gas cooling programs continue to remain modest despite strong interest and cost-sharing from industry. A.G.A. seeks an appropriation $10.25 million in fiscal year 1998 for natural gas cooling, or $1.7 million above DOE's request.

A.G.A. advocates increased government participation on absorption and adsorption technologies. DOE should develop a program comparing and contrasting all available GAX technologies, including solid sorption technologies, to develop the best overall hardware that meets a direct materials and cost labor target of $500 per cooling ton at production levels of 1000 units per year (comparable to an electric heat pump). In parallel, DOE should undertake a cost-reduction program with industry partners to improve the GAX absorber, solution pump and air coil designs.

Desiccant dehumidification systems for heating and cooling are poised to make a substantial impact on the marketplace and the environment. Although test procedures for the first desiccant products on the market have been developed in conjunc-

tion with public/private partnerships and support, further rating system work remains. Liquid desiccants can be configured in split systems to offer potential for significant sensible cooling in addition to latent cooling capabilities. Other potential areas of research include coupling engine and desiccant technology for the recovery of waste heat; advanced controls integration; and education, and training programs. A.G.A. seeks $700,000 above DOE's fiscal year 1998 request for these activities.

Finally, A.G.A. again urges DOE to work with industry on reduction of emissions from gas-fired engine driven systems, particularly large commercial systems that are beginning to penetrate the HVAC market. These systems require pollutant emissions reduction in anticipation of future regulatory requirements. A.G.A. seeks $1 million for these activities.

IV. RESIDENTIAL APPLIANCES

With over 53 million customers and five quadrillion Btu's (quads) of annual gas usage in 1995, the residential gas market is an important segment of the nation's population and energy use. Residential gas demand is about one-half of total residential energy consumption and almost a quarter of total U.S. natural gas use. The number of residential gas customers is expected to grow by 10–11 million by 2005. In 1995, 64 percent of newly constructed homes utilized natural gas. A.G.A. will be working with DOE in fiscal year 1998 and fiscal year 1999 to expand research in the areas of space heating (burners and heat exchangers), combination systems and appliance interface modules.

V. INDUSTRIAL SYSTEMS

The natural gas industry supports DOE's mission to improve the global competitive position of U.S. industry. We encourage DOE to help develop new technologies needed in the next century by our key industrial sectors. These sectors include the seven "vision" areas identified by the Office of Industrial Technology. A.G.A.'s members and associated commercialization center are currently supporting the development of new and innovative technologies in cooperation with these industries, particularly in the areas of glass and steel. In the steel market, R&D is needed on rapid strip heating, billet preheating and steel reheating. In the flat glass market, R&D is needed to develop a glass heating furnace to reduce emissions and to improve productivity and oxygen-enriched air staging to provide lower operating costs and lower $NO_X$ emissions.

The metal casting vision also offers significant opportunities for natural gas research. Innovative technologies and materials development can raise the temperature limits of gas-fired heat treating furnaces, reduce operating costs, improve productivity and parts quality, and reduce emissions and fuel consumption.

Finally, A.G.A. recommends the restoration of funding ($2 million) in fiscal year 1998 to continue important basic research in the areas of combustion systems and controls, with specific emphasis on the automation of industrial processes. In fiscal year 1997 DOE requested and received almost $2 million for these important cross-cutting activities.

VI. GAS TURBINES

The Energy Information Agency's (EIA) 1996 Energy Outlook and the GRI Baseline Projection of U.S. Energy Supply and Demand (1996 Edition), both project that total gas demand for electricity generation is projected to grow from 4.3 quads in 1994 to over eight quads in 2015. The portion of this gas demand in industrial and commercial cogeneration is projected to more than double, from 1.1 quads in 1994 to 2.7 quads in 2015. Growth in gas-fired cogeneration capacity is strongly impacted by the move toward a more competitive electric market. Low operating and capital costs and increased-efficiency systems are the key to this market.

A.G.A. strongly supports full funding for DOE's Advanced Turbine Systems Program, particularly the industrial-size gas turbine system. Research will be geared toward reducing $NO_X$ emissions at the higher temperatures (required to increase system efficiency) without increasing emissions of CO or unburned hydrocarbons. The critical research issues include: system efficiency, emissions, and materials development and performance demonstrations.

VII. FUEL CELLS

A.G.A. places a very high priority on DOE's Office of Fossil Energy's entire Stationary Fuel Cell program. Additionally, A.G.A. supports DOE's Office of Energy Efficiency's Building Sector Micro-generation program. Fuel cell power systems are poised to enter the market for dispersed power generation and will be available in

the future in a variety of sizes and types to fill the diverse power generating needs of the commercial, industrial and utility sectors. Fuel cells are very efficient energy converters. Compared to the average 35 percent efficiency of the present electrical grid, the projected fuel-to-electric conversion efficiency for fuel cell power plants range from 45 percent, for the units about to enter the market, to 70 percent for units that could become available by 2010. The ultra-low emissions and good-neighbor features of fuel cells enable them to be sited close to the end users, eliminating losses associated with long-distance transport over high-voltage lines. The ultra-low emissions include virtually zero $NO_X$ and $SO_2$ levels, and the lowest $CO_2$ emissions of any fossil fuel power plant. The worldwide market for fuel cells is projected to be $3 billion per year in the post-2000 era with an exponential growth in the market after 2010.

A.G.A. supports DOE's efforts to integrate fuel cells into commercial building applications. Applications in the building sector represent a large market for fuel cells and a significant opportunity for increased energy efficiency. The combination of electricity and heat generation give these market entry units an overall energy efficiency of 85 percent and make them an excellent candidate for commercial building sector applications.

VIII. NATURAL GAS SUPPLY

The GRI Baseline Projection of U.S. Energy Supply and Demand, 1977 Edition, of U.S. domestic natural gas production shows a potential increase from 19 quads in 1995 to 27.3 quads by 2015, an increase of over 40 percent. By the year 2015, about 40 percent of U.S. gas supply will depend on the availability of new technology. There have been significant environmental benefits to the nation from greater gas use in our energy mix. A.G.A. supports DOE's natural gas supply request. For gas supply to continue to grow, at low and stable prices, new and improved technology advances will be needed to reduce exploration and production costs and increase recovery per unit of activity.

DOE should concentrate on working with industry to develop and demonstrate a set of tools that result in a minimum of formation damage during the drilling, reduce the cost and improve the efficiency of gas recovery from mature fields, and minimize overall environmental impacts.

Federal assistance is also needed to ensure that new regulations can be met adequately, consistently and at the lowest possible cost. A recent National Petroleum Council study noted that the combination of projected requirements of the Clean Air Act Amendments of 1990, the Safe Drinking Water Act and other pending federal legislation could, by the year 2010, raise overall gas-producing costs by as much as $750 million per year.

IX. CONCLUSION

U.S. Industries compete in a global economy where our major competitors, such as Japan, Great Britain and Germany, provide substantial assistance in RD&D and commercialization activities. Natural gas technologies can provide substantial benefits to the nation through cleaner air, job creation, energy efficiency, energy security and increased competitiveness in the world marketplace.

Thank you for the opportunity to present our views.

---

PREPARED STATEMENT OF ARIS MELISSARATOS, VICE PRESIDENT OF SCIENCE, TECHNOLOGY AND QUALITY, WESTINGHOUSE ELECTRIC CO.

INTRODUCTION

Advanced natural gas based power generation systems can save energy, reduce greenhouse gas emissions and lower electricity generation costs. Natural gas based systems are clean, efficient and economical. Westinghouse is participating with the Department of Energy in two key programs under the auspices of the sub-committee. Westinghouse urges Congress to maintain its commitment to the next generation of natural gas fueled power generation technologies by increasing funding beyond the Administration's fiscal year 1998 request for the Department of Energy's Advanced Turbine System (ATS) Program and for Advanced Concepts Fuel Cells, i.e. Tubular Solid Oxide Fuel Cells. We request that funding for the Fossil Energy ATS Program be increased from the Administration's $31,379,000 recommended level to $46,400,000, and to increase funding for Advanced Concepts Tubular Solid Oxide Fuel Cells from $12,288,000 to $16,000,000. Both technologies represent a step change in performance over existing alternatives, both can provide near team benefits and returns for our nation in the form of more high quality jobs and in-

creased exports; and both would enable a deregulated utility industry to reduce electricity prices to consumers while reducing the emission of greenhouse gases.

ADVANCED TURBINE SYSTEMS PROGRAM

The Advanced Turbine Systems (ATS) Program is a broad-based technology initiative, pooling the resources of the federal government, universities, and private industry to provide the nation with the world's most economical and cleanest approach to multi-hundred megawatt electricity generation. The ATS will enable a step change in performance over today's gas turbines. The ATS is being designed to be over 25 percentage points more efficient than conventional coal fired power plants, to emit a fraction of the greenhouse gases and to be installed quickly and economically to meet growing energy needs. The ATS will allow the nation's utilities and private power generator to save fuel and produce electricity at a lower cost, benefiting both consumers and the economy.

The ATS Program, since its initiation in fiscal year 1992, has been structured with a clear set of deliverables and aggressive completion date. The program goal is to develop technologies and innovative concepts applicable to natural gas fired combined cycle power generation systems, which will allow electrical efficiencies greater than 60 percent, while providing electricity at significantly lower cost than current combined cycle power plants; and operating with much reduced environmental impact.

Westinghouse is an industry participant in the utility portion of the ATS Program, bringing a significant share of private funding to the initiative. We are working with over 200 industrial, university and small business partners to integrate the new technologies needed to deliver ATS to the power generation industry. Benefits of a technology partnership approach include a more rapid introduction of new technology into the economy, a broader diffusion of technologies across a number of industries and, with ties to universities, providing hands-on experience for tomorrow's scientists and engineers.

The ATS Program was originally structured to include a full-scale power plant demonstration of the technology, with selection of a lead contractor in fiscal year 1998. We urge, instead, that the program be restructured to maintain two industrial participants through testing of the prototype engines. Out-year program savings from the elimination of the full-scale demonstration power plant are sufficient to continue funding for two contractors and still result in an overall savings to the program. By completing prototype engine tests, needed verification of the key technology component is accomplished; but the cost and lengthy permitting and approval process need for a full-scale plant is avoided. The Administration's low funding request and planned downselect will, in effect require DOE to pick a technology winner, creating an unfair market advantage for the selected contractor. The low funding request will also stretch the length of the program and delay market energy of the technology.

Added ATS funding in fiscal year 1998 will support completion of the technology development program started in prior fiscal years and the start of manufacture of a prototype engine. The restructured program we recommend would still accomplish the original program goals of allowing the introduction of this beneficial technology by 2000. It would maintain a strong U.S. market competition by continuing two suppliers and would provide U.S. industry with a competitive advantage over international competitors. And, it would encourage more rapid utility industry acceptance by demonstration the viability of the technology, without funding a full demonstration power plant.

FUEL CELLS ADVANCED CONCEPTS PROGRAM

The Fuel Cells Advanced Concepts Program for fiscal year 1998 is a cost-shared program directed toward cost reduction and product improvement for tubular solid oxide fuel cells (SOFC's) prior to market entry by the private sector. Westinghouse is the recognized world leader in SOFC technology development and SOFC system demonstrations at increasingly larger scale and is committed to making the Tubular Solid Oxide Fuel Cell Program and success. Westinghouse has assembled a world-class team utilizing the resources of government, national laboratories, and private industry to provide the world with the highest efficiency and cleanest fossil fuel power generation technology known today. The SOFC, when combined with a gas turbine will be able to achieve electrical efficiencies approaching 75 percent. The SOFC/Gas Turbine power system has the potential to be the world-wide standard bearer for distributed power generation in the early 2000's and beyond, thus developing an industry of high quality U.S. jobs.

The SOFC/Gas Turbine power system is simple and synergistic, building on the best characteristics of both components. SOFC is the highest temperature fuel cell and its exhaust gases are exceptionally well suited to drive a gas turbine resulting in these ultra-high electrical efficiencies. Even in relatively small power systems generating only a few megawatts, electrical efficiencies of up to 75 percent can be obtained previously unheard of with fossil fuels.

The ecological benefits are huge. There is a 90 percent reduction in $NO_X$ emissions and 20 percent reduction in CO emissions compared to today's best fossil fuel power generation technology. The system produces virtually no $SO_X$ since the sulfur is removed prior to the natural gas entering the SOFC. In addition, the high temperature heat produced by the SOFC is very conducive to co-generation applications that will further increase the effective use of our fossil fuels.

The SOFC is a modular system that can range in size from several hundred kW to hundreds of megawatts. Its high efficiency in relatively small sizes is ideal for distributed power generation with the many advantages of that concept especially where small increases in power in local areas are needed.

SOFC power systems have excellent export potential in the over 500 billion dollar international electric energy market where fuel costs are high and electrical grids are weak thus creating many well paying jobs here in the U.S.

Matched by the DOE, Westinghouse and its partners have invested over $90,000,000 in this technology. This year we will begin the final phase of this development program. The ultimate goal of our program is to operate a 1.3 MW SOFC/Gas Turbine power system in cooperation with the Environmental Protection Agency (EPA) and others at EPA's Fort Meade Laboratory in 1999, then expanding that to a 2.5 MW SOFC/Gas Turbine power system in 2000. Our program also includes the necessary cost reduction and product improvement activities to assure commercial success. Along these lines Westinghouse has recently completed a $13,000,000 pilot manufacturing plant to test these on-going process improvements.

With the low funding request for Fuel Cells Advance Concept, coupled with the decrease in the Stationary Fuel Cell Program budget under the auspices of the Committee over the past few years, it is unclear that DOE will be able to continue funding for all the contractors and achieve commercialization of any advanced fuel cell technology with the foreseeable future. Congress is, therefore, urged to increase the overall Fuel Cell Program budget from $46,000,000 to $50,000,000 in fiscal year 1998.

PUBLIC BENEFITS

Increased funding for the ATS Program and the Tubular SOFC Program is a sound application of federal resources.

—Federal support is a good investment because it provides a high yield, relatively near term return to the economy in the form of lower energy costs, more jobs and more exports.

—Federal support benefits the nation's technology base and supports, not only the power generation industry, but possible use in a host of spin-off application. High temperature ceramics and other advanced materials, enhanced aerodynamic component designs and low emissions combustion systems can also have host of industrial applications.

—Federal support is needed because the aggressive goals of these programs, requiring improved emissions and better economics carry too great a technology risk for private industry to address alone because the long-term ecological and long-term energy saving benefits rarely accrue sufficiently to the original developer of the technology. The Programs continue the kind of public-private partnership that is needed to develop and commercialize high risk technologies.

CONCLUSIONS

Applying new technology to meet the demands of a changing market is always a challenging task. Together, we have made great progress in developing clean, advanced natural gas power generation turbine and fuel cell systems. Together, we have moved from basic concepts and bench scale experiments to full scale component tests. We have made a mutual commitment to move these advanced technologies into the market. Continuing Federal support is critical to that task. As we approach fiscal year 1998, we urge Congress to strengthen its commitment to technology development as a sound approach to meeting our nation's future energy needs.

The Advanced Turbine System and Advanced Concepts Solid Oxide Fuel Cells both hold the promise of being better economically and environmentally at meeting the electricity generation needs of our nation and the world. Westinghouse is con-

vinced that, with our university, small business and industrial partners, and, in cooperation with the Federal government we can develop and introduce these advanced power generation systems sooner and better than our international competitors. Westinghouse remains committed to that task and urges Congress to reaffirm its commitment.

---

## PREPARED STATEMENT OF THE INTEGRATED PETROLEUM ENVIRONMENTAL CONSORTIUM

It is proposed that the U.S. Department of Energy establish and support a focused, university-based program, the Integrated Petroleum Environmental Consortium (IPEC), with the goal of increasing the competitiveness of the domestic petroleum industry through a reduction in the cost of compliance with U.S. environmental regulations. Federal support is specifically requested as part of the fiscal year 1998 appropriation for the Department of Energy through the Fossil Energy account or other source the Subcommittee may determine to be appropriate.

### THE CRISIS IN THE U.S. DOMESTIC PETROLEUM INDUSTRY

The availability of energy will be the single most important factor in determining quality of life in the United States over the next century. Jobs, manufacturing output, transportation, and personal comfort are all tied to a plentiful, affordable energy supply. The petroleum industry has played a major role in meeting energy needs in this century. Petroleum will continue to be a major factor in the energy needs of the world well into the next century. However, the declining price of crude oil and the increasing cost of compliance with environmental regulations have combined to produce a decrease in domestic oil production in the U.S. The major oil companies have scaled down their domestic operations and refocused their exploration and production activities on foreign resources. The 8000 independent producers are faced with two options—producing from the domestic resource base or going out of business. At the same time, the independents are increasingly the inheritors of mature fields and reservoirs left behind by the majors. Yet compared to the major producer the independent is the most vulnerable to the declining price of oil and gas, the costs of environmental compliance and unfavorable tax policies. The independent producer has only one source of revenue—the sale of oil and gas. There is no vertical depth to his business. These factors have combined to not only greatly reduce the number of new wells drilled but also to accelerate the plugging of marginal or stripper wells. In the U.S. a stripper well is plugged every 30 minutes. At the same time new well completions are at a 45-year low.

Clearly this trend is not in the best interest of the U.S. in terms of energy self-sufficiency or national security. We are turning over control of our cost of production in terms of energy costs to foreign interests. If domestic exploration and production and refining are to continue to play a strategic role in meeting US energy needs, the domestic petroleum producer will require access to low cost technology for waste minimization and environmental remediation in exploration and production (E&P), refining, transportation and end use of petroleum.

In many cases this technology does not now exist in a cost-effective form. Conventional waste treatment and pollution control technologies always add to E&P, refining and transportation costs. These costs are increasingly out of proportion with the economic output of the petroleum industry. In 1991, four industry sectors (chemicals, petroleum, pulp and paper, and primary metals) incurred three-fourths of the $21 billion spent by U.S. manufacturers to comply with pollution control regulations. However, these sectors accounted for about one-fifth of U.S. manufacturers' value added (Office of Technology Assessment). In 1992, the domestic petroleum industry spent $10.5 billion on the environment. This is more than the top 300 oil and gas companies earned in profits that year and more than the industry spent searching for oil and gas in the U.S. in 1992. With oil at $16 per barrel at the wellhead, the industry spent $4 on environmental protection for every domestically produced barrel of oil—$41 for every man, woman and child in America (Oil and Gas Journal and the American Petroleum Institute).

All U.S. industry is caught in the convict between national economic and environmental goals. Pollution control in the petroleum industry presents regulatory hurdles for U.S. domestic production and refining that producers and refiners in many other countries do not face. This places U.S. producers and refiners at a global competitive disadvantage. The U.S. petroleum industry needs cleaner, more cost-effective technologies and new approaches to lower the costs of complying with pollution and waste disposal regulations that U.S. society demands. A reduction in environmental compliance costs will have the greatest impact on the national economy

when applied at this level—the level of the extraction industries. Lower energy costs make all industry more competitive. The petroleum industry and the nation would benefit not only from lower compliance costs, but also from the jobs and commerce preserved in the domestic petroleum industry and the related trade in capital equipment and professional services in industries that service the petroleum industry. New technologies for pollution control and remediation will also be an exportable product.

THE INTEGRATED PETROLEUM ENVIRONMENTAL CONSORTIUM (IPEC)

For strategic and economic reasons the U.S. domestic petroleum industry must be able to compete with foreign producers and refiners. A major sector of our economy and our national interests are clearly at stake. Compliance with environmental regulations is a major factor in that competitiveness. The strategic and economic importance of this industry requires that industry, government and academia combine their resources and coordinate their efforts toward finding solutions for the environmental problems that represent the greatest challenge to the competitiveness of the domestic petroleum industry. The success of this effort will not only stimulate jobs in this industry sector, but also contribute in a large way to the environmental health of the nation. In response to this need, the four major research universities in the oil-producing states of Oklahoma and Arkansas have joined together to form the Integrated Petroleum Environmental Consortium (IPEC). The mission of IPEC is to increase the competitiveness of the domestic petroleum industry through a reduction in the costs of compliance to U.S. environmental regulations. Objectives specific to meeting the goals of the consortium include the following:

*1. Development of cost-effective technologies and business practices to meet the challenges of environmental regulations to the competitiveness of the domestic petroleum industry*

As already noted, new technologies are needed in the petroleum industry now to provide cost-effective solutions to environmental problems in exploration and production and refining. The U.S. petroleum industry is already undertaking this challenge; however, the industry needs help. The domestic petroleum industry is devoting ever more of its resources toward meeting a growing body of environmental regulations as the price of oil declines. The inevitable result has been severe reductions in work force and closings. The domestic petroleum industry has lost over 500,000 jobs in the last decade. It is time for the federal government to re-evaluate the regulatory burden on the domestic petroleum industry and to help the industry develop the cost-effective technologies it needs to meet meaningful environmental standards. With a dwindling technical work force caused both by redirecting E&P operations and layoffs, the domestically-oriented work force is increasingly focused on environmental compliance, not technology development. Industry laboratories which were once on the forefront of technology development are now empty and dormant. What is left of the once busy industry research centers are technical service centers. The former research leaders still employed are now "putting out fires" and the independent producers rarely have a technical staff for any kind of R&D. The U.S. petroleum industry is relying more and more on technical professionals in academia for research. However, budgets are tight and only the most immediate of problems are being addressed. Even a 3–5 year time frame is often farther out than the industry can afford to look.

The federal government should direct a larger segment of R&D resources to the development of new, cost-effective environmental technologies to support the domestic petroleum industry. A critical segment of this effort should be support of university research. A major part of this research funding should place emphasis on providing near-term solutions to these problems with direct input from the petroleum industry. In partnership with industry, IPEC can help provide these solutions.

The petroleum industry will measure the relevancy of research in terms of the tangible results produced. In the context of the vision of IPEC this means new, cost-effective technology made available to industry. The greatest impact on competitiveness on the domestic petroleum industry will be made by improved solutions to problems which have a significant economic impact on the industry. The research conducted within IPEC will, therefore, by necessity have a strong applied element.

IPEC will use an integrated team approach to technology development. The teams will not only be integrated with respect to scientific or engineering discipline but also integrated with respect to the technology development process itself: In other words the teams will also consist of members whose expertise is in scale-up and commercialization of new technology. If the work product of the team is to make a significant impact in the domestic petroleum industry the most important member of the team will be the end user of the technology. A teaming of investigators from

different disciplines and representing different levels of the technology development process will greatly facilitate communication among the investigators and keep the team focused on solving the problem. The team approach is certainly the shortest path to making a meaningful impact on the competitiveness of the domestic petroleum industry.

This team and systems approach to solving real problems in the domestic petroleum industry will be the hallmark of IPEC. Fundamental research will be coupled with bench-scale testing of concepts, pilot testing, field demonstrations and technology transfer. The end user of the technology will always be heavily involved in technology development as an advisor and hands-on participant. As an investment in future technology development, undergraduate and graduate students will be integrated into every aspect of the work of the consortium. Undergraduate students will gain valuable experience working on consortium projects while graduate students will use consortium research work for their theses and dissertations. The integrated approach to technology development will give these students much needed pilot and field experience and industrial contacts.

Competitive business practices are perhaps equal in importance to technology development, especially to the independent producer. The development of new business practices with respect to accounting, taxation, finance, forecasting, etc. are needed which can put the producer in a better positron to determine the financial risks of potential environmental costs and manage those risks in order to maximize profitability. Reduced financial risk and growth create jobs.

*2. Training of environmental professionals as an investment in technology, policy and business development*

IPEC universities will continue to graduate scientists and engineers who have a strong foundation in a basic engineering discipline, physical science, or biological science with additional training in environmental technologies at the undergraduate or graduate level to produce environmental specialists. Environmental issues cut across many disciplines. Therefore, this additional training is cross disciplinary to give students a broad understanding of environmental problems. This includes environmental law and policy and the financial and economic impact of environmental regulation on the domestic petroleum industry.

Environmental policy curricula at IPEC universities will be enhanced to include a prerequisite foundation in a field of engineering or science. Those who shape environmental policy should fully understand the impact of those policies. IPEC universities also will develop new curricula to explore the boundary between environment and business in terms of accounting practices, economics, finance and taxation. A new kind of environmental specialist, invaluable to the petroleum industry, can arise out of the area where issues of environment and business converge.

In addition to training the environmental specialist, TPEC universities are committed to making all of their graduates environmentally aware. This is especially true of graduates in technical fields whose employment activities can have a direct environmental impact. These curricula will be enriched with an environmental component integrated into their course of study. The result of this enrichment will be a scientist or engineer who considers the environmental impact of a project up front and minimizes wastes.

*3. Dissemination of information regarding technology development, legal and regulatory issues, and business practices which can impact the competitiveness of the domestic petroleum industry*

Research results from all IPEC technology and business practice development projects will be documented through standard DOE reporting procedures. IPEC investigators also will deliver papers and contribute journal articles on noteworthy achievements. All resulting citations can then be picked up and disseminated through such standard online databases as DOE's "Energy Science and Technology," the American Petroleum Institute's RAPIDITY, and TU's "Petroleum Abstracts".

IPEC also will provide a central repository for all reports, papers, and articles resulting from its research projects. These documents will be available on demand from the repository for the fulfillment of external orders. Where appropriate, IPEC research results also will be compiled into databases for nationwide access via Internet. Information concerning the databases will be distributed to the domestic petroleum industry and other interested users through exhibits at selected conferences, the trade literature, target mailings and Internet Listserv messaging. Every effort will be made to guarantee equity of access throughout the petroleum industry. IPEC also will establish a feedback mechanism through which the major and independent oil and gas producers can inform the R&D community of their experiences with new technologies as well as their technology needs.

IPEC also will serve as a resource for Congress, federal and state regulatory agencies and the domestic petroleum industry to provide an objective assessment of existing or proposed environmental regulations on the basis of cost/benefit and risk analysis.

Lastly, there also is an acute need for readily accessible continuing education opportunities for scientists, engineering, legal professionals, accountants, economists, etc. in the petroleum industry to provide environmental retooling and continual updating. The environmental field is progressing rapidly. Activities such as focused environmental seminars, workshops, short courses, telecourses, etc. can sharpen the shills of participants and act as conduits for new ideas and technologies into the petroleum industry.

ORGANIZATION AND OPERATING PRACTICES OF IPEC

The Integrated Petroleum Environmental Consortium (IPEC) is a consortium of four universities in Oklahoma and Arkansas: The University of Tulsa (TU), The University of Oklahoma (OU), Oklahoma State University (OSU), and The University of Arkansas (UA) at Fayetteville. The fiscal center of IPEC will be the University of Tulsa which is the sole subcontractor to BDM-Oklahoma which is the M&O contractor for the Bartlesville, OK Department of Energy facility, the National Institute for Petroleum and Energy Research (NIPER). Through NIPER, BDM Oklahoma and TU are responsible for implementation of the National Oil Program for the DOE. IPEC will be an extension of this effort.

The operational activities of IPEC will be directed by an executive committee composed of two faculty members and one research administrator from each of the four universities (TU, OU, OSU, UA). The chair of the executive committee will rotate annually among TU, OU, OSU and UA. IPEC will be very much industry driven to ensure that the consortium is meeting the needs of the industry and fulfilling its mission. The executive committee will be advised by an industrial advisory board composed of technical, legal and business environmental professionals from major oil companies and independent producers. The industrial advisory board will have the last word on funding decisions for technology development projects. If, in the opinion of the advisory board, a proposed project does not help fulfill the mission of the consortium the project will not be funded. All four of the IPEC universities have signed a memorandum of understanding forming IPEC and agreeing to this organizational structure.

THE SOUTH-CENTRAL ENVIRONMENTAL RESOURCE ALLIANCE (SERA)

In order to bring additional resources into IPEC and further ensure the success of its programs, IPEC has entered into an alliance with the Waste-management Education and Research Consortium (WERC). WERC was established through DOE sponsorship to expand the nation's capability to address waste management issues through education, technology development and technology transfer. WERC's special niche is radioactive, hazardous and solid waste management. WERC's members are New Mexico State University, University of New Mexico, New Mexico Tech, and Navajo Community College in collaboration with Sandia National Laboratories and Los Alamos National Laboratory. The missions of IPEC and WERC will be enhanced by a synergistic collaboration between the two consortia as the South-central Environmental Resource Alliance.

FUNDING OF IPEC

IPEC is seeking an appropriation of $4 million for fiscal year 1998 and the succeeding fiscal years 1999, 2000, 2001, and 2002 through the Department of Energy. The consortium will be responsible for private sector and state support of no less than 25 percent of federal appropriations in fiscal year 1998 and an average of 50 percent of federal appropriations over a five year period. The consortium will be subject to review as of September 30, 1999 and each 12-month period thereafter to ensure the effective production of data, regulatory assessments, and technology development meeting the stated goals of the consortium.

---

PREPARED STATEMENT OF JOHN T. NIMMONS, MANAGING DIRECTOR, ALLIANCE TO COMMERCIALIZE CARBONATE TECHNOLOGY

Mr. Chairman and Members of the Subcommittee, my name is John Nimmons. I am submitting this testimony as Managing Director of the Alliance to Commercialize Carbonate Technology ("ACCT"). ACCT's purpose here is to urge fiscal year 1998 funding of the Department of Energy's molten carbonate fuel cell ("MCFC")

program in the amount of $20 million requested by M-C Power Corporation, and for continuation of a strong MCFC program.

As some of you know from prior years' testimony, ACCT is a working alliance of utilities and industry, created to help bring MCFC technology into commercial markets by the year 2000. ACCT's members include potential purchasers, installers and users of MCFC power plants, as well as potential investors in MCFC technology. During the past year, ACCT's membership has continued to grow. Members now include twenty-two leading electric and gas utilities, natural gas suppliers, and manufacturing industries from throughout the United States, Canada, Western Europe, and South America, as well as America's premier electric and natural gas research organizations. ACCT's principal focus is the MCFC power plant under development by the team of M-C Power Corporation, the Institute of Gas Technology, the Bechtel Corporation, and Stewart & Stevenson Services, Inc. (the "Development Team").

ACCT wishes to make the following points before this Subcommittee, each elaborated further in the testimony that follows:

*1. MCFC technology has made impressive progress in the last year.*—Early lessons have been well learned, and the new MCFC cogeneration facility at NAS Miramar is performing well.

*2. NAS Miramar's 250 kilowatt demonstration remains an early step toward a megawatt-scale commercial power plant.*—Major design improvements and cost reductions must still be achieved before MCFCs approach commercial readiness.

*3. Although Miramar is attracting strong private sector interest, uncertainty over electricity restructuring continues to postpone new technology investments.*

*4. Electricity restructuring will expand markets for clean, modular, generation from MCFCs,* even while it creates near-term uncertainties about what roles will be played by emerging industry entities.

*5. Staying the development course now is critical.*—Increased private sector confidence, and hence future investment, will depend on MCFC developers continuing to meet milestones based on previous Federal commitments.

### 1. MCFC TECHNOLOGY HAS MADE IMPRESSIVE PROGRESS IN THE LAST YEAR

M-C Power's development effort has made important strides during the past year. Building on earlier lessons, the Company developed a new fuel cell stack design which it has now incorporated in the new demonstration unit recently started up at NAS Miramar. The Company also introduced a first-of-its-kind fuel processing unit (or "reformer")— uniquely designed for MCFC use—which converts natural gas to the hydrogen-rich fuel used in the cell stack. Reports from the Miramar test site are very encouraging, indicating that both the new stack and the new reformer have performed extremely well since the plant's startup in early February.

The Miramar demonstration remains in its early stages. However, its performance to this point in a cogeneration application has already moved the technology beyond anything previously accomplished, and begun to fulfill the expectations of ACCT member companies for this phase of the development effort. If the plant continues to perform well as it goes through its paces over time, it will constitute a major milestone, and one which ACCT companies have considered an essential building block for future commercial interest in the technology.

### 2. MIRAMAR'S 250 KILOWATT DEMONSTRATION REMAINS AN EARLY STEP TOWARD A 1 MEGAWATT COMMERCIAL POWER PLANT

The Miramar facility is expected to demonstrate to ACCT companies and others that the major MCFC components—especially the new stack and reformer—can function together in an integrated power plant, using thermal energy from the fuel cell reaction to heat the reforming process, and providing useful electricity and heat to the facility site. These represent critical advances over the previous state of the art. However, they remain far short of what will be required for a power plant intended for commercial markets.

All who support MCFC development recognize that major design improvements and cost reductions must be achieved before MCFCs can approach commercial markets around the turn of the century. This is no different from many other energy technologies at similar stages in their development: the first imperative is to show that the concept can work—and only then to embark on simplifying and refining equipment design, finding cheaper materials, and developing more efficient production methods to reduce costs to near-commercial levels and set the stage for true manufacturing economies.

In addition, ACCT members and others who expect to invest in MCFC power plants will need to see convincing evidence of performance, reliability, and durability over time. This will require demonstration of the power plant configuration actu-

ally intended for commercial markets. Only after these requirements are met will private sector companies be in a position to commit to commercial investments, and thus to help the developer attract the private financing needed for its commercial manufacturing facility.

### 3. UNCERTAINTY OVER ELECTRIC INDUSTRY RESTRUCTURING CONTINUES TO POSTPONE NEW TECHNOLOGY INVESTMENTS

Electric industry restructuring has accelerated dramatically during the past year. In addition to this Congress, virtually every state utility commission is considering some form of restructuring of utilities subject to its jurisdiction: there is no electric utility in this country whose immediate future will not be affected by it. Every one of our utility members is fundamentally reassessing its business, including the key question of whether it will continue to provide generation at all—and if so, through what business entity and with what relation to its regulated transmission and distribution functions, whatever those turn out to be.

Last year we noted that the turmoil of restructuring and the headlong rush toward electricity competition had dramatically reduced, and in many cases eliminated, utility spending on research and development. This is especially true for generation-related RD&D, since utilities and state commissions increasingly recognize that generation will be spun out of the regulated utility as a competitive function, and monopoly ratepayers can no longer provide financial support for advanced generation research.

Proactive utilities are increasingly looking to supplant traditional ratepayer RD&D spending with shareholder-supported investments in technologies that promise advantages in emerging competitive markets. However, the enormous uncertainty attending restructuring has radically shortened the horizon for such investment. Many companies today will not invest in emerging technologies unless they can expect returns within two or three years, at the most. For MCFC technology, which still requires significant design and manufacturing innovations and cost reductions to approach commercial readiness, meaningful investment returns will not occur within that horizon. In the current utility climate of regulatory ferment and short-term competitive focus, this presents a short-term investment obstacle for most companies—even those which foresee a key role for fuel cells in the medium and long term.

We stress that reduced availability of advanced generation RD&D and investment dollars does notreflect on the value of these efforts, but on the vast uncertainty faced by companies confronting restructuring of one of the country's largest, most complicated, and most important industries, and on the prospect that utilities will need to divest their generation functions. For these reasons, ACCT's leaders believe it is vitally important to continue Federal RD&D support through the next several critical years, until the costs and risks of MCFC technology can be reduced to near-commercial levels, and the returns can more closely match the compressed investment horizons of newly competitive energy companies. For Congress to do otherwise would be to abandon substantial public and private investments already in place and now beginning to pay off, and to forego the economic, environmental, and competitive advantages that advanced fuel cell development can deliver.

### 4. ELECTRICITY RESTRUCTURING WILL EXPAND MARKETS FOR CLEAN, MODULAR, GENERATION FROM MCFCS

Although restructuring has created tremendous uncertainties about what roles will be played by existing industry entities and their successors, we believe that it can only enhance long-term market prospects for small, clean, modular generation sources such as MCFCs.

As this Subcommittee knows, MCFCs offer dramatic efficiency and environmental advantages over both conventional generating technologies and other types of fuel cells. These advantages will be increasingly important as electricity supply continues to evolve from large central station generation plants to smaller, cleaner, more flexible power plants located near the customers they serve, and avoiding the risks and costs of major infrastructure investments in uncertain times. The flexibility of modular plants with short lead times will become especially critical as competition supplants monopoly electricity supply, and customers demand products and services that can readily respond to changes in business conditions.

In emerging competitive markets, new generation capacity will be added in much smaller increments than traditional central station plants. However, the high fuel efficiencies characteristic of large central plants cannot be achieved with conventional technologies in small sizes. On the other hand, MCFCs as small as a few hun-

dred kilowatts can actually exceed central plant efficiencies—while offering emissions characteristics orders of magnitude cleaner than conventional equipment.

For many utility and industrial applications, MCFCs also offer distinct advantages over other types of fuel cells now under development. For example, MCFCs promise as much as 50 percent higher fuel conversion efficiencies than phosphoric acid fuel cells ("PAFC") now entering the market, with even lower air pollutant emissions—amounting to less than 10 percent of current Federal air quality standards. For this reason, California's South Coast Air Quality Management District has categorically exempted fuel cells from the nation's most stringent air quality permitting requirements. In addition, MCFCs can produce much higher quality heat as a byproduct of electric generation than that produced by PAFCs, so they are especially suitable for utility and industrial cogeneration uses that PAFCs cannot serve. MCFCs are also far less sensitive to fuel contaminants than, for example, polymer fuel cells. For this reason, MCFCs are expected to operate well not only on natural gas, but on domestic renewable fuels such as landfill gas and methane from sewage digesters, which the M-C Power team expects to demonstrate within the next several years.

5. STAYING THE DEVELOPMENT COURSE NOW IS THE KEY TO BUILDING THE CONFIDENCE NEEDED TO ENCOURAGE PRIVATE SECTOR INVESTMENT

A vital part of ACCT's mission is to help build industry confidence in MCFC technology, and to develop a framework for early purchase commitments to shepherd the technology into the marketplace. ACCT members have and will continue to work closely with the M-C Power Team to help it meet its development milestones, because they believe this is the key to creating private sector confidence and positioning the technology for success once its development is complete.

Increased private sector confidence, and hence future investment, will depend on MCFC developers continuing to meet these milestones, which in turn depends on the availability of Federal funds previously committed, and on the continued support of this Subcommittee. For ACCT's members, the successful startup of NAS Miramar is an extremely important accomplishment, for which we wish to acknowledge not only the M-C Power Development Team, but the constancy of this Subcommittee, the Congress, and the Department of Energy. At the same time, we recognize that much remains to be done. The power plant must be scaled up fourfold to the one-megawatt size planned for commercial deployment, while substantially reducing its costs through design and materials innovations. The megawatt-scale plant must then be demonstrated to the satisfaction of the market under a range of climatic conditions, fuel types, and operating regimes critical to ACCT's utility and industry members, and to other potential purchasers and users.

Each phase of this effort is planned to include substantial private-sector cost sharing. However, the magnitude of the undertaking and the risks it entails remain beyond the means of individual ACCT companies. MCFCs promise important societal benefits in the form of resource conservation and efficiency, environmental improvements, lower energy costs, and an enhanced competitive position for US industries. For these reasons, we continue to believe that substantial Federal funding remains both appropriate and essential to advance the technology and help US firms compete in world energy markets over time, and we urge this Subcommittee to stay the course and continue its support of the Department of Energy's MCFC program at levels that will permit the sustained, orderly development our members need to see.

I am grateful to the Subcommittee for this chance to present our views, and I thank you on ACCT's behalf.

---

PREPARED STATEMENT OF PETER J.A. TIJM, MANAGER, SYNGAS CONVERSION SYSTEMS, AIR PRODUCTS AND CHEMICALS, INC.

I strongly encourage the Subcommittee to provide an additional $5.8 million fiscal year 1998 appropriation for the Indirect Liquefaction program. These monies would be in addition to the DOE Fossil Energy fiscal year 1998 Budget Request of $4.2 million. This appropriation would enable continuation of proof-of-concept demonstrations at the DOE-owned LaPorte, Texas Alternative Fuels Development Unit (AFDU) and provide for supporting laboratory research and development.

The Federal Government has committed to a national objective of a cleaner environment through the use of cleaner burning transportation fuels that are environmentally superior to gasoline and diesel fuels based on crude oil. These innovative fuels will need to yield significantly lower emissions of particulate matter ($PM_{10}$), $NO_X$, $SO_X$ and $CO_2$. One can calculate that replacement of crude-derived diesel by synthetic diesel, made through Indirect Liquefaction, would have resulted in a re-

duction of 100–160 million tons of carbon dioxide per year for the U.S. transportation sector alone in 1995, a reduction of 25–40 percent ("Automotive Engineering," Feb. 1991, Vol. 99, No. 2, pp. 15–18, and 1995 IEA statistics). However, while the Government has established goals and objectives to reduce emissions, no commercially accepted technology currently exists that would enable such goals to be met. This lack of appropriate technology creates situations in which compliance deadlines are extended rather than met. Indirect Liquefaction is an emerging technology with the capacity to solve these problems.

The Indirect Liquefaction program is directly supportive of the Federal Government's stated goals for cleaner air, higher energy effciency/lower $CO_2$ emissions, and reduced dependence on foreign oil. The information resulting from this program will lead to: Industrial acceptance and early commercialization of indirect liqefaction technologies; production of highly efficient, environmentally superior transportation fuels and premium chemicals from our nation's own vast reserves of fossil fuels, as well as renewables and environmentally disadvantaged energy sources; production of transportation fuels in quantities sufficient to enable vehicle road tests; and fulfillment of national environmental and energy security objectives.

The Indirect Liquefaction program—an industry/university/national laboratory partnership—has broad-based support, as evidenced by the recent industrial cost-sharing from Air Products and Chemicals, Inc., Eastman Chemical Company, Bechtel, and Shell Oil Company.

U.S. industries, universities and national laboratories are working at a laboratory scale to develop transportation fuels: That will meet the Government-desired emissions regulations; that can be handled in a manner that is compatible with the existing transportation fuel distribution infrastructure; and that are produced from a variety of indigenous feedstocks including coal, natural gas, biomass, as well as petroleum coke and a variety of other environmentally disadvantaged feedstocks.

However, laboratory-scale experiments alone provide insufficient information for industry to take the significant technical and economic risks involved in scaling up technology from the laboratory to commercial operation. LaPorte AFDU operation provides engineering and economic data, the intermediate step that will enable industry to assess scaleup and commercialization potential for the production of superior liquid transportation fuels from domestic carbonaceous feedstocks. Additionally, the AFDU produces these superior fuels in sufficient quantity to allow road testing in actual vehicles.

Since 1985, Congress and the Department of Energy have invested over $25 million to build and maintain the LaPorte AFDU as a state-of-the-art facility for synthesis gas conversion. Results of AFDU operations have proven the efficiency and cost-effectiveness of producing methanol via the Liquid Phase technology. This technology provides a means to lower U.S. dependence on foreign sources of methanol. Significantly, the value of the AFDU is becoming internationally recognized; a growing number of energy and chemical companies are indicating a strong interest in sharing in the cost of operating the LaPorte AFDU to develop various transportation fuels and premium chemicals via Indirect Liquefaction technologies. These technologies first involve the well-established process of synthesis gas production from any carbonaceous feedstock, yielding a mixture comprising primarily hydrogen and carbon monoxide, with all polluting compounds removed. The new, emerging Liquid Phase technologies convert this clean synthesis gas to environmentally superior liquid transportation fuels and oxygenated fuel additives that can use the existing transportation fuel infrastructure—a major financial consideration.

From its inception in 1984 through 1990, the LaPorte AFDU was used to develop the Liquid Phase Methanol (LPMEOH™) technology. This program was aimed at converting carbon-rich synthesis gas, such as that derived from coal, biomass or waste materials like petroleum coke or bottom-of-the-barrel residual oil, to methanol. This application has appeal both for the power and the refinery processing industries for coproduction of electric power and methanol for power peak shaving or as a chemical feedstock. With support from Chem Systems Inc., the Electric Power Research Institute, and Air Products, DOE pioneered the LPMEOH™ process, introducing first-of-a-kind technology that successfully converted carbon-rich synthesis gas into methanol. Success at LaPorte led to a proposal and subsequent award under the Clean Coal Technology Program. The resulting LPMEOHT™ process demonstration unit, located at Eastman Chemical's Kingsport, Tennessee chemical complex, was started up in early April and is producing methanol at the design capacity of 260 tons per day.

With successful technical development of the Liquid Phase Methanol technology, the program objectives were broadened to develop other environmentally superior transportation fuels and chemicals from synthesis gas. In 1991, a unique government/university/national laboratory/industrial partnership was created to effectively

conduct this research and development work with periodic operations at the LaPorte AFDU. This program has successfully progressed with contributions from DOE/FETC, Sandia National Laboratory, renowned researchers at five universities, and seven cost-sharing industrial partners (currently Air Products, Eastman Chemical, Shell and Bechtel; in the past, support has also been received from Exxon, UOP and Statoil).

The expanding U.S. dependence on foreign oil is neither good for our country's balance of payments nor for national security. U.S. oil imports are currently more than 50 percent of consumption and are expected to reach 60 percent by 2010. Much of the imported oil comes from countries that are politically unstable and that may be opposed to U.S. interests. Reliance upon foreign petroleum can be reduced by the use of Indirect Liquefaction technology, which can utilize many different domestic carbon based feedstocks. Thus, Indirect Liquefaction can offer the nation a path to a cost-competitive, environmentally friendly alternative to foreign oil.

Environmental legislation and a drive toward energy efficiency has spurred the growth of the diesel fuel market. However, to meet environmental requirements, clean-burning, high-cetane-number, alternative diesel fuels must be developed. A diesel fuel with high cetane number features superior, smokeless combustion characteristics. The work at LaPorte has initiated the steps needed to reach this goal. In 1991, LaPorte was operated to generate dimethyl ether (DME) from synthesis gas through a one-step process. DME is viewed in the industry as a valuable chemical feedstock, and in 1995 it was proposed as a clean-burning, alternative diesel fuel with a high cetane number. Air Products is proposing to conduct additional DME operations at LaPorte using a more robust catalyst system than previously tested. In the laboratory, the combustion products from DME exhibited significant emissions reduction of hydrocarbons, carbon monoxide and particulate matter relative to low-sulfur petroleum diesel. Levels below the requirements for Ultra Low Emission Vehicles (ULEV) were obtained. DOE's Office of Transportation Technologies has expressed significant interest in conducting further fuel characterization tests, including fleet testing, on DME produced in this one-step process. In addition, Air Products' proprietary research has developed new diesel fuel additives/replacements. The cetane numbers obtained for these unique, super-clean diesel alternatives far surpass the cetane number of crude oil-based, commercial diesel fuels (i.e., 100 to 225 vs. 40 to 50). Continued operation of the LaPorte AFDU would make sufficient quantities of fuel available for these, as well as other tests.

Most importantly, the replacement of conventional diesel by synthetic fuels produced by Indirect Liquefaction can reduce tailpipe carbon dioxide emissions enormously. One can calculate that this replacement for the U.S. transportation sector alone would result in a tailpipe reduction of over 100 million tons of carbon dioxide per year, a decrease of over 25 percent ("Automotive Engineering," Feb. 1991, Vol. 99, No. 2, pp. 15–18, and 1995 IEA statistics). Depending on the feedstock used to manufacture the synthetic diesel, one could even claim an effective reduction of up to 20 percent in $CO_2$ generation "from well to wheel," an achievement in reducing factors that cause Global Warming. Should the exponential growth in the U.S. diesel market continue at its present rate, this reduction could be a multiple of the aforementioned. One can therefore not stress enough the importance of hastening industry's acceptance of the technology.

Continued LaPorte funding also enables the development of improved technologies for the production of clean hydrocarbon fuels using the Liquid Phase version of the Fischer-Tropsch process. Shell Oil, along with UOP, Statoil, and Exxon, participated, both financially and technically, in operations at LaPorte in 1992, and again in 1994. Shell Oil provided significant cost share in its participation in Liquid Phase Fischer-Tropsch operation in 1996, and is expected to return once more in the fall of 1997. These companies are particularly interested in the conversion of natural gas to liquid transportation fuels, and came to LaPorte because of its unique capabilities. The existence and resources of the LaPorte unit are the key reasons why private sector companies have committed to pooling their financial and technical capabilities to test such new routes to cleaner fuels. Private sector funding to date for LaPorte operations is more than $6 million. This new, growing role for LaPorte is a strong endorsement for the continuation of Federal support for this facility.

In the future, LaPorte will lend itself conveniently to another important development in the production of low-cost liquid fuels via Indirect Liquefaction. Production of synthesis gas alone can represent well over 50 percent of final product cost, and recently, considerable research has been underway to reduce the cost of synthesis gas production via selective high-temperature membrane systems. The development-scale demonstrations of these technologies in the near future could be efficiently accommodated at the LaPorte site, where the infrastructure is already in place for such demonstrations. The synthesis gas generated could then be used in conjunction

with existing syngas conversion equipment, allowing the complete step-by-step demonstration of fuels production from raw material. Such technologies may be well suited to convert the vast quantities of Alaskan North Slope natural gas to liquid fuels via the Liquid Phase Fischer-Tropsch process. These liquid fuels will utilize the Trans-Alaskan Pipeline, thereby extending its functional life. Additionally, a synthesis gas generation/liquid fuels production facility could be a feasible source of power generation and transportation fuels in remote locations for U.S. military needs and for use in under-developed countries.

*DOE's Alternative Fuels Development Unit at LaPorte is a unique national resource.*—It can be cost-effectively used to test proof-of-concept approaches for producing clean fuels and high value additives via synthesis gas. This synthesis gas can be produced not only from coal, but also from natural gas, renewables, and environmentally disadvantaged feedstocks such as petroleum coke or bottom-of-the-barrel residual oil. Congress is to be commended for its foresight and its past support for the LaPorte Indirect Liquefaction program. The industry/university/national laboratory partnership for the development of Liquid Phase technology would not have been able to continue without DOE funding support. In fiscal year 1997, however, funding constraints for the Liquid Phase program led to a curtailment of operations at LaPorte, although some research activities have continued. In fiscal year 1998, if sufficient Government funding is provided, Air Products plans to test a Dimethyl Ether process developed under the DOE program.

The focus of the Indirect Liquefaction program is consistent with the national policy of meeting environmental goals through the development of clean-burning alternative transportation fuels and premium chemicals from a vast array of domestic carbonaceous feedstocks. We therefore request that the Subcommittee continue and build upon the important work being carried out at the LaPorte AFDU to make these goals a reality. Funding of $5.8 million, an amount in line with the yearly average dollars needed for facility operations and supporting research, should be added to the DOE Fossil Energy Budget Request of $4.2 million for the fiscal year 1998 appropriation.

---

## PREPARED STATEMENT OF RICHARD L. LAWSON, PRESIDENT, NATIONAL MINING ASSOCIATION [NMA]

The National Mining Association's (NMA) member companies account for approximately three-fourths of the coal production in the United States, over one billion tons annually, and the vast majority of mined minerals including iron ore, copper, gold, silver, uranium, lead, zinc, and phosphate. The purpose of this statement is to present the NMA's views on fiscal year 1998 programs for the following agencies: Office of Fossil Energy (Department of Energy), Energy Information Administration (Department of Energy), U.S. Geological Survey (Department of the Interior), the Office of Surface Mining (Department of the Interior), the Bureau of Land Management (Department of the Interior) and the Forest Service (Department of Agriculture).

### OFFICE OF FOSSIL ENERGY

NMA advocates that the Federal government's partnership with the private sector be continued as an integral part of the foundation for enhanced utilization of our domestic resources. The continuing development of innovative technologies will provide improvements in energy efficiency and environmental protection rather than reduced availability of energy through the imposition of drastic regulatory requirements. NMA supports the following Fossil Energy programs to enhance the clean and efficient utilization of coal by developing and facilitating commercialization of innovative technologies.

*Clean coal technology program.*—The Clean Coal Technology Program is a highly successful industry and government partnership designed to demonstrate a new generation of innovative coal processes. This partnership must be continued in order to obtain the multiple benefits derived from coal utilization and clean coal technologies both domestically and internationally. The NMA realizes that budgetary constraints have and will continue to make the Clean Coal Technology Program vulnerable to funding cuts. Additional budget reductions could adversely impact approved projects and significant private sector investments. NMA urges the Subcommittee to ensure that the Department of Energy continues its program management practice of allowing market forces to dictate project terminations if additional cost savings are necessary.

*Coal research and development.*—In the Advanced Clean Fuels Research Program, various advanced coal preparation technologies promise to enable the nation to con-

tinue the use of coal in traditional applications in large industrial and electric utility boilers, as well as opening new opportunities for high quality coal use in turbines for power generation and for liquid fuels. The cost per barrel of these liquid fuels, especially with techniques like coprocessing, has shown remarkable improvement. Maintaining an ongoing development effort for promising systems is both an insurance policy against the disruption of imported oil to the U.S. and a necessary investment in establishing an economically viable liquid fuels program.

In advanced Clean/Efficient Power Systems program, NMA supports continued funding for the Advanced Pulverized Coal-Fired Power Plant program (the low emission boiler system) which builds on the solid performance history of conventional pulverized-coal-fired boilers.

Within the Advanced Research & Technology Program, the NMA supports the goal to develop the advanced turbine system, fuel cells, and the critical development of cost-effective hot gas cleanup systems. The latter will allow gas from the combustion system to be cleaned without lowering temperature and energy level by quenching it prior to clean up.

*The cooperative R&D program.*—The Cooperative R&D programs with industry at the Western Research Institute in Wyoming and the Energy 8 Environmental Research Center in North Dakota have demonstrated value because of their potential for near-term payback through commercialization. These cost-shared, private-public partnership programs continue to deserve the emphasis placed on them in prior years.

*National laboratories.*—The Department of Energy should continue and expand its emphasis on making maximum use of its existing research facilities, including those national laboratories which traditionally have not been highly active in fossil energy. In 1990, the National Coal Association (now the National Mining Association) took the initiative to create a more effective partnership between the coal industry and researchers with the National Laboratories at Argonne, Los Alamos, Oak Ridge and Sandia, in addition to the Morgantown and Pittsburgh Energy Technology Centers. The partnerships' continuing mission is to stimulate, facilitate and coordinate the development and transfer of technology to the mining industry through technical information interaction and applications evaluations.

*Extraction technologies.*—Extraction technologies are an essential part of a research and development portfolio for coal and minerals. The NMA urges support for the establishment of such a program within DOE's Office of Fossil Energy in partnership with the mining industry.

*Fossil energy environmental restoration.*—The NMA is an active partner in the Acid Drainage Technology Initiative (ADTI) at the National Mine Lane Reclamation Center (NMLRC) and supports funding in the amount of $1.5 million. This action will provide necessary support for the NMLRC to implement this joint partnership effort to reduce the formation of acid pollutants that can drain into streams and rivers when coal is mined.

ENERGY INFORMATION ADMINISTRATION

In addition to its value to the nation, the functions performed by the Energy Information Administration (EIA) are of significant importance to the mining industry. EIA is an independent agency whose unbiased analysis and independent short and long term forecasts form the basis for reasoned and responsible policy decisions by the Congress, the Department of Energy and other government agencies on both the federal and the state levels. EIA's energy data collection and dissemination responsibilities are essential to our industry's ability to evaluate production and market trends, and to make investment decisions which benefit the nation. NMA urges the Subcommittee to reject the reductions proposed for the EIA.

U.S. GEOLOGICAL SURVEY

Federal investments in geoscience research and information have for decades paid enormous dividends, and the rationale for continued support of geosciences remains strong. For example, there is a demonstrated need for an integrated national effort to provide information about natural resources and geologic hazards. The Geologic and Groundwater Divisions of the USGS develop and provide high quality and scientifically reliable data that is important to maintaining our nation's economic and environmental health in addition to national security. The U.S. Geological Survey (USGS) addresses development of natural resources, prepares geologic maps utilized extensively in both the public and private sectors, in addition to maintaining healthy water standards.

Of particular Importance is the maintenance of the data development functions transferred from the former Bureau of Mines (BOM). The USGS is the only source

for much of the statistical information on mining and minerals commodities and the NMA strongly advocates the continuation of these data collection and dissemination activities. While this activity is quite different from other USGS activities, the transfer has been effective to date. However, the NMA remains concerned that USGS may attempt to eliminate or reduce these important functions. The data is very important as it forms the basis for informed policy decisions by government and is also used extensively by industry, non-governmental organizations and academia.

OFFICE OF SURFACE MINING

The Office of Surface Mining's (OSM) Regulation and Technology appropriation should be evaluated in light of the maturation of approved state surface mining programs since the passage of the Surface Mining Contra and Reclamation Act (SMCRA) in 1977 which has made federal duplication of state responsibilities under the Act unnecessary and wasteful. In spite of a reduction in appropriations in 1996, OSM still maintains 20 field and area offices in addition to the Washington, D.C. Headquarters, the Lexington, Kentucky AVS Office and three Regional Coordinating Centers that were created pursuant to the agency's 1994 Streamlining. That is a total of 25 federal offices for 26 coal mining states, 24 of which have federally approved state programs. In 1995, OSM consolidated the Springfield, Illinois and Indianapolis, Indiana field offices with no resulting gaps in environmental protection. The necessary functions of field and area offices not already assumed by the states can be consolidated with most of the functions accomplished by the three Regional Coordinating Centers.

State program grants, technical information processing systems, training of state personnel, review of state program amendments and electronic permitting activities should continue and can be effectively administered through a streamlined structure.

With respect to Title IV (Abandoned Mine Land) programs, over a $1 billion balance exists in the Abandoned Mine Land (AML) Fund which is financed through the AML tax paid by the industry on each ton of coal produced. NMA supports an increase in the amount of money available for states and OSM to produce actual On the ground reclamation of lands mined prior to the passage of SMCRA.

BUREAU OF LAND MANAGEMENT AND FOREST SERVICE

National Mining Association (NMA) members are engaged in extensive exploration for and development of minerals on public lands. These lands are a cornerstone of the nation's mining industry. The NMA is concerned that the Bureau of Land Management (BLM) and Forest Service (FS) lack sufficient qualified personnel expertise and funding to conduct timely mine permitting. This is resulting in significant economic and social impacts.

NMA's members are committed to environmentally responsible mining activity on public lands and are committed to working closely with the BLM, Forest Service and the states in the planning stage to assure that mining projects meet environmental standards and objectives. To do otherwise would lead to increased costs both to industry and the Federal government.

Mining operations on public land generate taxes and employment and in many cases are the dominant source of employment in many rural communities. Delays in approval for mining plans have a negative effect on these communities. An adequate minerals budget will help assure timely, up front and cooperative efforts between the land management agencies, the states and the mining industry.

BLM and the Forest Service must have highly qualified and trained personnel with expertise in mineral exploration, development and production techniques to perform this "up front" work. The NMA urges the Subcommittee to provide adequate funding so that processing of mine operating plans, including National Environmental Policy Act (NEPA) compliance, can proceed in a timely manner. This would go far to alleviate an ongoing problem of major significance.

Late last year, the Secretary of the Interior reported to this Subcommittee that its directive on processing grandfathered patent applications Will also mean that these [mineral] examiners will not be available to do other types of work [processing plans of operation] typically done by these geologists and mining engineers. Given this and other constraints, the industry was surprised by the Secretary's announcement early this year of a new major initiative to revise BLM's surface management regulations applicable to mining. The allocation of staff and financial resources to this major new initiative will further exacerbate ongoing delays in the timely processing of plans of operation and related NEPA requirements. NMA encourages the Subcommittee to scrutinize this new initiative which does not appear to be respon-

sive to any specific problems that would warrant wholesale revisions of the existing regulatory regime. The prioritization this initiative has apparently been assigned must be questioned.

---

## PREPARED STATEMENT OF GENERAL ELECTRIC POWER SYSTEMS

This testimony is submitted on behalf of General Electric Power Systems (GE) for consideration by the Subcommittee during its examination of the funding requested for fiscal year 1998 for programs of the Department of Energy. GE supports funding through the Fossil Energy Research and Development program for the Advanced Turbine Systems (ATS) program in the amount of $45.379 million in fiscal year 1998. This amount includes $31.379 million as included in the Department's budget request, which is necessary to provide funding for the completion of the ongoing Phase 3 of the program, plus an additional $14 million. This amount above the Department's original request is necessary to initiate a restructuring of the utility ATS program that was formally requested by the Department on March 3, 1997, and will maintain the program at near the level of funding provided in fiscal year 1997.

### VALUE OF THE ATS PROGRAM TO THE NATION

Through the ATS program, the Federal government is sharing with industry the risks in the development of the next generation power system for utility and industrial applications using advanced gas turbines. To date, GE has invested $60 million in the utility ATS program. The ATS program is essential to keep U.S. turbine manufacturers at the forefront of power system technology, enabling U.S. companies to increase exports to the rapidly growing world market and sustaining and creating new manufacturing jobs.

The Federal investment in the ATS program will produce market-ready technology that will provide the most energy efficient utility power generation option for the future. The benefits of this technology that will flow to the taxpayers include savings in energy resources; lower electricity costs; substantial emissions reductions; and stimulus for domestic jobs retention and expansion.

The ATS program overlaps with the period of growing international markets and transition in the domestic industry. Domestic market uncertainty resulting from electric industry restructuring makes potential investors in new technologies more risk averse, a trend likely to continue until the new ground rules for a more competitive electricity industry are set. These developments make properly tailored Federally supported R&D more critical. Continuing the ATS program will produce commercially available technology at the time when new increments of generation are needed, both domestically and internationally.

### STATUS OF THE ATS PROGRAM

In 1993, GE was one of three companies competitively selected to participate in the Conceptual Design and Product Development phase of the utility portion of the ATS program. In August 1995, DOE selected GE as one of two companies to proceed to the Technology Readiness Testing and Pre-Commercial Demonstration phase (Phase 3) of the program, which GE is currently cost-sharing at 64 percent of allowable cost. In September 1995, GE executed a Cooperative Agreement with the Department of Energy. In view of budgetary limitations, last year GE agreed to defer certain Federal funding which, under the Cooperative Agreement, would otherwise have been required in fiscal year 1997. This change, coupled with the funding provided by Congress, has enabled the ATS program to maintain progress toward the program's ambitious technical goals, with two contractors, in fiscal year 1997.

Fiscal year 1997 funding is being used by GE to continue Phase 3 Enabling Technology design and demonstration for the critical new components of the ATS. The funding requested by the Administration for fiscal year 1998 will permit completion of the GE Phase 3 technology development component of the ATS program, which is currently scheduled for completion by the end of calendar year 1997.

On March 3, 1997, DOE issued a Request for Proposals to the ATS contractors for a restructured program. Instead of the original demonstration phase of the ATS program, which included the siting of the first commercial unit at a host site, the program would be restructured to achieve full speed no load testing of the ATS, including design, procurement and installation of unique tooling and test instrumentation. Replacement of the demonstration phase should eliminate the need for the Department to choose a single technology, thereby ensuring that DOE will not be put in the position of making technology choices that should be market-driven, while assuring that the program will still achieve the technical milestones necessary to

ready ATS technology for successful worldwide commercialization. GE's current assessment of the impact of this restructuring on the fiscal year 1998 funding requirements is reflected in the request for an additional $14 million above the Department's original ATS funding request.

FEDERAL SUPPORT FOR THE ATS PROGRAM

In assessing any federal technology program, it is critical to (1) identify tangible benefits to the taxpayers; (2) assure that the technology to be supported is one that ultimately will be supported in the marketplace; (3) assure that the U.S. government does not stand in the position of picking technology winners or losers or otherwise distorting the marketplace, but facilitates the ability of the market to make such choices; and (4) assure that the program is consistent with and advances other national energy priorities. Where the public benefits will far exceed the cost to the government, Federal participation is appropriate. Judged against these standards, the ATS program is a cost-effective investment for the nation.

TANGIBLE BENEFITS TO TAXPAYERS

*Energy efficiency.*—The goal of the ATS program is to achieve fuel-to-electricity efficiencies of 60 percent or greater, resulting in significant reductions in fuel consumption.

*Lower electricity costs.*—These fuel savings will, in turn, lower electricity costs. The ATS program has as its goal a 10 percent reduction in the cost of electricity produced relative to current (F-level) combined cycle power plants. Energy cost reductions of this magnitude will have a positive impact on the competitiveness of U.S. industries in the world marketplace.

*Emissions reductions.*—Environmentally superior natural gas fired Advanced Turbine Systems will reduce emissions without the need for post-combustion controls. Natural gas fired gas turbines produce no particulates, ash, heavy metals, toxins, or sulfur oxides. Additionally, the ATS will achieve a significant reduction in emissions of oxides of nitrogen, and will further reduce carbon monoxide and hydrocarbon emissions relative to the current fossil fueled power generation base. The high efficiency of gas turbine systems makes this power generation concept the most effective method of reducing carbon dioxide emissions from fossil fueled electricity generation.

*Stimulating jobs retention and growth.*—Tens of thousands of Americans already work to manufacture gas turbines and to provide key components. These jobs depend on continued U.S. global leadership in turbine technology. The turbine manufacturing industry in the United States faces competition from foreign suppliers that are heavily supported by their own governments in both technology and market development. High value manufacturing jobs in this industry already have been lost, and the remaining jobs are at risk because of uncertain U.S. market conditions and stiff international competition.

A $1 trillion international market in electricity generating systems is expected to develop over the next decade, and much of the market demand will be for advanced gas turbine systems. The ability of U.S. companies to capture a significant share of this market may well depend upon successful completion of the ATS program to assure that U.S. technologies will be developed in time to compete to fulfill the expected demand for advanced power generation systems after 2000. Taken together, the need to counter foreign R&D support for U.S. competitors and foreign export promotion activities, and the jobs and economic benefits of expanded U.S. exports of advanced power generation products, make a compelling case for the continuation of the ATS program.

MARKET OPPORTUNITIES FOR ATS TECHNOLOGY

ATS technology ultimately will be supported in the marketplace, both domestically and internationally. But because of the continuing technical risks, the market alone is not sufficient to bring this technology to the point of commercial acceptance. The likely users of this technology in the U.S., both utilities and independent power producers, are not in a position today to make multi-hundred million dollar investments in technologies and systems that are not yet proven by actual, full-scale operation.

The current discussion of deregulation and increasing competition in the electricity industry, including the potential for separation of generation and other functions of traditional utilities, makes it even more difficult to identify risk takers to go forward with new technology. While new technology is a driver for restructuring, and gas turbine technology advances are one way to secure the cost-saving benefits of competition in the domestic industry, the pressures of deregulation also may dis-

tort the market, and discourage investments in newer, cleaner technologies that have unanswered questions. The ATS program is vital to clean, efficient power choices in the U.S. because it will enable U.S. manufacturers to demonstrate favorable answers to these questions about advanced gas turbines.

FEDERAL ROLE IN ADDRESSING TECHNICAL CHALLENGES

Because they offer efficient fuel conversion, short installation times and lower installed cost, the current generation of gas turbine combined cycle systems has gained wide acceptance. In recent years, manufacturers have made upgrades in performance and incremental improvements that produce modest gains in turbine efficiency and emissions reductions. Moving beyond these incremental improvements, however, requires vision, commitment and a public-private partnership. The ATS program meets these requirements: it has an ambitious but attainable goal of a system that achieves 60 percent efficiency; it has the commitment, evidenced through cost-sharing, of the private sector, and it involves the government in sharing the technical risks that prevent private industry, acting alone, from meeting the ultra-high efficiency goal of the ATS program.

The key to the advancement of gas turbine systems in the future is a strong technology base focused in three critical areas: advanced gas turbine operating conditions, environmental compatibility, and fuel flexibility. From a technical standpoint, achieving the efficiency goals of ATS requires thermodynamic cycle modification and changes in gas turbine design through innovative cooling and materials developments. The multidisciplinary approach of the ATS Program fosters sharing of information, expertise, and research facilities, which enables American companies to address areas of technical risk more quickly and effectively.

CONSISTENCY WITH NATIONAL ENERGY PRIORITIES

The ATS program will permit greater utilization of domestic natural gas resources to meet power generation needs. The more efficiently natural gas can be burned to generate electricity, the more competitive it will be in the marketplace and the more likely it is that this fuel will continue to replace imported oil for electricity generation. This enhances U.S. energy security and reduces the outflow of dollars for foreign oil. The advanced turbine system will also be fuel flexible. It will be applied to coal fired systems (Integrated Gasification Combined Cycle) and will result in a significant performance increase and emissions reduction compared to conventional coal fired steam plants.

CONCLUSION

The benefits of the ATS for the United States will far exceed the Federal funds invested. The ATS program will contribute to continuing U.S. global leadership in advanced power generation technologies, thereby supporting high value manufacturing and engineering jobs here in the United States, both in the systems developers and in their network of suppliers from around the country.

Government and industry have made mutual commitments to the ATS program, and have made significant technical progress. GE appreciates the Committee's strong support for the ATS program in the past, and urges the Committee to provide the resources necessary to see this program through to completion in its restructured form.

---

## PREPARED STATEMENT OF DR. MAXINE SAVITZ, GENERAL MANAGER, ALLIEDSIGNAL CERAMIC COMPONENTS

On behalf of AlliedSignal Inc., I am pleased to provide written testimony concerning recent ceramic gas turbine activities at AlliedSignal. Although AlliedSignal is a large, multi-national advanced technology and manufacturing company serving customers worldwide with aerospace and automotive products, chemicals, fibers, plastics and advanced materials, AlliedSignal Ceramic Components (ASCC), is a 50-person unit. AlliedSignal Ceramic Components has a goal to develop and manufacture viable high performance structural ceramics for automotive, advanced industrial and aerospace applications. Ceramic engine components are essential for the application of gas turbine engines as effective power sources for ground vehicles in order to meet performance, weight and life requirements. The ceramic gas turbine programs in the transportation and industrial Energy Efficiency programs at the Department of Energy (DOE), which this committee has supported, have made much progress in showing the performance and reality in a gas turbine environment.

We are requesting continued funding in fiscal year 1998 for the Transportation Propulsion Materials Program at the fiscal year 1997 appropriated level of $6.5 million instead of the fiscal year 1998 request of $4.25 million. It is also important to fund the other ceramic programs in the transportation and industrial programs at the fiscal year 1998 requested level. This includes Vehicle Systems R&D (Heat Engines R&D) High Temperature Materials Laboratory, Cogeneration (ATS) and Continuous Fiber Ceramic Composites programs.

The critical activity in the Partnership for a New Generation of Vehicles (PNGV) gas turbine effort in fiscal year 1998 is the development of ceramic manufacturing technology for gas turbine components. The recently released Review of the Research Program of the Partnership for a New Generation of Vehicles Third Report by the National Research Council (April 1997), states "The single most critical component yet to be demonstrated is a suitably sized, efficient, ceramic turbine, capable of being mass produced. The committee found that significant progress has been made by Kyocera-Vancouver and AlliedSignal Ceramics in making high-quality ceramic components with complex shapes and using processes with high potential for scale-up to automotive volumes and cost. Extruded regenerator rotors, integral turbine rotors, and scrolls have all shown new capabilities which, although beset by tooling and startup yield problems, have produced quality engine parts and have supported successful component durability demonstrations. Previously, precision silicon-nitride parts were made by hot isostatic pressing, which is impractical for large-volume production. Today, laboratory-scale parts can be produced in 10 minutes using a gelcast process, a much better time frame than the 8 hours required by the previous procedure. However, yield and consistency for this process have yet to be established. Some silicon-nitride components have been manufactured using this process and have been installed on an experimental basis in engines running at metal temperatures (approximately 2,000 °F), primarily to improve wear."

As a result of collaborative efforts between industry, government, and national laboratories—particularly Oak Ridge National Laboratory (ORNL)—significant advances in ceramic engine design and silicon nitride material and fabrication technologies have been achieved. A number of silicon nitride components are being evaluated and actually being implemented in gas turbine applications.

AlliedSignal Ceramic Components is currently in production with three silicon nitride aerospace parts: components for air turbine starters, auxiliary power unit oil pumps and, just this month, seal runners for turbofan main engines. The oil pump parts are used on U.S. and foreign commercial aircraft such as the new Boeing 777 and Airbus A330/340; the seal runners are being installed on engines which power business jets such as Citation, Learjet, Falcon. About 2,000 parts per month are now being manufactured. During the three years the gerotor rings have been in production, cost to manufacture these parts have been reduced 10-fold; yields have increased from 47 percent to 90 percent. Quality has been excellent. Every Airbus has been retrofitted and all Boeing 777s use the ceramic gerotor rings, as will the new 737s. These and the seals are examples of the achievements of ceramic engineers at AlliedSignal Engines who have participated in the DOE ceramic ATTAP and Ceramic Engine Demonstration project, and who are familiar with the design, test, and advantages of ceramics. As a result of knowledge in materials and fabrication experience from the Engine Programs and the ORNL Ceramic Technology Programs, AlliedSignal Ceramic Components was able to provide these parts in a short time, as an example, 20 days. The production decision was made within 4 months including rig and engine testing.

Within the next two years, model 85 APU ceramic turbine nozzles will be introduced into existing military ground carts followed by the commercial airlines. The nozzle program, funded as an DARPA insertion program and by AlliedSignal Engines has completed 46,530 accumulated hours and 54,230 starts. There are over 7,500 hours on the high time engine. Ten 85 APU's have been fielded on MD–80's and are flying in commercial service and have completed 23,690 hours and 38,635 starts and four military carts have been fielded. An internally funded program between AlliedSignal Engines and AlliedSignal Ceramic Components to reduce the costs of manufacturing the 85 APU nozzles, so that the military will more easily afford them, has reduced the costs 76 percent. Ceramic turbine nozzle technology will also see application in a new commercial air transport APU. The technology for design, testing and ceramic manufacturing for this application is sponsored by DOE. The 331–200 commercial field test will provide customer confidence and demonstrate improved reliability in 767/757 applications. These insertion efforts thus provide clear benefit—reliability, durability, and customer acceptance.

Introduction of a new material such as ceramic components in aerospace applications provides experience in manufacturing, customer confidence, acceptance. As mentioned, costs are being reduced but are still too high for most automotive and

industrial applications. Gas turbines, because of their temperature capability, have the potential to achieve fuel efficiency targets while preserving low emission characteristics. Ceramics have been identified as a major enabling technology and allow the gas turbine to meet the goals of a hybrid vehicle or advanced turbine systems for industrial applications. Cost of ceramic components is the major impediment to commercialization. At present, ceramic components range from ten to several hundred times the cost of their metallic counterparts. They currently are far too expensive for large scale, high volume use. Engine builders and vehicle manufacturers expect ceramic hardware to cost no more than conventional materials. This represents a significant challenge to the structural ceramic industry. To achieve parity, substantial cost reduction in every facet of ceramic component manufacturing is necessary.

In fiscal year 1994, a multi-year, cost shared program was initiated by AlliedSignal Engines as part of the DOE Ceramic Turbine Engine Demonstration Project with two ceramic suppliers. The objective is to improve manufacturing processes for ceramic turbine engine blades and nozzles and demonstrate the application of these processes to a production environment. Each supplier has implemented a focused strategy to meet annual yield, cost, and delivery goals for introduction of ceramic gas turbine components in commercial auxiliary power units (APU). Although the blades and nozzles being fabricated under this program are for AlliedSignal Engines' evaluation in a production environment, the technologies developed are applicable to structural ceramics as used in the Solar industrial gas turbine, Allison and Teledyne hybrid engine and other hybrid gas turbine power plants. The silicon nitride material (AS800) being used by AlliedSignal Ceramic Components is being used on all the gas turbine programs.

The funding AlliedSignal Engines received in fiscal year 1997 will enable them to successfully complete the program. Over 2000 cumulative hours of 331–200 ceramic nozzle engine testing has been completed with over 5335 starts. An additional 750 hours of engine testing is planned this year, with FAA certification/approval for field testing planned in June 1999. Ceramic blades have completed over 290 hours of successful engine tests and will accumulate an additional 700 hours in 1997. The complimentary ceramic manufacturing program will obtain process yield of 75 percent and show manufacturing capacity of 500 parts per month. The basic process and material is the same as for automotive components. Forming process is driven by quantity.

The AlliedSignal Engine program also provides input to the DOE, Office of Industrial Technologies Advanced Turbine Systems (ATS) ceramic engine program being conducted by the Solar Turbine Co. These two programs share non-proprietary technology data. As a result of the DOE sponsored manufacturing and scale-up tasks, AlliedSignal Ceramic Components is providing silicon nitrate blades for the Solar gas turbine. These parts have been successfully tested. AlliedSignal Ceramic Components is also providing prototype parts for Allison Engine Company for its Hybrid Vehicle Turbine Engine Program and its Advanced Turbine Systems Program. In addition, AlliedSignal Ceramic Components is participating in a cost-effective Continuous Fiber Ceramic Composites (CFCC) program with Caterpillar Inc. All of these programs have been planned to provide important steps to meeting the goal of engine quality parts. Manufacturing processes suitable for aerospace and stationary gas turbine quantities of components are being developed as an intermediate stop toward processes suitable for automotive quantities of components.

To serve the needs of PNGV, there must be a transition from low volume to high volume products with a further reduction in costs. In March 1997, DOE announced its plan to issue a Program Research and Development Announcement (PRDA) for development of high efficient ceramic gas-turbine hybrid power units (GT-HPU) for hybrid-electric automotive applications. Phase I will develop and demonstrate high-volume, high-yield, cost effective ceramic manufacturing technology for automotive gas turbine components. The funding for the program would come from the Automotive Propulsion Systems Material and Heat Engine R&D portions of the Office of Transportation Program.

As mentioned, the proposed fiscal year 1998 budget reduces the Automotive Propulsion Systems Material budget form $6.5 million (fiscal year 1997) to $4.25 million (fiscal year 1998). The President's budget does not provide sufficient funding to develop the manufacturing technology for the three critical components: recuperator, combustor, and rotor. These three components are very different in design, materials, and manufacturing method. The President's budget will allow only one contractor and one component. The result will be insufficient data to make the go/no-go decision on the turbine option for PNGV.

If the $2.25 million cut in the ceramic gas turbine program were restored, one or more additional contractors would be included in the program and all three critical

gas turbine components would be included. Core supporting technology development programs at Oak Ridge National Laboratory would be maintained with the increase in funding.

The Oak Ridge National Laboratory-led Ceramic Technology Project has been a unique partnership between government and industry to develop ceramic technology for advanced gas turbine engines. U.S. industry is developing manufacturing processes while national laboratories and universities are performing supporting technology efforts that are synergistic with the industry programs. In many cases, very effective teams have been established between ORNL principal investigators and industry participants. The ORNL inventor of gelcasting is spending a two year assignment at AlliedSignal Ceramic Components, helping to scale up and automate the process. The ORNL principal investigator for ceramic joining is working with Teledyne Ryan to develop a process to join Teledyne's ceramic turbine rotor to a metal shaft. ORNL and UDRI have led the nation in developing testing technology for high-temperature ceramics, and continues to develop the engineering data on commercial ceramics that are required by designers of ceramic gas turbine components. This information is critical not only for transportation applications but also for Advanced Turbine Systems Programs at Solar Turbines, Westinghouse, and Allison-Engine Company. ORNL and Boston University have worked with AlliedSignal Engines to develop a corrosion-resistant ceramic coating for ceramic gas turbine components, and are developing cost-effective methods of applying the coating. ORNL and UDRI are working with DuPont-Lanxide Composites and Teledyne Ryan on the development of critical ceramic recuperator material.

The $2.25M reduction in the Automotive Propulsion Systems Material budget will not only reduce the needed industry effort in ceramic manufacturing, but will greatly reduce the supporting technology programs at national laboratories and universities as well. The funds reduction will result in the loss of six scientists at ORNL, the University of Michigan, and the University of Dayton and a 30–50 percent reduction in gas turbine materials efforts across the board including gelcasting, tensile testing, joining and DOE.

We realize, however, that these are times of reduced government spending, so your decisions have become more difficult. In that vein, one important point needs to be made—at least from AlliedSignal's point of view—that is that we're investigating in the development of ceramic components concurrent with the investment we've asked this Subcommittee, the Congress and the Department of Energy to make. Over the past several years, AlliedSignal has invested over $35 million in the development of the technology and manufacturing processes necessary to keep pace with the international competition in this area. So, while we still ask for a modest level of government funding we, too, continue to spend our own resources on ceramics and ceramic production.

An advanced manufacturing facility was constructed for AlliedSignal Ceramic Components in 1992. The 30,000 sq. ft. facility located in Torrance, California has state-of-the-art equipment for fabrication and characterization of structural ceramics. Additional capital equipment is added annually, e.g. our machining capability has doubled in two years. Funds are provided, not only for "real cost shared" DOE contracts, but also for IR&D at AlliedSignal Ceramic Components, AlliedSignal Engines, and the ceramic technology skill base team at Morristown, New Jersey.

The continuing partnership between DOE and AlliedSignal ensures there will be a competitive ceramic manufacturer and leading edge turbine engine technology in the U.S., which will provide more energy efficient power sources, both in the United States and abroad.

---

PREPARED STATEMENT OF JEFF LUNDY, STATE OF MISSISSIPPI OIL & GAS BOARD AND GROUND WATER PROTECTION COUNCIL

Mr. Chairman, thank you for the opportunity to testify today. My name is Jeff Lundy and I am with the State of Mississippi Oil and Gas Board. The Oil and Gas Board is responsible for all phases of oil and gas production as well as re-injection of produced salt water, which assures the safety of our ground water supplies. My testimony today is submitted on behalf of the Ground Water Protection Council (GWPC).

The Ground Water Protection Council (GWPC) is responsible for the development and operation of the RBDMS system. The GWPC is made up of state oil and gas agencies as well as those that regulate ground water and other underground injection control programs. Through the GWPC, the states are all working together to protect ground water resources while reducing the cost of compliance to industry.

We would like to thank the Committee for supporting $.5 million for the Assistance to State Oil & Gas Agencies and the independent oil tic gas industry with Risk Base Data Management Systems (RBDMS) last year and would urge the Committee to increase funding for RBDMS to $1.5 million for fiscal year 1998 to expand the system to every oil and gas producing state. The system is currently operational in Alaska, Montana, Nebraska, Mississippi, North Dakota, and we are installing it in Ohio, Alabama and California. Additional funding would allow each remaining state to initiate the program as well. This amount would provide the smaller independent oil producers access to this environmental data management system. Smaller producers are often the most in need of such a system because high regulatory costs hit them the hardest. In addition to providing the system to smaller producers, additional funding will allow the GWPC to expand the system to include oil field surface facilities including tanks, pipelines, and storage units. Before I go into detail on the how RBDMS works, I want to make the point that states are dedicating their own resources to RBDMS. For example Ohio, is using almost $600,000 in state dollars to implement RBDMS. I know all other states are planning on using state dollars as well as federal funds. But what the remaining states need is a relatively small amount of start-up assistance after which time they have shown they are willing to begin applying their own resources.

With past assistance from the US Department of Energy, the GWPC assembled a project team with extensive knowledge and experience in state oil and gas agency environmental data management to develop RBDMS, the only comprehensive, fully relational, PC-based oil & gas regulatory data management system in the country. By allowing the oil and gas industry to participate in the next phase of development of the system, we will assure that it will be useful and effective for them. Additional funding at $1.5 million for fiscal year 1998 will be mutually beneficial to the private sector and the states by keeping environmental compliance costs down.

RBDMS is one of the best examples we have seen of how industry, working with government, can improve both industry production and environmental protection at the same time. Included with my testimony are endorsement letters of RBDMS as an alternative to costly command and control regulatory policies. It is supported by both the regulated community and the regulators themselves.

In summary, the increased funding we are requesting will provide a means for the successful expansion of the Risk Based Data Management System and will provide the following benefits: (1) improve environmental protection, (2) less regulatory and compliance costs for producers, (3) better state enforcement of environmental regulations, and (4) continued oil production. The remainder of my testimony provides a more detailed explanation of how we have used prior funds and how we would use the requested increase. Due to its length, I will submit it for the written record. Thank you for the opportunity to appear before you today.

---

## RISK BASED DATA MANAGEMENT SYSTEM [RBDMS]

### BENEFITS OF RBDMS TO THE OIL & GAS INDUSTRY

*Enhance protection of the nation's ground water*

The RBDMS will provide regulators with information that can be used to focus attention and resources, both governmental and industry, on those wells that pose the greatest environmental risks. The ability to target human and financial resources towards those areas with the greatest aisle will result in a more effective and efficient use of those resources and a greater level of environmental Protection. In addition to the tangible public benefits from enhanced protection of the Nation's ground water, the resulting decrease in incidents of pollution will also help protect industry's image.

*Improve industry access to oil and gas commission data*

Oil & Gas boards and commissions function as a clearinghouse for information on wells, geology and production. Exploration geologists, producers, and other players utilize this information on a daily basis to develop prospects and to more efficiently drill and operate their leases. In many oil and gas commissions, the vast majority of well data is only available via laborious searches through voluminous paper well files. In addition to estimating environmental risk the RBDMS is a comprehensive data management system that will answer most oil and gas information requests quickly and easily from a computer terminal. More readily available data on active, idle, and past P&A'd wells will decrease the cost of new discoveries and facilitate the development of enhanced recovery projects.

*Reduced cost to industry of oil & gas commission operations*

Many state oil & gas boards and commissions operate without the benefit of well designed computer systems. As a result, many operations that could be automated are performed manually at a much greater cost. The RBDMS is an efficient and comprehensive data management system designed specifically to meet the needs of state oil & gas commissions. It will make existing oil & gas commission personnel more efficient and reduce the cost of oil & gas commission operations. The oil and gas industry will directly benefit from any cost savings as most oil & gas commissions are cash funded with a production-based conservation tax paid by operators and producers. Furthermore, the fact that the RBDMS will be utilized by multiple oil & gas commissions will save each commission the expense of developing its own system.

*Decrease time required to process applications*

An on-line database of oil & gas commission data will decrease the amount of time commission staff require to research and process Applications for Permission to Drill and other applications involving re-entry and re-completion. Furthermore, the ability to evaluate environmental risk will result in construction and testing requirements commensurate with the level of risk.

*Facilitate uniform reporting requirements among states*

Operators that work in more than one state are often frustrated by the variety of applications and reporting forms used by different states. The RBDMS was designed for use in multiple states and during the design of the system all participants shared the goal of developing a common database, program screens, and reports that would work for all participating states. Implementation of the RBDMS in multiple state oil & gas commissions will further progress towards the goal of uniform application and reporting requirements among states. This will decrease costs to operators with wells in multiple states.

*Preserve shut-in and idle wells*

Many oil wells are inactive as they cannot economically produce at prices that prevail in today's market. Such wells may pose potential threats to USDW's, and pressure exists to plus inactive wells before they pollute and/or become orphans. While the future for increased oil prices is not bright, such wells may have value as possible candidates for enhanced oil recovery projects. The Department of Energy is currently sponsoring research into cost-effective enhanced oil recovery technology; but such technology will only be viable if wellbores exist where the new technology can be applied.

Some inactive wells do pose a threat to USDW's and should be plugged, and the RBDMS will assist in pointing out such wells; but the system will also assist in objectively evaluating inactive wells that pose a relatively low risk of endangering USDW's. Such analysis will minimize errors of omission and commission: not plugging wells that should be plugged, and plugging wells that should not.

The RBDMS will maintain an on-line list of all inactive wells together with historical Mechanical Integrity Tests, Static Fluid Level Tests, and Idle Well Reports. Computer programs will ensure that required tests are run and reports received. Inactive wells will not become lost and forgotten in a mass of paper files. Such a system will improve public confidence in the regulatory process and reduce pressure to plug inactive wells with future value.

---

PREPARED STATEMENT OF MICHAEL P. KENNY, EXECUTIVE OFFICER, CALIFORNIA AIR RESOURCES BOARD; ROBERT J. CABRAL, SUPERVISOR, SAN JOAQUIN COUNTY, CHAIRMAN OF THE BOARD, SAN JOAQUIN VALLEY UNIFIED AIR POLLUTION CONTROL DISTRICT; MANUEL CUNHA, JR., PRESIDENT, NISEI FARMERS LEAGUE; LES CLARK, VICE PRESIDENT, INDEPENDENT OIL PRODUCERS' ASSOCIATION; AND CATHERINE H. REHEIS, MANAGING COORDINATOR, WESTERN STATES PETROLEUM ASSOCIATION ON BEHALF OF THE CALIFORNIA INDUSTRY AND GOVERNMENT COALITION ON PM–10/PM–2.5

Mr. Chairman and Members of the Subcommittee: On behalf of the California Industry and Government Coalition on PM–10/PM–2.5, we are pleased to submit this statement for the record in support of our fiscal year 1998 funding request of $900,000 for the California Regional PM–10/PM–2.5 Air Quality Study.

The San Joaquin Valley of California and surrounding regions exceed both state and federal clean air standards for small particulate matter, designated PM–10/PM–2.5. The 1990 federal Clean Air Act Amendments require these areas to attain federal PM–10/PM–2.5 standards by December 31, 2001. If the proposed PM–2.5 stand-

ards are adopted, they would have to be attained 2–3 years later. Attainment of these standards requires effective and equitable distribution of pollution controls that cannot be determined without a major study of this issue.

According to EPA and the California Air Resources Board, existing research data show that air quality caused by the PM–10/PM–2.5 problem has the potential to threaten the health of more than 3 million people living in the region, reduce visibility, and impact negatively on the quality of life. Unless the causes, effects and problems associated with PM–10/PM–2.5 are better addressed and understood, many industries will suffer due to production and transportation problems, diminishing natural resources, and increasing costs of fighting a problem that begs for a soundly researched solution.

PM–10/PM–2.5 problems stem from a variety of industry and other sources, and they are a significant problem in the areas that are characteristic of much of California. Typical PM–10/PM–2.5 sources are dust stirred up by vehicles on unpaved roads, and dirt loosened and carried by wind during cultivation of agricultural land. Soil erosion through wind and other agents also leads to aggravation of PM–10/PM–2.5 air pollution problems.

Several aspects of the research are important to federal agencies and programs within the purview of the subcommittee's jurisdiction, including the Forest Service, the Park Service, the Bureau of Land Management, and Department of Energy fossil fuel programs. Based on consultation with federal agency officials who work closely with the PM–10/PM–2.5 issue in the San Joaquin Valley Region, the Coalition requests funding for the following agencies and programs:

*Forest Service ($250,000).*—PM–10/PM–2.5 is a highly important issue with the Forest Service's Region V, especially with respect to the Watershed, Soil and Air Department. Unpaved roads within the Forest Service's jurisdiction are a suspected, yet unproven, source of PM–10/PM–2.5 pollution. These roads include public, private and industry-use right-aways, such as those used for fire prevention and logging. Consequently, the Forest Service has a substantial stake in the PM–10/PM–2.5 issue and in research into its causes and remedies.

*Park Service ($100,000) and Bureau of Land Management ($250,000) for a total of ($350,000).*—The U.S. Park Service and the Bureau of Land Management have a similarly substantial stake in the PM–10/PM–2.5 issue. Park Service officials in the California region are concerned about the sources and types of PM–10/PM–2.5 particulate matter, including secondary emissions, that are coming into park areas from the San Joaquin Valley. There is a need for an assessment of the effect of PM–10/PM–2.5 emissions on different elevations of terrain. The Park Service is concerned about the transport of Valley emissions into outside areas under Park Service jurisdiction, especially as these emissions have an effect on vegetation and visibility in park areas. Park Service and BLM officials are concerned about the possible contribution of prescribed and forest fires on the PM–10/PM–2.5 problem, as well as the effect of PM–10/PM–2.5 particulate matter on human and other animal life, vegetation, land management, and area lakes and streams.

*Department of Energy ($300,000).*—The Department of Energy's stake in the PM–10/PM–2.5 issue falls into at least three categories. First, the oil and gas industry is vitally concerned about PM–10/PM–2.5, and is a key player in the coalition to address PM–10/PM–2.5 problems and the need for this research. Secondly, there are DOE laboratories with modeling capabilities that may be able to contribute to research and solutions concerning PM–10/PM–2.5. Finally, because of DOE's partnership in the Elk Hills gas production facility, DOE is in a critical position as a potential contributor to both the problem and the solution.

Improved information on the sources and composition of construction emissions is needed to develop accurate PM–10/PM–2.5 emission inventories. This study will provide information to better evaluate and understand the impacts of construction project emissions to total PM–10/PM–2.5 loadings in a region. Knowledge of the sources of construction emissions will also provide better information for evaluating the effectiveness of potential mitigation measures thereby minimizing the risk of implementing potentially costly control measures which might not be effective.

The importance of this study on PM–10/PM–2.5 is underscored by the need for more information on how the federal Clean Air Act Amendments standards can be met effectively by the business community, as well as by agencies of federal, state and local government whose activities contribute to the problem, and who are subject to the requirements of Title V of the Clean Air Act. There is a void in our current understanding of the amount and impact each source of PM–10/PM–2.5 actually contributes to the overall problem. Without a better understanding and more information—which this study would provide—industry and government will be unable to develop an effective attainment plain and control measures.

Our Coalition is working diligently to be a part of the effort to solve this major problem, but to do so, we need federal assistance to support research and efforts to deal effectively with what is essentially an unfunded federal mandate.

Numerous industries, in concert with the State of California and local governmental entities, are attempting to do our part, and we come to the appropriations process to request assistance in obtaining a fair federal share of financial support for this important research effort. In 1990, our Coalition joined forces to undertake a study essential to the development of an effective attainment plan and effective control measures for the San Joaquin Valley of California. This unique cooperative partnership involving federal, state and local government, as well as private industry, has raised more than $12 million to date to fund research and planning for a comprehensive PM–10/PM–2.5 air quality study. Our cooperative effort on this issue continues, and our hope is that private industry, federal, state and local governments will be able to raise an additional $12 million over the next three years to fund this important study.

To date, this study project has benefited from federal funding provided through USDA's, DOD's and EPA's budgets—a total of $8.8 million in federal funding. State and industry funding has matched this amount virtually dollar for dollar. However, notoriously absent as funding sources are the key Department of Interior agencies and programs previously discussed. As a prime stakeholder in this issue, the Department of Interior should do its fair share, and bear part of the cost of this vital research.

The following is a list of PM–10/PM–2.5 research projects which are in progress:

*Planning*

Development of products for emissions, field monitoring, data analysis and modeling.

*Technical support studies*

Suitability of data base; Winter/Autumn intensive study; micrometeorological parameters; fog formation/dissipation; ammonia from soils.

*Modeling*

Demonstration of modeling system for application in SIP's.

*Data analysis*

Analysis of existing data to aid project planning.

*Demonstration studies*

Almond, fig, walnut, cotton, harvesting; unpaved agricultural roads; unpaved public roads; unpaved shoulders of paved roads; dairies, feedlots, poultry, dry cereal grain.

For fiscal year 1998, our Coalition is seeking $900,000 in federal funding to support the continuation of this vital study by the Forest Service ($250,000), the Park Service ($100,000), the Bureau of Land Management ($250,000), and the Department of Energy ($300,000) in California. We respectfully request that the Appropriations Subcommittee on Interior and Related Agencies provide these funds in the appropriation bill for fiscal year 1998, and that report language be included directing the full amount for California.

The California Regional PM–10/PM–2.5 study will not only provide vital information for a region identified as having particularly acute PM–10/PM–2.5 problems, it will also serve as a model for other regions of the country that are experiencing similar problems. The results of this study will provide improved methods and tools for air quality monitoring, emission estimations, and effective control strategies nationwide. Consequently, the beneficial results of this study will contribute to national policy concerns as well.

The Coalition appreciates the Subcommittee's consideration of this request for a fiscal year 1998 appropriation of $900,000 to support the California Regional PM–10/PM–2.5 Air Quality Study.

---

## PREPARED STATEMENT OF HON. SHARPE JAMES, MAYOR, ON BEHALF OF THE CITY OF NEWARK, NJ

Newark, New Jersey is a city of great contrasts and great promise. Our City is home to one of the fastest growing and convenient international airports in the nation, which is easily accessible to an unparalleled network of sea, rail and highway connections. Newark is also home to five institutions of higher learning, ranging from a fine community college to two law schools and a medical school. The park

system of the city is another important component of Newark's value as a commercial, educational, and cultural hub of northern New Jersey.

Weequahic Park is a 311-acre facility located in a densely populated mostly low/moderate income area of Newark, NJ, the Nation's third oldest city. The major areas of the park are: (1) several playing fields; (2) a 72-acre lake; (3) playgrounds; (4) tennis courts; (5) picnic area; (6) paddleball/handball courts; (7) trails; (8) a wide variety of open space; and (9) an 18-hole golf course, one of the few urban golf courses in the nation. Weequahic Park was designed by Frederick Law Olmstead in the 1850's and is the second largest park in the Essex County Park System, the oldest park system in the United States.

The park is within Newark's boundaries and borders on Frelinghuysen Avenue which takes its name from the long distinguished New Jersey family of Congressman Rodney P. Frelinghuysen. Further, the cities of Newark and Elizabeth boundary lines were established within Weequahic Park, then Waverly Fair Grounds, in 1668, two years after Newark became a city.

Over the past two decades or more, Essex County, the owner of the park, substantially reduced its maintenance support, and as a result, every aspect of this once-splendid park fell into substantial disrepair. The once beautiful system of trails became overgrown creating a haven for criminal activity, and the park's lake, which in the past provided recreational boating and fishing, became choked with algae.

In 1992, a group of park users came together to form Weequahic Park Association, Inc. (WPA), which is modeled after and received a generous amount of support from the highly successful Central Park Conservancy in New York City. The community-based people working effectively with the management team, has been the key to WPA's success to-date, i.e. grass roots people do grass roots work, and professionals do the professional work. In order to supplement the resources provided by Essex County for use in Weequahic Park, and to play a hands-on management role, WPA formally entered into a partnership agreement with the county in 1995.

Also, WPA participated in the city of Newark's last Empowerment Zone application submission, as one of eight (8) "area coordinators."

Following are some of the key accomplishments of WPA since 1992. It should be noted that these accomplishments were made without an administrative budget. Our estimate of the investment made in Weequahic Park associated with WPA's accomplishments (including "sweat-equity" and "in-kind contributions") is in excess of $5 million and growing.

WPA's Accomplishments: Developed organizational structure; articulated key goals and objectives; recruited management team; incorporated and secured federal tax-exemption; negotiated partnership agreement with Essex County; planned and managed two Labor Day weekend festivals; functioned as Empowerment Zone "Area Coordinator"; conducted general park management planning; conducted park clean-up projects; collaborated with international, national, and local private entities to partner with WPA on specific park projects; developed Foundation Board; developed proposal to do a masterplan study; requested and received proposals from architects/engineers for participation in the masterplan study; new roadways throughout the park; two state-of-the-art playgrounds; restoration of fieldhouse/visitors' center; convened WPA meetings in various properties surrounding the park; caused lake to be treated and stocked with fish; submitted several projects (with budgets) to the county for funding; 30 new park "awareness signs" are being installed; eight WPA members scheduled for summer employment; and major foundation to undertake entranceway beautification project.

WPA strongly feels, and we concur, that they are at the point of reaching "critical mass" in their development. The president of WPA, Wilbur J. McNeil, has made such a positive impression on the county of Essex that they have appointed him to a county committee to make recreational policy.

The most immediate WPA projects are to: (1) continue showing physical improvement within and outside the park and thereby attract and involve more indigenous community participation; (2) continue to build the management team; (3) attract more local institutions (e. g. local school district, hospitals, churches, etc.) to have their constituents to use the park consistent with their goals and objectives; (4) raise funds and undertake the masterplan study; (5) raise funds to implement the masterplan study thereby upgrading the quality of open space with both passive and active recreational opportunities within Newark; (6) provide employment and economic opportunities within and around the park for members of the community; and (7) reduce crime.

An appropriation of $3.5 million is hereby requested to accomplish a broad range of initiatives, including the completion of the masterplan, park maintenance above the level currently provided by Essex County, the upgrading of the lake in order to return it to a state usable for boating and fishing and the restoration of trails,

landscaping and horticultural features. The masterplan will include a fundraising component, to involve the private sector and foundations in the continued restoration of this historic and invaluable urban asset.

---

PREPARED STATEMENT OF THE CITY OF GAINESVILLE, FL, REGARDING THE SWEETWATER BRANCH/PAYNES PRAIRIE STORMWATER PROJECT

Mr. Chairman: On behalf of the City of Gainesville, Florida I appreciate the opportunity to present this written testimony to you today. The City of Gainesville is seeking federal funds in the fiscal year 1998 Interior Appropriations bill, in order to assist our efforts to protect the Floridian aquifer from stormwater runoff. In particular, we are hopeful that the Subcommittee will provide the City with $2 million to implement an engineering study.

In Gainesville, the Sweetwater Branch basin contains approximately 1,710 acres and is located in the southeast central portion of the City. The outfall from this basin discharges into Paynes Prairie, a state owned preserve and park system, which eventually flows into the Alachua Sinka, natural sink hole that drains directly into the Floridian Aquifer. This Aquifer provides the majority of drinking water to Florida's a residents and has a direct impact on Florida Everglades.

The Sweetwater Branch drainage basin contains urban, commercial, industrial, and residential area stormwater runoff. Because the branch runs through some of the oldest portions of Gainesville, most stormwater runoff is directly discharged into the Branch with very little flooding attenuation or pollution loading reduction. The runoff has the potential to affect threatened and endangered wildlife such as the Bald Eagle, the Woodstork, the Florida Sandhill Crane, and the Southeastern American Kestrel. In addition, many domestic water wells are used to obtain water from surficial and intermediate aquifers in the area. In summary, the situation has created a concern amongst environmentalists, business leaders, and concerned citizens throughout the region that Paynes Prairie and the Florida aquifer are being compromised.

With this in mind, the City of Gainesville, Alachua County, St. Johns River Water Management District, Florida Department of Environmental Protection and local citizens are all seeking a comprehensive ecosystem management solution to the problem of stormwater runoff from downtown entering Sweetwater Branch, Paynes Prairie, and the Alachua Sink. The project devised by these groups would reduce or eliminate the sediment, debris, nutrients and general pollutants currently being discharged. Current projections are that the project would consist of the following three components: The purchase of undeveloped property in the vicinity of State Road 331 and Sweetwater Branch; the construction of maintainable sediment and debris removal systems; and the construction of maintainable nutrient removal systems.

An in-depth engineering analysis of the creek system, property topography, associated wetlands, and other pertinent factors is needed to determine the optimum and appropriate scope of property purchase and facilities construction. The City is prepared to pay some of the cost for this analysis, but we are simply unable to bear the entire burden. As a result, we request that the Subcommittee appropriate $2 million to assist our efforts. Once the project construction is complete, Gainesville Stormwater Management Utility, a public utility, would provide the required annual maintenance for the facility and no federal maintenance funds would be needed.

This is a critical and much needed project for the City of Gainesville, as well as the entire State of Florida, and we respectfully ask the Subcommittee for its consideration of the Sweetwater Branch/Paynes Prairie Stormwater Project.

---

PREPARED STATEMENT OF KAREN WERBELOW, EXECUTIVE DIRECTOR, FOUNDATION FOR NORTH AMERICAN WILD SHEEP

Mr. Chairman and members of the Subcommittee, please accept the following testimony for the Forest Service and Bureau of Land Management proposed fiscal year 1998 Budgets from The Foundation for North American Wild Sheep.

The Foundation for North American Wild Sheep, is a non-profit conservation organization with 7,000 members nationwide. We are deeply concerned by the current trend to reduce budgets for the Forest Service and the Bureau of Land Management, specifically for fish and wildlife management including cost share programs. Since fiscal year 1993, we have witnessed the steady decline of wildlife habitat management budgets. We respectfully ask for your attention to the details of these important matters of wildlife conservation.

THE CHALLENGE COST SHARE PROGRAM

The Challenge Cost Share Program provides opportunities for wildlife management and research in conjunction with the Forest Service, the Foundation for North American Wild Sheep and other conservation organizations. The success of these partnerships have allowed additional funding for Forest Service. Frequently, state wildlife agencies will also participate. Specific projects in which we are asked to cooperate, include and are not limited to, disease research and habitat management. The fragile balance between wildlife and multiple use challenges require constant monitoring by wildlife professionals. For the past three years, the Forest Service budget along with key personnel needed by the conservation community and vital to our partnership programs have slowly been reduced. The staff biologists, technical assistants and field personnel employed by the Forest Service are the driving force behind this program. Since fiscal year 1993, the fish and wildlife management programs have been jeopardized by funding cuts. Qualified field biologist and other staff have slowly been phased out. Without these personnel, many current and future projects are being eliminated. New partnership programs will eventually be non-existent. Consequently, wild sheep and other native wildlife in the United States are being severely affected.

We support an increase in budget funds for the Challenge Cost Share Program. This would allow projects such as "Movements and Habitat Use of Bighorn Sheep Along the upper Yellowstone River Valley" to continue. The three year study, funded by the Challenge Cost Share Program, provided invaluable information about bighorn sheep survival. This information will be used to design and implement successful management programs throughout Montana. The benefits to all wildlife would be realized by the simple increase of wildlife biologists and the seasonal personnel employed. This will allow for the continuation of baseline data collection, necessary for overall ecosystem health and management, and the implementation of programs such as prescribed burns and the monitoring of wildlife and its habitat. An increase in the Challenge Cost Share program would encourage problem solving by addressing the needs of wildlife and habitat before a species faces endangerment. Sound scientific management depends on a professional workforce suited to meet the needs of the wildlife and current public demands.

LAND RESOURCES

Proper rangeland management is vital to the health of all species, wild or domestic. The Foundation for North American Wild Sheep supports the $2.8 million increase to the Bureau of Land Management, specifically for management of Wild Horses and Burros. Achieving a balanced management level of wild horses and burros is critical to the desert bighorn sheep. The previously inadequate budget for the Strategic Management of wild horses and burros has caused degeneration of rangeland habitat crucial for the survival of the desert bighorn sheep, and other native wildlife populations.

In conclusion, we ask you to strongly consider the benefits of increased fish and wildlife budgets to the American people. Wildlife biologist are just discovering the how's and why's of ecosystems. Research of established healthy populations of wildlife is as important as the research of the diseased populations. Maintaining the health and vitality of wildlife populations ensures future generations the opportunity to enjoy the heritage of America's great outdoors.

---

LETTER FROM R. DEAN TICE, EXECUTIVE DIRECTOR, NATIONAL RECREATION AND PARK ASSOCIATION

ARLINGTON, VA, *April 15, 1997.*

Hon. SLADE GORTON,
*Chairman, Subcommittee on Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington DC.*

DEAR SENATOR GORTON: This letter urges the Subcommittee to begin the restoration of public partnerships by appropriating funds for Land and Water Conservation Fund state assistance and the Urban Park and Recreation Recovery Program. Consistent with the early history of the program, LWCF state assistance should approach one-half of total LWCF appropriations for fiscal year 1998.

We also urge the Subcommittee to give fullest consideration to appropriations for the Federal Lands-to-Parks program. This program provides technical and planning assistance to state and local governments to obtain surplus federal lands for park and recreation purposes. Since fiscal year 1996, the program has emphasized assistance to those communities impacted by legislated military base closures. Nearly

15,000 acres of base closure land have been identified by local interests as key acquisition areas for recreation and conservation purposes. The continuing potential of this program to contribute to the public recreation estate without the need for continued federal investment or funds merits your support.

Previous appropriations for LWCF assistance grants and urban parks have resulted in a national legacy. The LWCF authority, for example, has provided over $3.2 billion to the 50 states, the District of Columbia, Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Marianas for planning, acquisition and development of recreation opportunities in the United States. Through fiscal year 1996, a total of 37,300 projects were approved to support acquisition of park and recreation resources or development of recreation facilities. They are in every geographic region of the U. S., in every county and almost all localities. Federal obligations have been matched by state and local contributions for a total LWCF grant investment of $6.5 billion. States have received about 8,300 grants and counties some 4,900, while cities, towns and other local agencies matched more than 24,000 grant awards.

Of the total number of grant projects, about 10,000 have helped states and localities conserve 2.3 million acres of land, including combination projects where donated land values matched the cost of development. Almost 27,000 projects have been for the development of recreation facilities. Seventy-five percent of the total funds obligated have gone to locally sponsored projects that provide close-to-home recreation opportunities readily accessible to America's youth, adults, senior citizens and the physically or mentally challenged. In addition to thousands of smaller recreation areas, grants have helped acquire and develop new areas of statewide or national significance such as the Allagash Wilderness Waterway (Maine), Liberty State Park (New Jersey), the Willamette Greenway (Oregon), Platte River Park (Denver), Herman Brown Park (Houston), and Illinois Beach State Park (Chicago).

Beyond the numbers of projects, acres and dollars, it is important to note the LWCF grant program's major effects on the country's overall attitudes and policies toward conservation and recreation. Most of these less tangible benefits have come about as the result of the partnership with states and localities. This type of influence continues to the present and the states and local governments have shown and continue to show great initiative LWCF has helped to catalyze many of these efforts and it can and should continue to do so.

A further legacy—and a major force for long-term protection of all recreation resources—is the provision of Section 6(f)(3) of the Act that requires all property acquired or developed with LWCF assistance to be maintained perpetually in public recreation use. Consistent enforcement has developed strong stewardship programs in each of the states to help ensure that LWCF's contributions to the national recreation estate remain real and accessible to our citizens.

The job must continue as population increases and land once available for recreation is committed to other uses. Our 1995 research indicated that local park and recreation agencies require a national total of $27.7 billion in capital investment for rehabilitation, land acquisition and new construction. Localities expect to have less than half that sum available. While the total estimated need is down from $30.4 billion projected from a previous five-year survey, the expected budget shortfalls increased by seven percent. Therefore, it is possible that the lower total for 1995–99 reflects reduced expectations as well as, or instead of, a real decline in needs.

Construction of new recreation infrastructure ranked highest, with a total need of $13.6 billion (49.9 percent) nationwide. For those agencies expressing such new construction needs (87 percent), the average need per agency was over $3 million, down from $3.5 million for the previous five-year period.

Rehabilitation and restoration needs nationwide totaled $8.8 billion (32.3 percent). It is important to note that these needs are not for "maintenance" but reflect major costs for capital renovation to correct deficiencies due to age or inadequate design and to increase user capacity of existing functional facilities. For those agencies expressing a need for rehabilitation investments (76 percent), the average need per agency was just under $2.2 million, up from $1.8 million in the previous survey.

Land acquisition needs, through both fee simple purchase and less than fee approaches, totaled almost $5 billion (17.9 percent). For those agencies expressing the need for capital investment in land acquisition (52 percent), the average cost per agency was $2.4 million, up from the $1.8 million estimated previously. The average number of new acres needed rose from 167 to 214. Local governments anticipate (or hope) that six percent of their capital needs (almost $1.8 billion) would come from federal sources, including but not limited to LWCF.

Ultimately, the Land and Water Conservation Fund is only in part about land and water. It is about what we are willing to invest in ourselves and our posterity. The United States contains the wealthiest society in the history of the world. Yet we are

a nation at risk. We have the greatest gap between rich and poor of any modern nation, and that gap is still increasing.

The U.S. currently spends proportionately more for health care—14 percent of GNP—than any other nation. We are a sedentary nation. According to a recent report by the Surgeon General, one fourth of all Americans perform almost no physical activity. Nearly half of our youth aged 12–21 years are inactive on a regular basis. And only 19 percent of our high school students are active for more than 20 minutes five days a week—down from 37 percent in 1990. Our population's "limitation of activity" index—a measure of long-term disability—increased by 45 percent between 1957 and 1989.

The nation grows in population at an increasing pace. From 1964 to 1994, we increased from 191 million to 270 million people. As our population increases, so has competition for America's natural resources, the most important of which is undeveloped land. We are losing more and more of our special places to urban and suburban uses or to resource extraction. We are depleting irreplaceable biological resources—some 3,900 plant and animal species are either threatened with extinction or endangered.

Some argue persuasively that we are witnessing a decline in the moral fabric of our society. Violence, crime and gang membership are on the rise, especially among the nation's youth. Families, once highly influential in determining our direction and values, are often replaced by gangs, or if we are lucky, by social workers, teachers and other mentors. As communities continue to search for solutions to violence, the costs of dealing with crime are draining our public resources. We spend on average about $30,000 a year to incarcerate a single juvenile offender. The monetary value of saving an at-risk youth has been estimated at $1.5 to $2.0 million over his or her lifetime, but note that these are reductions in negative costs and do not include the "saved" person's positive contributions to the economy and society.

These pressing problems have a common link, documented in a wealth of research on the economy, human behavior, health and natural resources. Over 50 percent of the factors which determine our state of health have to do with our environment, our relationships with others, our status in the community and how we think about ourselves. Park and recreation resources and services help to supply these critical social benefits by offering opportunities for most citizens to engage in active recreation and to experience healthy relationships with others, ourselves and our natural surroundings.

How much are we willing to invest in essential public recreation systems? The Act promises revenues generated by Outer Continental Shelf (OCS) resources for the purposes of land and water conservation. A serious reevaluation of the continuing diversion of most of those revenues for other purposes is needed. We share the view of many in Congress that the heavy burdens of national public debt must be addressed, and that resource-based income can help diminish budgetary shortfalls. We believe, however, that the vision of 1964 is equally valid—that present and future generations will also be burdened by the failure of today's leaders to invest prudently in capital park and recreation resources while we still have viable options to do so.

Projected fiscal year 1998 OCS revenues are $2.254 billion, according to the Minerals Management Service. The LWCF act provides that a portion of such annual revenues—for 1998 perhaps $850 million of the $900 million authorized by the act—or about 39.9 percent of estimated receipts credited to the Fund be available, subject to appropriation. The President's proposed budget requests only $160 million—less than 19 percent of the authorized level and about 7.5 percent of total estimated receipts. If that budget is enacted, more than 92 percent of all OCS revenues for the year will have gone for purposes other than the Land and Water Conservation Fund.

Will this really save us money? In the longer view, equal or greater savings could accrue by encouraging regional, state and local recreation agencies to more aggressively pursue resource conservation and recreation access projects before capital costs escalate and before Congress is asked to respond to future "emergencies" by considering these assets for inclusion in federal land systems. When such emergencies occur, the federal government may bear the full fiscal burden, not only of higher capital costs for land protection, but for development and management in perpetuity.

While the costs of federal systems may be expected to increase consistent with the rate of inflation, they should not be increased through inclusion of projects lacking clear national significance. In the absence of a serious commitment to provide real incentives for systematic investment in partnership programs, piecemeal federal actions can be expected to touch randomly on first one site and then another, while the bulk of public recreation and resource conservation needs that could be ad-

dressed comprehensively are ignored. That partnership approach is part of the LWCF vision and promise.

Just as importantly, the results of this fragmented federal approach will ignore the clear evidence that most of us seek our recreation experiences close-to-home (and put the greatest user pressures on close-to-home public resources). This does not diminish the values of more remote recreation destinations or the environmental, historic and cultural values of places farther away. It does suggest, however, that our public policies and investments should recognize that both Americans and foreign visitors have always demanded and will continue to demand a continuum of destinations and experiences. This, too, is part of the LWCF act's vision and promise, and it is precisely the role envisioned by its authors for Land and Water Conservation Fund grants.

State and local investments in park and recreation resources (as well as all operation and management costs) have been largely borne by these governments and their publics. We expect this pattern to continue and strongly advocate it. The record also reveals that from 1965 to the mid-1980s the national government's reinvestment of a modest amount of its resource revenues in state and local projects leveraged immense public values and benefits for all taxpayers.

You are in a position to restore rational investment in an area of great national importance. Our organization stands ready and willing to work with you, and your staff to realize this goal.

Sincerely,

R. DEAN TICE,
*Executive Director.*

---

LETTER FROM ELAINE M. STOUT, PRESIDENT, THE BACK COUNTRY LAND TRUST

ALPINE, CA, *April 10, 1997.*

*Re Land and Water Conservation Fund*

Hon. SENATOR SLADE GORTON,
*Chairman, Subcommittee on Interior Appropriations,*
*Washington, DC.*

We strongly urge the Interior Appropriations Subcommittee to move swiftly to ensure the success of current conservation plans, which will protect both private property rights and endangered habitats, by fully appropriating the LWCF.

In numbers of endangered species and diversity of habitats, San Diego County is one of the nation's hot spots. It is also one of the nation's fastest growing areas. As the eyes of nation look to San Diego County as a model for conservation planning, what is done here will be critical for the success of conservation plans in other areas of the nation.

Lands that contain high quality, endangered habitats have been identified under the MSCP in San Diego County. It has been estimated that it will cost over $300 million to acquire these properties. This amount is small compared to the enormous—in perpetuity—benefit that can be achieved here.

Our non-profit organization, the Back Country Land Trust, is working cooperatively and closely with local landowners, agencies, communities and organizations in our area of service which is affected by the MSCP process. The number one concern among all groups—environmentalists and private property owners alike—is adequate funding for properties containing high quality endangered habitats in the MSCP planning area.

We have identified three properties that have all of the following criteria and are in critical need for funding: A. High quality endangered habitats which contain significant numbers of rare, threatened and/or endangered species (red-zone areas in the MSCP planning area); B. Under imminent threat of development; C. Willing sellers at fair price; D. Significant community and local governmental support; E. Vehicle for acquisition/management/maintenance; and F. Support by local jurisdictions to accept LWCF funding.

A description of the properties, their total acquisition costs, their dominant habitats and Table 3–5 MSCP species that have been thus far observed in each are listed below. The potential for more rare and endangered species on each of the properties below is very high.

WRIGHT'S FIELD, 365 ACRES, $2.9 MILLION

Habitats: High quality California native grassland, Engelmann Oak Woodland, Vernal Pools, Diegan Coastal Sage Scrub, Chamise Chaparral, Riparian.

Fauna: Burrowing Owl, nesting Grasshopper Sparrows, San Diego Horned Lizard, Golden Eagle, Northern Harrier, Cooper's Hawk, Southwestern Willow Flycatcher, Western Bluebird, Mountain Lion, Southern Mule Deer.

Flora: San Diego Thorn-mint.

Special Significance: Native Grassland is pristine and of statewide significance for its high quality, density and unusually occurring species on site. Extremely fine clay soils, pools to remain hydrated for 5–6 weeks. County's largest population of Chocolate Lily, Palmer's Grapplinghook, and possibly San Diego Thorn-Mint. Host plant for Quino Checkerspot Butterfly abundant on site.

FANITA RANCH, 2,567 ACRES, $10.7 MILLION

Habitats: 1,070 acres Coastal Sage Scrub, Grassland, Oak Riparian, Oak Woodland.

Fauna: Large population of California gnatcatchers, estimated at 38–44 pair, Coastal Cactus Wren, San Diego Horned Lizard, Orange-Throated Whiptail, Least Bell's vireo, Grasshopper Sparrow, Northern Harrier, Cooper's Hawk, Golden Eagle, California Rufous-Crowned Sparrow, Mountain lion, Southern Mule Deer.

Flora: San Diego Barrel Cactus, Willowy Monardella.

Special Significance: One of the largest populations of California gnatcatchers in the MSCP area. Extremely vital, strategic corridor.

CRESTRIDGE, 850 ACRES, $4 MILLION

Habitats: Coastal Sage Scrub, Willow Riparian, Oak Woodland, Oak Woodland Riparian, Grassland.

Fauna: San Diego Horned Lizard, Golden Eagle.

Flora: Lakeside Ceanothus, San Diego Ambrosia, San Diego Nolina.

Special Significance: Largest known stand of Lakeside Ceanothus. Great Horned Owls nest on this site. Several species of oak. Very important riparian corridor. Currently within San Diego Wildlife Refuge. Development would seriously fragment and split off portion of refuge.

It is estimated that the current MSCP plan in San Diego County has over $300 million in acquisition needs. We urge you to earmark a portion of LWCF funds for the above important projects in San Diego County.

The most important source of funding for acquisition are the Land and Water Conservation Funds. These funds have not always been used for conservation purposes. This Congress can do much to rectify past abuses, by directing every LWCF dollar to our enormous backlog of conservation needs and help to provide a permanent legacy for future generations.

Sincerely,

ELAINE M. STOUT,
*President.*

---

PREPARED STATEMENT OF THOMAS STEINBACH, DIRECTOR OF CONSERVATION, APPALACHIAN MOUNTAIN CLUB

Thank you for this opportunity to provide testimony to Interior Appropriations Subcommittee. I am Tom Steinbach, Conservation Director of the Appalachian Mountain Club (AMC)—the nation's oldest recreation and conservation organization. I am speaking on behalf of AMC's 71,000 members to urge your support for fiscal year 1998 appropriations for several important, cost-effective Department of Agriculture and Department of Interior programs.

For over a century, the AMC has promoted the protection; wise use and enjoyment of the mountains, rivers, and trails of the Northeast. Today; a great need-remains for federal land, trail, and river conservation funds for the northeastern United States. The greatest proportion of the nation's people live, work, and recreate in the northeast. The lives and livelihood of these citizens depend on the region's clean air and water, and wild areas and open spaces. Yet over the past several years, we have witnessed several attempts to severely cut back federal funding for land and river protection. As an organization of dedicated outdoor volunteers, AMC's 120-year history is testament to the power of partnerships between the private and public sectors. Funding rollbacks threaten to unravel such partnerships, sacrificing the human and financial power that they leverage. It is time to reverse this trend.

The AMC is sympathetic to the need to reduce the budget deficit, but the economic, social, and ecological benefits that accrue from our nation's land and river protection programs far outweigh their short-term costs. In the coming year, the

AMC urges this Committee to continue to invest in the nation's people and environment by supporting the following programs.

LAND AND WATER CONSERVATION FUND

As the federal government's premier land acquisition program, LWCF is critical to the future of many places that Americans treasure. Although LWCF has a dedicated revenue source, LWCF funding has fallen well below authorized levels. LWCF received its second lowest appropriation ever in 1997 at $149 million with no funding going to stateside LWCF. Further, in recent years, especially as the state grant program has dwindled, the Northeastern United States has not received an adequate share of these funds. Given that the greatest proportion of our citizens reside in the Northeast, this pattern is especially disturbing. In addition, this population is increasing as is the demand for recreational services.

APPROPRIATE $400–$500 MILLION FOR LWCF

Today you will receive testimony from a representative of a new national coalition working to revitalize LWCF. This new coalition, Americans for Our Heritage and Recreation, has brought together recreation businesses, conservation organizations, urban interests, and state land managers to call for increased appropriations to LWCF for both the federal and state sides of the program. AMC strongly supports the full list of federal and state-side projects to be submitted and noted in the testimony of this new coalition, given by Rindy O'Brien of the Wilderness Society. While our ultimate goal is: full appropriation of $900 million for LWCF, our short-term goal for both federal and state projects total approximately $400 million and represent the priorities of a broad array of interests working to provide recreational opportunities and a healthy environment for future generations. A significant portion of these funds should be directed to restore depleted state-side LWCF. All of the projects we mention in the body of our testimony are included in the list submitted by the new coalition.

Of particular interest to AMC is the role that LWCF can play in protecting the Northern Forest of Maine, New Hampshire, Vermont and New York. The Northern Forest Lands Council (NFLC), which was established through bipartisan Congressional effort, recommended protection of key lands within this 26 million-acre region. The NFLC called on Congress to fully fund LWCF and reconfigure Me state grant program to ensure that sufficient federal funds can reach the Northern Forest. We.support a total LWCF funding request of $17.6 million for Northern Forest projects, with $12.9 million targeted for high-priority projects.

As the Northeast's population grows, increasing pressure is building on our remaining forestland in the Northern Forest and throughout the Northeast. This trend threatens our forests' ability to provide jobs, outdoor recreation, wildlife habitat and timber projects. The need for LWCF funds in the Northern Forest—and throughout the Northeast—has never been greater.

FOREST LEGACY PROGRAM

The local economies and social fabric of the Northern Forest depend on the health and stability of their forests. The Forest Legacy Program, designed originally for the Northern Forest states, protects forests from inappropriate development while allowing forest management to continue. A voluntary partnership among eligible states, the US Forest Service, and forest land owners, the Forest Legacy Program is now working with eighteen states and one territory.

The Northern Forest Lands Council recommended that the Northern Forest states receive an annual Forest Legacy Appropriation of $25 million. AMC believes that this figure reflects the true need within the Northern Forest. Efforts have been made streamline the Forest Legacy program and make it more effective and responsive to land owners. We feel this is a positive step and will result in Forest Legacy funds reaching more landowners in a timely fashion. We support an appropriation of $27.4 million for projects in the Northern Forest region, of which $11.8 million is targeted for critical, high-priority projects.

SPECIFIC LWCF & FOREST LEGACY PROGRAM APPROPRIATIONS

For fiscal year 1998, we request the following specific LWCF and Forest Legacy appropriations. Those projects labeled urgent require immediate funding from LWCF to protect them from imminent sale and development.

*LWCF federal grants*

*Urgent.*—Sterling Forest, New York, $8.5 million, LWCF. Protection of Sterling Forest could be a reality this year given the continued commitment of federal, state,

and private partners that have worked hard to conserve this 17,500 acre gem just 45 miles outside Manhattan. Last year Congress passed authorization to purchase Sterling Forest and appropriated $9 million of the $17.5 million anticipated federal contribution to the acquisition. We urge Congress to ensure completion of the Sterling Forest purchase this year by appropriating $8.5 million from the Land and Water Conservation Fund. Thisamount will complete the $17.5 million federal component to the project and match funds contributed by New Jersey, New York, and private donors. New Jersey has committed $10 million to the project already. New York has also committed $10 million and is expected to nearly double its appropriation this year. $5 million has been raised from the Lila Wallace Foundation and additional private funds continue to be raised.

*Urgent.*—White Mountain National Forest—Lake Tarelton, New Hampshire 2000 acres, $2.7 million LWCF.

*LWCF State Grants*

*Urgent.*—Whitney Estate, Adirondacks, New York 15,000–25,000 acres, $10 million LWCF State Grant Funds.

*Urgent.*—Long Trail, Vermont 1,060 acres, $162,500 LWCF State Grant Funds.

*Forest Legacy Program*

*Urgent.*—Fish Creek Watershed, New York 30,00040,000 acres, $5.6 million Forest Legacy.

*Urgent.*—Green River Reservoir, Vermont 6,350 acres, $1.5 million Forest Legacy.

*Urgent.*—Nicatous Lake, Maine 22,000 acres, $3 million Forest Legacy.

*Urgent.*—Upper Richardson Lake, Maine 5,122 acres, $1.65 million Forest Legacy.

Pond of Safety, New Hampshire 9,880 acres, $1.5 million Forest Legacy.

Champion Lands, New York 95,000 acres, $6 million Forest Legacy and $3 million LWCF State Grant Funds.

Lake George, New York 400 acres, $1.75 million LWCF State Grant Funds.

Domtar Lands, New York 105,000 acres, $6 million Forest Legacy.

Mattawamkeag Lake, Maine 4,195 acres, Mattawamkeag River, Maine 11,281 acres, Moose River, Maine 4,525 acres, $2.1 million Forest Legacy.

APPALACHIAN NATIONAL SCENIC TRAIL—$7.2 MILLION

Protection of the Appalachian Trail has made tremendous headway under the leadership of this committee. Thanks to your diligent effort, only 37 miles of the total 2,158-mile trail remain unprotected. The total fiscal year 1998 need for the Appalachian Trail is $7.2 million with $4.2 million for National Park Service acquisitions and $3 million for US Forest Service acquisitions. We expect that with similar appropriations in each of the next three years, that the entire length of the trail will be protected by the year 2000.

RIVERS, TRAILS, AND CONSERVATION ASSISTANCE PROGRAM—$12 MILLION

The Rivers, Trails, and Conservation Assistance Program (RTCA) provides technical assistance to communities and local organizations on river, trail, and conservation projects. For fiscal year 1997 citizens made over 400 project requests and NPS staff had funding for only half. Additionally, Congress has authorized 10 new heritage areas, most of which will fall under RTCA's jurisdiction. Therefore, for fiscal year 1998, we urge funding for this valuable program be increased by $5 million as follows: $300,000 increase for management of Wild and Scenic Rivers and $200,000 increase for National Trails System (both under NPS operations); $1.5 million for the 10 new National Heritage areas, $1.25 million for technical assistance and heritage program administration, $1 million for a new watershed initiative, and $700,000 increase to RTCA base funding to enable staff to administer these new programs and to accept more project requests (under National Recreation and Preservation).

SILVIO O. CONTE NATIONAL FISH AND WILDLIFE REFUGE—$2.1 MILLION

The Silvio O. Conte National Wildlife Refuge, which spans the length of the Connecticut River, is a model of a new federal approach to watershed conservation. Over the past two years, the Conte refuge has taken hold, with the formation of over 50 partnerships and the distribution of two rounds of grant funding to organizations in the refuge area. The AMC urges you to support $2 million for land acquisition and $100,000 for fish passage studies of the herring population, which has dropped to one-twentieth of original levels.

WHITE MOUNTAIN NATIONAL FOREST—$10 MILLION

The White Mountain National Forest comprises about 770,000 acres of land in New Hampshire and Maine. Over 7 million people visit the area yearly. The AMC recognizes the impacts and the service needs of these visitors and we support the wide array of multiple uses in the WMNF. The current budget does not meet the needs for this magnificent area. The AMC urges the committee to support a fiscal year 1998 National Forest budget appropriation of $10 million for the White Mountain National Forest.

ACADIA NATIONAL PARK—$6.5 MILLION

Acadia National Park draws over 2.9 million visitors every year. To provide for the comfort and safety of these visitors, basic park infrastructure must meet strict standards. Utilities, restrooms, campgrounds and picnic areas are sorely in need of repair and upgrading to meet code, to conform to Safe Drinking Water standards, and above all, to provide an enjoyable outdoor experience. In addition, Acadia includes 44 miles of historic carriage roads whose maintenance since 1960 has fallen to the National Park Service. These roads represent a significant cultural and historic resource and require extensive rehabilitation of drainage systems, the road base and surface, and stone work. We urge you to support an appropriation of $5.3 million to upgrade utilities and facilities, and $1.2 million for rehabilitation of the historic carriage roads.

---

## PREPARED STATEMENT OF THOMAS M. FRANKLIN, WILDLIFE POLICY DIRECTOR, THE WILDLIFE SOCIETY

Mr. Chairman and members of the Subcommittee, The Wildlife Society is pleased to provide comments on the fiscal year 1998 Budget. The Wildlife Society is the association of professional wildlife biologists and managers. We were founded in 1936 and dedicated to excellence in wildlife stewardship through science and education. We are submitting for the record some detailed recommendations for each of the agencies listed above. In the past, the Society identified inherent funding difficulties in these agencies that have resulted from incremental budget cuts, downsizing, and seemingly constant reorganizations. Our concerns about these issues remain because more funding and staff resources, rather than less, are needed to address the increasingly complex biological conditions on public and private lands. However, I wish to focus my brief oral comments on a cross-cutting issue that affects each of the agencies and indeed all land management activities. This is the need for adequate funding to monitor biological resources that are affected by federal land management practices.

In recent years, the resource management community has recognized that business as usual concerning the management of commodities on federal lands will make it increasingly difficult to meet public demands for conservation, recreation and education benefits from these lands. Such understanding led the agencies to adopt an "ecosystem" approach to resource management. Ecosystem management has been widely discussed, debated and generally accepted among conservationists. However, the agencies have not yet gathered the political support and the necessary resources to implement ecosystem management effectively.

Ecosystem management requires a change in the way research and management are accomplished. Managers must adopt an "adaptive resource management" approach. The Wildlife Society recently published an important paper "ARM! For the future: adaptive resource management in the wildlife profession." I submit a copy of this report for your information. The authors explain that research and management must be integrated "to address uncertainty in wildlife and ecosystem management, and thereby ameliorate controversy in the future. Research and management can no longer afford to be 'two solitudes'; distinctions between basic and applied research have blurred. The central issue is the application of sound scientific principles to solve problems." Management experiments must be initiated that can provide the knowledge needed for more effective and acceptable natural resource policy decisions. Adaptive management involves: (1) hypothesizing how ecosystems work, (2) monitoring results, (3) comparing results to expectations, and (4) modifying management to better achieve objectives through improved understanding of ecological processes.

We recognize that there may be resistance among some who fear that monitoring will reveal information that will somehow constrain the ability of landowners to manage their property. To the contrary, appropriate monitoring can foster responsive management and help alleviate the need for regulation. We should not fear the

message or the messenger. Decision makers need the best available information on which to base short and long-term actions.

An absolutely key element of responsive natural resource management is support for monitoring. Without adequate monitoring, as is evident in each of the budgets of the federal agencies, truly responsive management will be impossible. There will be no way for managers to understand the actual biological consequences of their actions. Without monitoring, programs will be inefficient and likely ineffective in accomplishing resource management objectives. We understand that the White House Office of Science and Technology is developing a national monitoring proposal. We urge that this effort include input from the management agencies. We further suggest that the Administration prepare an analysis of monitoring needs for each agency to accomplish its management goals. We urge Congress to exert leadership to ensure adequate funding for monitoring in each of the budgets for the natural resource agencies.

The Wildlife Society is pleased to offer the following detailed comments on the fiscal year 1998 budget

BIOLOGICAL RESOURCES DIVISION, USGS

The Biological Resources Division (BRD) of the U.S. Geological Survey houses most of the science, research, and monitoring capabilities of Interior's land management agencies. It is critical that these activities continue. The integration of the BRD as a division within the USGS reduced emphasis on biological research by further separating research activities from the management agencies that are charged with conserving the nation's wildlife resources. Reliable biological information is necessary for the sound stewardship of natural resources by federal and state land management agencies.

Many issues under Interior Department's authority affect private, as well as public lands. Skilled managers and sound scientific information are critical to informed decision making regarding issues such as: (1) mitigating the effects of contaminants on wildlife populations such as that of DDT on bald eagles and peregrine falcons; (2) determining management prescriptions to improve forest and rangeland health; (3) setting appropriate fish and wildlife harvest levels; (4) protecting unique habitats and rare species; and (5) help in citizens achieve their land management goals consistent with conservation needs.

The Wildlife Society recognizes that to achieve excellence in management, we must achieve excellence in science, first. To maintain healthy wildlife populations while providing for a variety of other uses, management programs must be based on results of quality scientific investigations that produce objective, relevant information. Scientists are needed to identify and analyze alternative management options for consideration by policy makers. Good scientific information can help managers understand how to conserve natural resources while allowing multiple uses including timber harvesting and grazing. If the science budget of the Interior land management agencies is stripped, the ability of its managers to carry out their crucial duties will be jeopardized.

*Research*

The Wildlife Society supports fiscal year 1998 funding for NBS at $149 million. Emphasis should be placed on adequate funding for Cooperative Fish and Wildlife Research Units, migratory birds, contaminants, wildlife health, Alaska wildlife, control of exotic species, habitat studies of agriculture and land management, and watershed level studies of wildlife affected by development. Special emphasis should be placed on the Cooperative Research Units. The Wildlife Society requests that this program be increased to at least $15 million. The Cooperative Research Program provides the natural resources management community with a scientific basis for making decisions, and with highly trained professionals to help implement them.

FISH AND WILDLIFE SERVICE

*Wildlife diversity programs*

The Wildlife Society supports $1 million for the Wildlife Conservation and Appreciation Fund (established by the Partnerships for Wildlife Act of 1993). The Act establishes a formal partnership between the FWS, state wildlife agencies, and private organizations to cooperatively initiate wildlife and appreciation projects. Better information about species and habitat throughout the United States is needed to promote wildlife diversity, productivity and environmental health. Of particular importance are habitats and species that are declining. Sufficient funding now may prevent future listings under the Endangered Species Act.

The Grants to States program, authorized for $5 million under the Fish and Wildlife Conservation Act, was not slated for funding in the administration's proposal. The Wildlife Society recommends strongly that the program receive its full appropriation of $5 million. The program should provide grants to states to assist them in the development and implementation of comprehensive wildlife conservation programs. Congress also should adopt a funding mechanism to support fish and wildlife diversity legislation by expanding the successful dedicated user fee approach of the Federal Aid to Wildlife Restoration Fund. This wise investment will help avoid future crises while providing needed conservation, recreation and education opportunities for all Americans.

*Endangered species*

The Wildlife Society supports the administrations's request for an additional $11.396 million in the Endangered Species Program. The President's request for an increase of $7.5 million for the Cooperative Endangered Species Fund (Section 6) is needed. The Cooperative Endangered Species Fund establishes grants to states to assist the FWS in its work to recover endangered and threatened species, and to monitor the status of candidate and recovered species. The additional funding is needed to support state recovery actions and for habitat conservation plans. We also support the President's proposed funding for listing, consultation, and recovery.

*Wetlands*

The administration's proposed funding for the North American Wetlands Fund is $14.4 million. The Wildlife Society recommends that the funding be increased to the full authorization level of $20 million. This fund provides grant to support international Wetlands conservation. Criteria established under the North American Wetland Conservation Act encourage private-public cost-sharing projects for the purpose of protecting and managing wetland habitats for migratory birds and other wetland wildlife in Canada, Mexico and the U.S. The tremendous success of this program in generating in excess of a 2:1 match from non-federal sources plus the acreage secured warrant its full appropriation.

*Migratory bird management*

The Wildlife Society supports the administration's funding of Migratory Bird Management at $17.107 million. The FWS is responsible for the management of migratory game birds, pursuant to the Migratory Bird Treaty of 1918.

The Wildlife Society supports the administration's request for migratory nongame birds, which includes the Partners in Flight program. The migratory nongame bird program focuses on the following: conserving species assemblages rather than individual species, protecting areas of high diversity and density, preserving or restoring critical, declining or vulnerable habitats, and cooperating with the public and private sector to protect sites that support species otherwise at risk.

The Wildlife Society support the administration's funding proposal for the North American Waterfowl Management Plan office at $2.543 million. The North American Waterfowl Management Plan was established to conserve and restore North American wetland ecosystems for waterfowl and other wetland-dependent wildlife through forming partnerships. There are additional benefits associated with wetland restoration and these include: increased floodwater storage, reduction in flood damage, purification of groundwater, and retention of sediment.

*Refuges*

The Wildlife Society supports $200 million for refuge operations and maintenance. This amount will begin to address the enormous maintenance backlog of nearly $400 million that is allowing the Refuge System infrastructure to degrade. A significantly increased funding commitment is needed to restore the System to adequate conditions.

*National Fish and Wildlife Foundation*

The Wildlife Society supports the administration's request of $5 million to fund the National Fish and Wildlife Foundation. The Foundation's funds leverage matching money from state and private sources to support many innovative wildlife conservation programs.

BUREAU OF LAND MANAGEMENT

*Wildlife habitat and fisheries management*

The administration's proposal of $27.234 million for wildlife habitat and fisheries management is not adequate to address the significant needs on the 270 million acres of land that is administered by the BLM. The number of wildlife biologists

has been reduced to a level where each biologist is responsible for managing over 1 million acres of land. The Wildlife Society suggests a minimum of $30 million for this program area.

The main objective of the wildlife and fisheries management program has been to implement the Fish and Wildlife 2000 strategic plan. The Wildlife Society recommends that this plan be clearly integrated into the BLM ecosystem management plans that are being developed.

*Threatened and endangered species*

The fiscal year 1998 proposed funding for threatened and endangered species is $16.795 million. This program involves recovery actions for threatened and endangered species to assure that activities on BLM lands do not jeopardize the existence of species habitat. The Wildlife Society recommends at least $20 million for this area.

*Oregon and California grant lands*

The Oregon and California Grant Lands appropriation provides funds for the management of revested railroad land, which is being managed for permanent forest production. The fiscal year 1998 funding request for O&C Lands is $101.406 million. TWS supports the administration's proposal to increase funding for O and C Grant Lands with greater emphasis on wildlife and fisheries conservation, especially to help implement the Northwest Forest Plan.

*Rangeland management*

The Wildlife Society supports the adminastration's fiscal year 1998 request of $54.342 million for rangeland management. We urges the BLM to develop measurable standards and guidelines, and increased monitoring efforts, which are necessary for rangeland reform. In addition, we support continued efforts to improve riparian habitat and the commencement of scientifically based efforts to restore upland habitats. We support the additional appropriation of $250,000 for the Seeking Common Ground initiative. This program will attract matching grants that will bring ranchers and conservationists together to enhance livestock and wildlife habitat.

FOREST SERVICE

*Wildlife management*

The President's budget proposes $30 million for the Get Wild program in fiscal year 1998. TWS recommends an increase of $10 million, for a total of $40 million. This funding level is still well below the $54 million in wildlife management opportunities identified in forest plans. Increased investments in wildlife will yield tremendous economic benefits to local communities. There are 11 emphasis areas of wildlife management within the Get Wild program that focus on partnerships, habitat protection, public enjoyment, and habitat improvement for particular wildlife species, groups of species, or special habitats. Increased funds are especially needed for the following program areas; Neotropical Migratory Bird Conservation (Partners in Flight), and Wetland Wildlife Habitat Management (Taking Wing), and cavity dependent species.

*Threatened, endangered and sensitive species*

The Every Species Counts program (threatened, endangered and sensitive species management) is slated for $27.2 million in the fiscal year 1998 budget proposal. The Forest Service manages habitat for over 265 threatened and endangered species, as well as 2,300 species which have been identified as sensitive by regional foresters. There are urgent needs for additional funding in the following areas: recovery of listed species, the prevention of future species listing, and rare plant protection and management. The Wildlife Society requests that emphasis be placed on the management of the following species of terrestrial wildlife: Mexican spotted owl, willow flycatcher, red cockaded woodpecker, grizzly bear, California spotted owl, northern and queen charlotte island goshawk, and marbled murrelet.

*Range management*

The administration is requesting $45.388 million for range management for fiscal year 1998, an increase of over $7 million over fiscal year 1997 enacted funds. The Wildlife Society supports this increase due to the importance of improving range conditions. Proper management of rangeland enhances ecosystems that are important for watershed protection, wildlife habitat, threatened and endangered species, recreation opportunities and livestock. Emphasis should be placed on restoration of

riparian areas and monitoring of range condition. An additional $250,000 should be appropriated to support the Seeking Common Ground program.

*Forest Environment Research*

The Forest Environment Research program provides knowledge, techniques and strategies needed to manage and protect forest, rangeland and aquatic ecosystems. The administration's fiscal year 1997 budget request for Forest Environment Research is $39.95 million. For fiscal year 1997, The Wildlife Society recommends that the Wildlife, Rare Plants and Communities research program be funded at $15.1 million. The Wildlife Society also recommends that this money be allocated for the following specific research program focuses: threatened and endangered species, neotropical migratory birds, forest carnivores, forest raptors, old growth, and native prairie fauna. Research on threatened, endangered and sensitive species is especially important to help reduce future litigation under the Endangered Species Act.

*State and private forestry*

The cooperative state and private forestry program provides assistance to aid in the management and protection, of forest resources on state, urban, and private lands to meet domestic and international demands for goods and services. Fifty-nine percent of the Nation's commercial forest land is in nonindustrial private ownership. The proper management of these lands will ensure the future availability of natural resources. The Wildlife Society recommends an increased emphasis the Forest Legacy program, and the Urban and Community Forest Program. The Wildlife Society supports the President's request of $4 million for the Forest Legacy Program. This amount would provide a continued base of support for this innovative program that protects private forest lands threatened by conversion to non-forest uses. The Wildlife Society supports the administration's budget request of $10.23 million for the Stewardship Incentive Program. This program should encourage a landscape based perspective when planning for multiple benefits of forests on private lands. The Wildlife Society supports the President's request of $25.5 million for urban and community forests. The Initiative assists the federal government in responding to the needs of people in urban areas and provides federal resources to protect, maintain, and manage trees, forests, and related natural resources in and around cities and communities.

Thank you for your support of scientifically based natural resource programs.

---

## PREPARED STATEMENT OF DAVID N. STARTZELL, EXECUTIVE DIRECTOR, APPALACHIAN TRAIL CONFERENCE

Mr. Chairman: In behalf of the Appalachian Trail Conference, and for the reasons noted below, we are requesting an fiscal year 1998 Land and Water Conservation Fund appropriation of $7.2 million for Appalachian National Scenic Trail land acquisition: $4.2 million for the National Park Service Appalachian Trail program and $3 million for the U.S. Forest Service Appalachian Trail program. Those levels are consistent with the Administration's budget request and will ensure continued progress toward our ultimate goal of a publicly owned corridor or greenway extending the entire 2,160-mile length of the Appalachian Trail—a goal that we now believe is achievable in the year 2000 (see tables 2 and 3).

*Background.*—The Appalachian Trail was initially established between 1923 and 1937 and has been maintained as a continuous footpath since that time. In 1968, with the passage of the National Trails System Act, the Appalachian Trail was designated as the nation's first national scenic trail. The act also authorized federal land acquisition to establish a permanent route and protective corridor for what then, as now, was America's most prominent long-distance hiking trail. Although the authorization was established 29 years ago, it was not until 1978 that significant appropriations from the Land and Water Conservation Fund were made available for federal land acquisition along the trail. Nevertheless; the Appalachian Trail project has become an outstanding example of what can be achieved through the collective efforts of the Congress, the affected federal agencies, and the private sector, represented by the Appalachian Trail Conference and our club and individual volunteer affiliates.

*Resource characteristics.*—The Appalachian Trail is a continuous, marked, 74-year-old footpath that traverses the Appalachian mountain chain from central Maine to northern Georgia for a distance of 2,160 miles. The footpath and its associated protective corridor form a greenway extending along much of the eastern seaboard and connecting more than 75 public land areas in 14 states, including six other units of the national park system and seven national forests, as well as many state park, forest, and game-management units. Virtually every mile of the trail is

within easy access of a major population center, and some portion of the trail is within a day's drive for two-thirds of the population of the United States.

As the longest unit of the national park system, the Appalachian Trail provides opportunities for millions of visitors each year to traverse and experience much of the richness and diversity of eastern America: its highest mountains, its great rivers, its pastoral valleys, its cultural legacies. The trail also affords opportunities for continuous long-distance hiking that are unparalleled anywhere else in the world. An estimated three to four million annual visitors enjoy some portion of the trail, ranging from leisurely strolls to weekend outings to extended backpacking excursions, ranking the trail among the most heavily visited units of the national park system.

In addition to its recreational qualities, the Appalachian Trail and its associated corridor represent an important reservoir of biological diversity. For example, the trail, due to its great latitudinal extent, passes through four of the seven primary forest habitats of North America. Moreover, recent natural-diversity inventories conducted by the Appalachian Trail Conference and a variety of state natural-heritage programs have identified 1,325 occurrences of rare, threatened, or endangered plants and animals at 370 sites along the approximately 70 percent of the trail route that has been surveyed to date. These findings have led a number of natural scientists to conclude that the trail and its greenway will play an increasingly important role in ensuring critical habitat for many species of flora and fauna in the eastern United States. These findings also rank the Appalachian National Scenic Trail as perhaps the most biologically diverse unit of the national park system.

*A public/private partnership.*—For more than 70 years, the Appalachian Trail project has been recognized as one of America's most successful examples of private-citizen action in the public interest. Since the initial construction of the trail in the 1920s and 1930s, volunteers affiliated with the Appalachian Trail Conference (ATC) have constructed, reconstructed, and maintained the footpath as well as a system of more than 250 shelters and associated facilities such as privies, bridges, signs, and parking areas. More recently, as a result of an unique 1984 agreement between the National Park Service and ATC, the conference has accepted management responsibility for more than 100,000 acres acquired by the National Park Service along the trail. ATC, through its network of 32 club affiliates and many thousands of volunteers, is now responsible for virtually all phases of "park" operations, including access control, structures management, public health and safety issues, and natural and cultural resources management. In 1996, more than 4,790 volunteers contributed more than 173,800 hours of labor along the trail: an annual contribution valued in excess of $2 million. In addition, each year the conference and its club affiliates contribute more than $2 million in operating revenues to support volunteer-based stewardship of the trail and educational and other forms of assistance to its visitors.

*Program accomplishments.*—The Appalachian National Scenic Trail land-acquisition programs of the National Park Service (NPS) and U.S. Forest Service (USES) surely rank among the most successful federal land-acquisition programs in the nation. With the strong support of this committee and the Congress as a whole, the two agencies have made truly remarkable progress in this long-term program: Since 1978, the NPS has acquired 2,348 parcels of land, encompassing more than 100,000 acres in 11 states, and protected a permanent right-of-way and associated resources along 599 miles of the trail. Similarly, the U.S. Forest Service has acquired more than 45,600 acres within the proclamation boundaries of the seven national forests crossed by the trail and protected more than 142 miles of right-of-way. As a result, while in 1978 more than 800 miles of the trail were located on private lands, often in areas with inferior natural or recreational qualities, including more than 200 miles along roads, today only 36 miles remain unprotected. In addition, in many instances, land acquisition has permitted relocations of the footpath to new areas possessing outstanding natural and scenic qualities.

*Funding requirements.*—While only approximately 36 miles of the Appalachian Trail remain to be protected, the total remaining program for both the National Park Service and the U.S. Forest Service will require the acquisition of approximately 400 parcels encompassing approximately 17,000 acres (see table 1). All of these remaining parcels possess significant natural, scenic, and recreational qualities worthy of federal protection, and many are threatened by incompatible development or land uses. For fiscal year 1998, given the requested appropriation level of $7.2 million, we estimate the National Park Service will acquire an additional 1,880 acres, while the U.S. Forest Service will acquire an estimated 2,250 acres (see tables 2 and Table 3). Based on past experience, we also estimate that both agencies will achieve 100-percent obligation rates. In addition, we now believe, assuming similar appropriation levels in fiscal year 1998 and fiscal year 1999, the entire length of

the Appalachian Trail from Maine to Georgia—the world's longest publicly owned greenway—can be fully protected in the year 2000, providing the American people with a remarkable legacy for the 21st century and beyond.

Again, in behalf of the Appalachian Trail Conference, we wish to thank the chairman and members of the subcommittee for this opportunity to testify, for your consideration of our fiscal year 1998 appropriations request, and for the subcommittee's support over many years.

Attachments: Tables 1, 2, 3

## TABLE 1.—APPALACHIAN TRAIL PROTECTION PROGRAM

[Protection progress by agency, March 1, 1978 thru December 1996]

| | Protected March 1978 to present | | | | | | | | | Protection pending | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NPS | | | State | | | USFS | | | NPS | | | State | | | USFS | | |
| | Miles | Acres | Tracts | Miles | Acres | Tracts | Miles | Acres | Tracts | Miles | Acres | Tracts | Miles | Acres | Tracts | Miles | Acres | Tracts |
| Maine | 169.9 | 28,645 | 110 | 68.2 | 9,791 | 18 | ..... | ..... | ..... | 2.8 | 923 | 5 | 1.4 | 128 | 2 | ..... | ..... | ..... |
| New Hampshire | 45.0 | 8,393 | 118 | 0.5 | 68 | 1 | 7.4 | 6,806 | 11 | ..... | 86 | 3 | ..... | ..... | ..... | 0.1 | 5 | 3 |
| Vermont | 49.3 | 8,998 | 198 | 3.1 | 384 | 2 | 18.3 | 8,799 | 29 | 1.7 | 3,491 | 16 | ..... | ..... | ..... | ..... | 60 | 3 |
| Massachusetts | 31.2 | 5,305 | 156 | 17.3 | 2,746 | 39 | ..... | ..... | ..... | 0.1 | 453 | 7 | ..... | ..... | ..... | ..... | ..... | ..... |
| Connecticut | 32.2 | 6,220 | 125 | 6.0 | 550 | 3 | ..... | ..... | ..... | 2.8 | 624 | 12 | ..... | ..... | ..... | ..... | ..... | ..... |
| New York | 57.0 | 7,967 | 228 | 4.4 | 551 | 4 | ..... | ..... | ..... | 0.1 | 453 | 32 | 0.2 | 16 | 2 | ..... | ..... | ..... |
| New Jersey | ..... | 802 | 59 | 24.1 | 3,031 | 103 | ..... | ..... | ..... | ..... | 293 | 9 | ..... | 48 | 1 | ..... | ..... | ..... |
| Pennsylvania | 97.0 | 13,062 | 573 | 10.3 | 1,447 | 29 | ..... | ..... | ..... | 3.4 | 257 | 26 | ..... | ..... | ..... | ..... | ..... | ..... |
| Maryland | 3.5 | 1,092 | 104 | 8.9 | 1,360 | 106 | ..... | ..... | ..... | 3.9 | 907 | 35 | 1.8 | 196 | 14 | ..... | ..... | ..... |
| Virginia | 88.4 | 16,123 | 544 | 3.3 | 371 | 8 | 32.0 | 12,973 | 161 | 4.9 | 1,806 | 48 | 0.2 | 1 | 1 | 5.8 | 3,500 | 66 |
| West Virginia/Virginia | 25.6 | 3,355 | 133 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 16 | 2 | ..... | ..... | ..... | ..... | ..... | ..... |
| North Carolina/Tennessee | ..... | ..... | ..... | ..... | ..... | ..... | 83.3 | 16,648 | 343 | ..... | ..... | ..... | ..... | ..... | ..... | 7.3 | 3,400 | 98 |
| Georgia | ..... | ..... | ..... | ..... | ..... | ..... | 1.2 | 446 | 18 | ..... | ..... | ..... | ..... | ..... | ..... | ..... | 30 | 1 |
| Total | 599.1 | 99,962 | 2,348 | 146.1 | 20,299 | 313 | 142.2 | 45,672 | 562 | 19.7 | 9,309 | 195 | 3.6 | 389 | 20 | 13.2 | 6,995 | 171 |

## TABLE 2.—APPALACHIAN TRAIL PROTECTION PROGRAM

[National Park Service funding required to complete program]

| State | Fiscal years— | | | | | | | | Total program | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1997 | | 1998 | | 1999 | | 2000 | | | |
| | Acres | Dollars | Acres | Dollars | Acres | Dollars | Acres | Dollars | Acres | Dollars |
| Maine | 896 | $694,000 | ..... | ..... | ..... | ..... | 27 | $44,000 | 923 | $738,000 |
| New Hampshire | 86 | 119,000 | ..... | ..... | ..... | ..... | ..... | ..... | 86 | 119,000 |

TABLE 2.—APPALACHIAN TRAIL PROTECTION PROGRAM—Continued

[National Park Service funding required to complete program]

| State | Fiscal years— | | | | | | | | Total program | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1997 | | 1998 | | 1999 | | 2000 | | | |
| | Acres | Dollars | Acres | Dollars | Acres | Dollars | Acres | Dollars | Acres | Dollars |
| Vermont | 2,145 | 573,000 | 1,283 | $675,000 | 18 | $85,000 | 61 | 347,000 | 3,507 | 1,680,000 |
| Massachusetts | 430 | 445,000 | 17 | 44,000 | ..... | ..... | ..... | ..... | 447 | 489,000 |
| Connecticut | 20 | 40,000 | 107 | 339,000 | 366 | 722,000 | ..... | ..... | 493 | 1,101,000 |
| New York | 85 | 187,000 | 63 | 333,000 | 20 | 166,000 | ..... | ..... | 168 | 686,000 |
| New Jersey | 97 | 546,000 | 28 | 188,000 | ..... | ..... | 215 | 871,000 | 340 | 1,605,000 |
| Pennsylvania | 49 | 121,000 | 83 | 242,000 | 14 | 53,000 | 104 | 292,000 | 250 | 708,000 |
| Maryland | 141 | 535,000 | 96 | 698,000 | 602 | 1,950,000 | 119 | 742,000 | 958 | 3,925,999 |
| West Virginia | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... | ..... |
| Virginia | 195 | 240,000 | 206 | 881,000 | 827 | 424,000 | 255 | 735,000 | 1,483 | 2,280,000 |
| Total | 4,144 | 3,500,000 | 1,883 | 3,400,000 | 1,847 | 3,400,000 | 781 | 3,031,000 | 8,655 | 13,331,000 |
| Boundary survey | ..... | 500,000 | ..... | 800,000 | ..... | 800,000 | ..... | 800,000 | ..... | 2,900,000 |
| Grand total | ..... | 4,000,000 | ..... | 4,200,000 | ..... | 4,200,000 | ..... | 3,831,000 | ..... | 16,231,000 |

TABLE 3.—APPALACHIAN TRAIL PROTECTION PROGRAM

[National Park Service funding required to complete program]

| Forest | Fiscal years— | | | | | | | | Total remaining program | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1997 | | 1998 | | 1999 | | 2000 | | | |
| | Acres | Dollars | Acres | Dollars | Acres | Dollars | Acres | Dollars | Acres | Dollars |
| White Mountain (New Hampshire) | 4 | $40,000 | ..... | ..... | ..... | ..... | 1 | $10,000 | 5 | $50,000 |
| Green Mountain (Vermont) | 60 | 35,000 | ..... | ..... | ..... | ..... | ..... | ..... | 60 | 35,000 |
| Washington/Jefferson (Virginia) | 200 | 600,000 | 1,300 | $1,500,000 | 1,100 | $1,400,000 | 900 | 1,365,000 | 3,500 | 4,865,000 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Nantahala/Pisgah (North Carolina) | 100 | 325,000 | 250 | 500,000 | 400 | 750,000 | 350 | 925,000 | 1,100 | 2,500,000 |
| Cherokee (Tennessee) | 750 | 1,000,000 | 700 | 1,000,000 | 400 | 700,000 | 450 | 700,000 | 2,300 | 3,400,000 |
| Chattahoochee (Georgia) | ..... | ..... | ..... | ..... | ..... | 150,000 | ..... | ..... | 30 | 150,000 |
| Grand total | 1,114 | 2,000,000 | 2,250 | 3,000,000 | 1,930 | 3,000,000 | 1,701 | 3,000,000 | 6,995 | 11,000,000 |

PREPARED STATEMENT OF MARY MARGARET SLOAN, CONSERVATION DIRECTOR, AMERICAN HIKING SOCIETY

As the conservation director for American Hiking Society, a non-profit conservation organization, I am speaking on behalf of over 500,000 hikers nationwide. While economic, health and social benefits of trails are satisfied primarily at the local level, a strong but well-placed federal involvement is necessary for these benefits to be fully realized.

The numerous economic, health and social benefits of trails are compelling reasons for Congress to invest tax dollars in them. It makes sense for Congress to encourage and facilitate recreational land use, especially when examining the impact recreation has on the U.S. economy; for example, the Forest Service calculates that 74.8 percent of the $130.7 billion generated toward the Gross National Product by activities in National Forests will come from recreation in the year 2000. American Hiking recommends Congress appropriate the following amounts for recreation:

—National Trails System: (a) National Park Service: $3.5 million for the 15 national scenic and national historic trails it administers, (b) USDA Forest Service: $1.35 million for the 10 national scenic and national historic trails it administers either solely or through agreements with the National Park Service, (c) Bureau of Land Management: $400,000 to administer the Iditarod National Historic Trail and for the portions of nine other national scenic and national historic trails managed through agreements with the Park Service and Forest Service;

—National Park Service Rivers, Trails and Conservation Assistance program: $11.5 million to support over 200 projects nationwide and provide base funding, technical assistance and administration to the 10 newly-designated National Heritage Areas;

—National Park Service Challenge Cost-share: $600,000 for the 15 national scenic and national historic trails it administers;

—Forest Service Trails Construction/Reconstruction: $36.5 million for the 125,000 miles of trail it administers;

—Bureau of Land Management Recreation Management: $50.5 million;

—Land and Water Conservation Fund: $7.2 million for the Appalachian National Scenic Trail.

Trails increase property values, contribute to local and national economies, and provide avenues to boost public health. A 1992 study by Greenways, Inc. found that Seattle's Burke-Gilman Trail has increased the value of homes near the trail by 6.5 percent. And the Outdoor Recreation Coalition of America, a trade association, estimates that total current sales of outdoor products and specialty items are $10 billion. One of the reasons Americans invest so much in their local trails is the health benefits exercising on trails can provide: preventing heart disease, decreasing hypertension, improving and preventing osteoporosis and losing weight.

NATIONAL TRAILS SYSTEM

One of the most visited components of America's recreation lands are the 37,000 miles of congressionally-designated long-distance trails. The Appalachian Trail alone, stretching 2,100 miles from Maine to Georgia, receives 3–4 million visitors per year. The annual appropriations for these trails are very small, compared to their length—approximately $95 per mile (excluding land acquisition through the Land and Water Conservation Fund). American Hiking supports a National Park Service appropriation of $3.25 million, principally because of the demands the newly designated Selma-to-Montgomery National Historic Trail and the revitalized Potomac Heritage National Scenic Trail will put on an already under-funded program.

The American public has invested heavily in its national trails system. In 1996, local trail organizations brought over 473,000 hours of volunteer labor and over $4 million in direct financial contributions to the trail-building efforts of public-private partnerships. The Potomac Heritage Trail was designated a National Scenic Trail in 1983, but public involvement and interest lagged at that time. 1996 saw a renewed interest in the trail and over 40 private groups are expected to participate in a trail community summit for the Potomac Heritage Trail this spring. To support the rebirth of this project, to conduct the legally required comprehensive plan for the Selma-to-Montgomery National Historic Trail and to meet the demands of the public, the National Park Service long-distance trails budget should be increased to $3.25 million, for the 15 trails it administers. The USDA Forest Service should receive $1.35 million for the four trails it administers, and the BLM should receive $400,000 to administer the Iditarod National Historic Trail and for the portions of seven other trails managed by the BLM through agreements with the Park Service and the Forest Service.

NATIONAL PARK SERVICE RIVERS, TRAILS AND CONSERVATION ASSISTANCE PROGRAM

American Hiking strongly believes that the future of trails and outdoor recreation lies in the hands of the American public. However, the federal role in trails remains essential. Federal staff knowledge, facilitation skills, and technical expertise are needed so that local and state governments can do for themselves. The National Park Service Rivers, Trails and Conservation Assistance program (RTCA) has been one of the more effective federal programs in encouraging local initiative and providing technical assistance. One example of the program's success is the Arizona Trail. In partnership, the Arizona Trail Association, Arizona State Parks, four national forests, BLM, and four national parks are well on the way to establishing a 750-mile trail crossing Arizona from Mexico to Utah. Many parts of the trail are primitive, passing through wilderness areas, while other sections of the trail pass near or through urban areas, providing close-to-home connections to surrounding natural areas. RTCA assistance in completing the trail includes technical assistance in route planning, helping to establish a friends of the trail group to maintain the trail and coordinating involvement of the four national parks.

Unfortunately, the program is hampered by a funding shortage. Of the 400 project requests RTCA received from states, localities and the private sector last year, it was able to accept only one-half. With a $700,000 increase to its base funding, RTCA will be able to accept 15–30 additional projects.

In addition this program is taking on several new types of projects this year. The 104th Congress designated ten heritage areas, for which RTCA will require $100,000—a total of $1 million, plus $500,000 for competitive project-specific funding and $1.25 million for technical assistance for these programs. An investment in these programs will yield benefits ten-fold in state, local and private investment and public health and enjoyment. As co-chair of the Rivers and Trails Coalition, representing 29 non-profit organizations and trade associations, American Hiking requests full funding for this program.

NATIONAL PARK SERVICE CHALLENGE COST-SHARE

National Park Service Challenge Cost Share program is a valuable tool, contributing to the completion of our national trails system. In fiscal year 1997, approximately $600,000 was earmarked for national scenic and national historic trails within this program; the state and local government match was almost double. This match is the key to a successful federal program; it indicates that there is significant local support for the project, and it provides a basis for a true partnership. Local investment in trails, which this program demands, is a program worth receiving full federal backing.

FOREST SERVICE TRAILS CONSTRUCTION/RECONSTRUCTION

After floods and mudslides devastated the Pacific Northwest this winter, the Forest Service Trails Construction/Reconstruction needs are now $36.5 million. Trails off of the Columbia River Gorge suffered tremendous damage; flow of granular snow scoured the whole gorge, wiping out the Eagle Creek Trail—among others—along with the trail's suspension bridge. The FS manages 125,000 miles of trail, including the Continental Divide, Pacific Crest and Florida National Scenic Trail, and the Nez Perce National Historic Trail. Many of these miles of trail need federal attention and assistance.

Forest Service Trails Construction/Reconstruction is not the only trail need in the Forest Service, but it represents the only trail line item in the FS budget. Trail maintenance was subsumed under Recreation Operations and Maintenance in fiscal year 1996. Since the line-item no longer exists, growing trail maintenance needs often go unmet, adding to a construction/reconstruction/maintenance backlog of $267 million. Hikers do what they can to alleviate this enormous backlog; they volunteer their time and energy. In the White Mountain National Forest last year alone, volunteers from the Appalachian Mountain Club contributed over 16,100 hours. American Hiklug requests that a line-item for FS Trail Maintenance for $30 million be included in the fiscal year 1998 budget.

BUREAU OF LAND MANAGEMENT RECREATION MANAGEMENT

The Bureau of Land Management's current recreation management need is $50.5 million, which is an increase of $4.7 million over fiscal year 1997. This increase, which includes recreation, recreation operations and wilderness, is entirely justified by the devastation from floods and fires in the Pacific Northwest. In addition to trail damage from natural causes, there is wear and tear from increased recreational use. The BLM estimates that in 1998, recreation visitor days will increase by 2 percent,

to 75 million. The Outdoor Recreation Council of America estimates that, nationally, tent camping and backpacking will continue to increase at 11 percent annually; most of this use will occur on federal lands.

The demand for recreation on our public lands is staggering and American Hiking urges Congress to protect the investment American taxpayers have made in these lands. The private sector is contributing where it can. The BLM reports that in 1994 volunteers contributed nearly 532,000 work hours valued at over $5.8 million. While these numbers are significant, volunteers can augment, but not replace, federal responsibility. The relationship needs to be a balanced public-private one, and the public responsibility is $50.5 million.

BLM recreation opportunities include 502 miles of the Continental Divide and Pacific Crest National Scenic Trails, 3,600 miles of the Iditarod, Juan Bautista de Anza, California, Nez Perce, Lewis and Clark, Oregon, Santa Fe, Mormon Pioneer, and Pony Express National Historic Trails, 429 miles of 26 National Recreation Trails, and 7,370 miles of 68 multiple-use trails.

LAND AND WATER CONSERVATION FUND

Since its inception in 1964, the Land and Water Conservation Fund (LWCF) has proved to be a particularly valuable tool. This fund is authorized at $900 million per year for land acquisition. Yet the average funding over the last 17 years has been approximately one-fourth of the authorized level. American Hiking supports full funding for both the state- and federal-side LWCF and particularly supports earmarking $7.2 million for the Appalachian Trail ($4.2 million for NPS land protection in eight states and $3 million for FS land protection in Virginia, North Carolina and Tennessee). The Appalachian Trail Conference, which has management responsibility for the trail, estimates that funding at this level will permit the acquisition of 1,883 acres by the NPS and 2,250 by the USDA FS.

The Appalachian Trail Conference anticipates that at an appropriation rate of $7 million per year, the trail will be completely protected by the end of the 20th century, making it the first national scenic trail to have that distinction.

American Hiking recognizes that there are only so many resources that Congress can direct toward trails. AHS supports the Forest Service Roads Construction budge cuts outlined in the Green Scissors Report. This is estimated to save $50 million annually, more than enough to cover the increases proposed here. American Hiking hopes that Congress recognizes and appreciates the time and muscle power that volunteers around the country have contributed to our federal lands to make them accessible and enjoyable for all Americans. American Hiking believes that the balance between the investment of the federal government and the investment by private citizens is struck by the dollar figures we have outlined in this testimony.

Thank you for the opportunity to speak before you today. American Hiking Society's members and outdoorspeople nationwide appreciate the subcommittee's support in the past and look forward to continued strong support.

---

PREPARED STATEMENT OF GREGORY E. CONRAD, EXECUTIVE DIRECTOR, INTERSTATE MINING COMPACT COMMISSION

My name is Gregory E. Conrad and I am Executive Director of the Interstate Mining Compact Commission. I appreciate the opportunity to present this statement to the subcommittee regarding the views of the Compact's member states concerning the fiscal year 1998 Budget Request for the Office of Surface Mining (OSM). In its proposed budget, OSM is requesting $50.1 million to fund Title V grants to states for the implementation of their regulatory programs and $142.3 million for state Title IV abandoned mine land program grants. Our testimony will address both of these budgeted items.

The Compact is comprised of 18 eastern and mid-continent states that together produce some 70 percent of our Nation's coal as well as important non-coal minerals. Participation in the Compact is gained through the enactment of legislation by the member states authorizing their entry into the Compact and they are represented by their respective Governors who serve as Commissioners.

The Compact's purposes are to advance the protection and restoration of land, water and other resources affected by mining through the encouragement of programs in each of the party states that will achieve comparable results in protecting, conserving and improving the usefulness of natural resources and to assist in achieving and maintaining an efficient, productive and economically viable mining industry.

The Commission has testified before your subcommittee on several occasions over the years and has appreciated the subcommittee's consideration of our comments

and concerns. Given the attention that Congress is directing toward the federal budget in terms of deficit reduction goals, our primary purpose today is to emphasize the critical role played by the states under the structure of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) and to urge that the OSM budget be aligned so as to support the continuing work of the states.

Before providing the states' views on specific budget items, I would like to address our concerns about the importance of the state/federal relationship called for under SMCRA. Congress incorporated the concept of cooperative federalism in SMCRA because of its belief that the states were in the best position to regulate mining operations within their borders. At the same time, Congress recognized the need for a limited federal oversight role to assure a degree of national uniformity among state programs and consistency in state performance. This scheme of allocated governmental authority between state and federal regulators can and does work in the day-to-day implementation of SMCRA when states and OSM are coordinating their efforts. Regardless of the level of funding, program expenditures will be more efficient and effective if OSM and the states are communicating and cooperating, rather than competing and duplicating responsibilities.

In recent years, OSM has made meaningful strides to incorporate the views of the states as part of several "Task Force initiatives" that directly impact the state/federal relationship and the effective implementation of SMCRA. These include federal oversight of state programs, use of Ten-Day notices in primacy states, prediction and treatment of acid mine drainage at active mining sites, and remining. These initiatives address many of the critical issues facing the states and OSM today. We have appreciated OSM's willingness to work with the states to explore potential solutions to these complex matters and, while the states and OSM may not see eye-to-eye on every issue, we trust that OSM will continue to operate in an environment of openness and congeniality with the states.

As Congress makes the difficult funding decisions required under the deficit reduction plan, we believe it is essential to keep in mind that the goal of SMCRA is to preserve the environment where active mining operations occur and to enhance the environment through the remediation of past problems associated with abandoned mines. We assert that funds should be appropriated by Congress in a manner that best accomplishes this goal—and that best serves the American people. We believe that an analysis of SMCRA confirms that the states are to take the lead in pursuing this goal and that state programs for active and abandoned mines need to be adequately funded to accomplish this objective. Furthermore, from a pragmatic budgetary perspective, experience demonstrates that it will cost the federal government significantly more to undertake this task than to partially fund the existing 23 state regulatory programs. The cost of the existing federal regulatory program remains high and in some cases is out of line with state expenditures and responsibilities under SMCRA.

Under the provisions of SMCRA, primary regulatory authority for the implementation of the Act was vested in the states. Congress provided for assistance to the states in developing and implementing regulatory programs to achieve the purposes and objectives of SMCRA through annual grants to the states under Title V of the Act. The states have come to rely on these Title V grants as a critical portion of the funding necessary to carry out their responsibilities as primary regulators under SMCRA. The necessity of this funding has taken on increased importance as state budgets struggle to keep pace with inflation and meet projected regulatory needs. Without these grants, it is unlikely that the states would be able to maintain the comprehensive, high quality regulatory programs expected under the provisions of SMCRA.

In OSM's fiscal year 1998 proposed budget, state Title V regulatory grants have been funded at $50.1 million. OSM notes in its budget justification document that this is a reduction of $500,000 from last year's budgeted amount and explains that, in part, this decrease "reflects smaller grant requests from States who are having difficulty meeting the matching share requirements of SMCRA." Although OSM fails in its budget justification document to identify specific instances of this phenomenon, as we noted in our statement before your subcommittee last year, some states are indeed facing decreasing state revenues for state program implementation. Most of these decreases are the direct result of decreasing coal production due to the impacts of the Clean Air Act Amendments of 1990. Since most of the states receive a significant portion (if not all) of their state revenues from fees assessed to coal operators, as these operators (particularly those mining high sulfur coal) reduce their production (or go out of business altogether due to implementation of the 1995 Phase I requirement contained in the Clean Air Act), those fees evaporate and are generally not replaced by revenues from other sources. States are simply not in the position to fund their state regulatory programs from general revenues given the fis-

cal belt tightening that is occurring at the states level. And yet full funding is necessary to support the affected state programs because regulatory efforts and needs do not decrease directly with decreased production or numbers of active permits. In some instances, just the opposite is true—the number of enforcement actions, civil penalties, permit revocations, bond forfeitures, and associated appeals increase as markets deteriorate, production and revenue decline and bankruptcies increase.[1]

OSM also fails to note that the states had projected a need for $57.7 million in Title V grant moneys when they submitted grant requests for fiscal year 1998 about 18 months ago. Consequently, the states are looking at an overall shortfall of $7 million between what they had projected was needed to run their programs and what OSM believes is now necessary. This shortfall is $2.5 million greater than last year's shortfall amount of $4.6 million.

Meeting the states' funding needs is essential to offset the rising costs associated with the implementation of regulatory programs, which includes such activities as reviewing mine permit applications, designating lands as unsuitable for mining, inspecting surface mining operations, and maintaining effective enforcement programs. As we noted in our statement last year, we were concerned that OSM was initiating a trend, supposedly justified by deficit-reduction belt tightening, that would result in incremental decreases in the amounts being granted to the states. In light of this year's budget numbers, it appears our fears were justified and have become a reality. When factored together with the rising costs associated with implementing state programs, the compounded impact of these grants reductions will result in under-funded state regulatory programs and potential concomitant impacts on the ground.

For the states to continue the effective implementation of their programs, additional federal funding above and beyond that which we have traditionally received from OSM will be required. We are therefore requesting that OSM's overall appropriation for state Title V grants be increased by an additional $35.75 million to $86.25 million so as to accommodate the funding needed by states to run their programs. Under this scenario, the federal government would provide 75 percent of the necessary funding for state program implementation, while the states would provide a 25 percent match. We have also requested the Congressional committees with jurisdiction over OSM and the Surface Mining Act to adjust the specific statutory language in Section 705 of the Act to recognize this new funding reality. A resolution to this effect adopted by IMCC is enclosed.

In any event, should this Congress not increase OSM's appropriation to accommodate a 75 percent federal funding formula, we urge the Appropriations Committee to increase the amount for Title V grants from OSM's proposed amount of $50.1 million to $57.5 million in order to meet the states' projections of fiscal year 1998 implementation costs. While we can appreciate the necessity of containing the cost of federal regulatory programs, it is essential that funding for state programs be preserved at adequate levels since the states act as the front line regulatory authorities under SMCRA. It also is important to structure any realignment of OSM's budget in such a way that the valuable OSM activities which support and enhance state programs are not undermined. These include technical training, the Technical Information Processing System, the Applicant/Violator System (AVS), the COALEX Legal Research System, and a properly focussed evaluation of state programs.

The Compact states also urge the subcommittee to adequately fund the Title IV program for reclamation of abandoned mine lands (AML). As with Title V regulatory programs, it is important to examine all SMCRA program components with the objective of maximizing SMCRA services and benefits to our customers under Title IV. We assert that the states have been and continue to deliver these benefits and services in the most cost-effective and efficient manner through their state programs. However, with regard to Title IV funding in particular, we are seeing less and less on-the-ground reclamation per dollar spent as states struggle to maintain and implement their basic AML delivery system with decreasing amounts of money. This is especially true for smaller (minimum) state programs where a 25 percent reduction in funding translates to significantly less money being available for on-the-ground reclamation.

The benefits of the AML program are delivered almost entirely by the states. Each year they are responsible for the reclamation of hundreds of acres of abandoned coal mine areas along with the elimination of hazards to the public such as open edits and dangerous highwalls and the reduction or elimination of water pollution associated with acid mine drainage. It is incredibly difficult for a state to effectively manage a program under Title IV without the ability to rely on adequate, certain and consistent funding from year to year. Over the years we have seen the funding for state AML programs reduced while OSM's Title IV funding continues to increase. This is occurring at the same time that the states are assuming more

and more responsibility for actual implementation of the program, including the emergency AML projects. We therefore urge the subcommittee to increase the state AML grants from the budgeted amount of $142.3 million to $220 million (including a minimum of $2 million per state), which will allow the states to effectively and efficiently manage their programs and to accomplish the valuable work under those programs. Increased funding will also serve as a significant economic stimulant, generating hundreds of jobs associated with increased AML work. Affording states the flexibility to decide local priorities for all expenditures would be more efficient and more responsive to the needs of coal field citizens, whom the AML program is designed to serve.[2]

You should know, Mr. Chairman, that in an effort to address the outstanding AML problem and adequate funding for state AML programs, the states have proposed a plan that would provide for the immediate allocation of the accumulated balance of over $1 billion in the AML Trust Fund. Under our plan, states would submit to OSM a "Reclamation Management Plan" that would define the specific results to be achieved and a time frame for achieving them. The plan would delegate a management role to the states regarding the Trust Fund and would require Congress to modify traditional annual budget appropriations in favor of multi-year funding based on states' requests in their Reclamation Management Plans. I am attaching a copy of this plan and would welcome the opportunity to discuss it with subcommittee staff. We will also be providing a copy of the Plan to the Senate Energy and Natural Resources Committee.

OSM has proposed an amount of $11.2 million for technology development and transfer, which includes improving and expanding the services and technical systems provided to states. We wholeheartedly endorse this commitment by OSM to strengthening and enhancing state programs. In this regard, one of the most successful programs of technical support for the states undertaken by OSM is the development of the Technical Information Processing System (TIPS). This national computer system is operated by OSM for use by the states in carrying out their technical regulatory responsibilities under SMCRA. TIPS assists in making technical decisions associated with permit reviews; performing cumulative hydrologic impact assessments; quantifying potential effects of coal mining; quantifying revegetation success; assisting in the design of AML projects; and preparing environmental assessments and environmental impact statements. We are encouraged to see funding continued for TIPS.

We also urge the subcommittee to continue its support of funding for state employees to attend OSM technical training sessions. As OSM has noted in the past, "the most important product of the training program has been the steady improvement in the regulation and reclamation of surface coal mining. These successes have been largely due to the increase in staff technical knowledge, the improvement of relationships among Federal and State personnel, and the improvements in staff ability to make sound evaluations and decisions." Given state budget constraints, travel to OSM training sessions is impossible without federal funding. If OSM reduces funds for state travel, it is unlikely that states will be able to benefit from this much needed service.

We are also hopeful that OSM, as part of its commitment to technical services, will support funding for the COALEX Legal Research System. Both the states and OSM have traditionally made use of this computerized legal research system on an almost daily basis. The system provides searches to yield complete and accurate data in minutes, thereby eliminating the need for staff to manually search through volumes of documents. As implementation of SMCRA becomes more and more complex, the need for COALEX has increased. The states, in particular, have become reliant on the system's ability to assist us with the implementation of our programs and to address the myriad compliance actions that attend enforcement of our programs.

Finally, we urge continued funding of the Small Operators Assistance Program (SOAP). This program is critical to the permitting of remining operations by small operators, especially the costs associated with background water quality assessments, overburden analysis and Probable Hydrologic Consequences (PHC) predictions. Without financial assistance to undertake these expensive analyses, small operators will be unable to submit quality permit packages for potential remining operations. This will, in turn, result in additional burdens on state and federal AML program funds as remining operations will be unavailable to correct problems that currently are on the AML inventory. In this regard, SOAP often serves as an incentive to encourage the remediation of AMLs through active remining operations, thereby reserving AML moneys for more critical problem areas.

Thank you for the opportunity to present these views on OSM's proposed fiscal year 1998 budget. I would be happy to answer any questions that you may have.

FOOTNOTES

[1] As another rationale for the $500,000 decrease in state Title V grant funding from fiscal year 1997 to fiscal year 1998, OSM states that the decrease reflects "anticipated cost savings as States adopt the state counterpart to OSM's November 1994 rule on inspection frequency." Again, OSM provides no specific data to support this justification for decreased state funding. Our experience, however, tells us that the number of inspections being conducted by the states is not expected to decrease significantly because of the inactive and abandoned sites rule. In general, reducing the number of required inspections does not directly reduce the number of inspectors or grant monies needed to support effective inspection and enforcement.

[2] 2We should note that the $142.3 million requested by OSM for Title IV state grants includes $5 million which has been allocated for the Appalachian Clean Streams Initiative (ACSI). This translates to a total request of only $137.3 million for state AML grants funding. Although we recognize that at least some portion of the $5 million ACSI funding will be allocated to the states, the overall trend in state AML grant funding is declining once again to unhealthy and unacceptable levels.

---

## PREPARED STATEMENT OF BRUCE RUNNELS, CHIEF CONSERVATION OFFICER OF THE NATURE CONSERVANCY

Mr. Chairman and members of the subcommittee, thank you for the opportunity to submit The Nature Conservancy's thoughts on fiscal year 1998 appropriations for the Land and Water Conservation Fund and other conservation programs under your jurisdiction.

The Nature Conservancy is an international, non-profit land conservation organization dedicated to the long-term preservation of biological diversity.[1] The premise that underlies our work is that in order to safeguard imperiled species, we must protect their habitats. This is the rationale behind our traditional conservation strategy of purchasing and managing lands that are home to rare plants and animals. Although this strategy has been largely undertaken through private action rather than through political means, the Federal Government has been an important partner in working to achieve conservation.

Successful conservation of biological diversity must be based on understanding ecosystems and conserving the critical occurrences of biological diversity supported by them as priorities for our attention. The Nature Conservancy is scientifically identifying and developing strategies to protect priority sites within ecoregions, or large area landscapes delineated by biotic factors rather than political boundaries. We are aware that most Federal land management agencies are also now committed to an ecosystem-based approach. This committee should encourage and strengthen this trend through investments in acquisition of exemplary high priority ecological sites and leveraging conservation dollars through partnerships with other levels of government, private landowners, industry and private organizations.

### ACQUISITION AND MANAGEMENT

The Nature Conservancy believes that continued selective acquisition of land by the Federal Government is vital if we are to ensure that representative pieces of our nation's natural heritage are preserved for future generations. Often, the only thing standing in the way of species extinction is the purchase of critical habitat, and at times the Federal Government is the most appropriate purchaser. It is the quality of Federal lands, not the quantity, that is important.

*Land Acquisition*.—The Nature Conservancy appreciates this committee's past support for the Land and Water Conservation Fund. We recognize that in moving government toward a balanced budget, funding levels for the LWCF are under increasing pressure, making the identification of the "best" parcels even more important. Thus, we are highlighting several biologically significant projects about which have substantial knowledge. This year, these projects total $51.1 million. We have provided detailed information and discussed most of these with committee staff.

U.S. Fish and Wildlife Service:

Amagansett NWR (Shadmoor), NY ..... $2,000,000

---

[1] For more than 45 years we have implemented our mission by focusing on local, on-the-ground conservation, utilizing the best available science, market forces, and partnerships with people and groups across the political spectrum. We currently have conservation programs in all 50 States and 17 other nations. The Conservancy has more than 900,000 individual members and over 1,385 corporate sponsors. Our Board of Governors includes renowned scientists such as E. O. Wilson and Dan Simberloff; distinguished leaders such as General Norman Schwarzkopf and former Deputy Secretary of State John C. Whitehead; and corporate officers from major U.S. companies such as John G. Smale of Procter & Gamble and Samuel C. Johnson of S.C. Johnson & Son.

| | |
|---|---|
| Balcones Canyonlands NWR, TX | 4,700,000 |
| Black River, WA | 1,500,000 |
| Bon Secour, AL | 3,000,000 |
| Cape May NWR, NJ | 3,000,000 |
| Clarks River NWR, KY | 3,000,000 |
| Cypress Creek NWR, IL | 2,000,000 |
| Emiquon NWR, IL | 1,000,000 |
| Rappahannock River, VA | 2,400,000 |
| San Diego NWR, CA | 3,000,000 |
| Stewart B. McKinney NWR, CT | 3,600,000 |
| Subtotal | 29,200,000 |
| Bureau of Land Management: | |
| Otay Mountain/Kuchamaa, CA | 1,000,000 |
| Santa Rosa Mountains, CA | 1,000,000 |
| Western Riverside HCP, CA | 1,000,000 |
| Subtotal | 3,000,000 |
| U.S. Forest Service: | |
| Daniel Boone NF, KY | 2,000,000 |
| Fodderstack Mountains, NC | 1,000,000 |
| Subtotal | 3,000,000 |
| National Park Service: | |
| Cumberland Island, GA | 6,400,000 |
| Salt River, USVI | 1,000,000 |
| Sterling Forest, NY/NJ | 8,500,000 |
| Subtotal | 15,900,000 |
| Total acquisition through LWCF | 51,100,000 |

*Stewardship of Public Lands*.—A critical component of Federal land acquisition is funding for management of those lands. Without active management, many of the biological resources we are seeking to protect cannot thrive. Some habitats require prescribed burns to maintain vegetative diversity, and others require stringent programs for the management of exotic species. The Nature Conservancy supports the fiscal year 1998 budget requests of the public land management agencies for management and stewardship activities. For example, the Bureau of Land Management has included in its budget proposal $1.0 million for prescribed fire operations and $1.0 million for the prevention and control of invasive weed species. Although more funding is needed, this is a step in the right direction.

*Land Exchanges*.—While continuing to acquire biologically significant lands, The Nature Conservancy believes that the Federal Government should look for ways to divest itself, through transfers, exchanges or outright sales, of Federal lands having little or no important ecological function. The Conservancy has a good deal of experience with, and is supportive of, land exchanges as a mechanism for the acquisition of lands of high biological diversity. We are interested in finding ways to make the process less complicated and expensive.

*Regional Conservation Initiatives*.—The following initiatives are setting the standard for regional approaches as they are already operating under a regional framework to address their respective conservation challenges.

*Natural Community Conservation Plan (NCCP), California*.—NCCP is an unprecedented partnership among business, conservationists, local governments and State and Federal wildlife agencies. In 1991, Governor Pete Wilson urged the California legislature to pass the NCCP Act which called for the development of comprehensive conservation plans that identified key areas for endangered species protection while allowing economic growth in other areas. The regional plan covers 6,000 square miles and involves five counties, fifty-nine local government jurisdictions, and scores of private landowners. The private sector, local governments, and the State of California have contributed millions of dollars to date to this project—they must be matched by a continued strong Federal partnership to fulfill the promise of NCCP. The Conservancy supports the Administration's requests for a number of NCCP-related programs. For land acquisition, we support $3.0 million for the San Diego Ref-

uge; $1.0 million for Otay Mountain/Kuchamaa Area; $1.0 million for Western Riverside County; and $1.0 million for Santa Rosa Mountains. In the USFWS's Endangered Species program, we support $2.0 million in the consultation subactivity for NCCP planning and $6.0 million in the Cooperative Endangered Species Fund for grants to States for land acquisition in support of efforts like NCCP.

*Florida Everglades*.—The Florida Everglades are one of the world's unique natural systems, originally supporting a remarkable quantity and diversity of plant and animal life. The system has now been reduced to half its original size by the draining and diversion of water, and the remaining Everglades are suffering acute ecological problems. The Administration's fiscal year 1998 budget proposes a major investment in Everglades restoration, including the establishment within the Department of Interior of an Everglades Restoration Fund in the amount of $400 million spread over four years to support the most critical elements of Everglades watershed restoration. Funding of $100 million ($76 million for land acquisition; $12 million for modified water deliveries; $12 million for scientific research) is requested by the Interior Department for fiscal year 1998 and strongly supported by The Nature Conservancy. This money is essential to acquire sufficient land for water storage and treatment to save the Everglades. Continuing research funds are needed to ensure that solutions are cost-effective.

*California Bay-Delta*.—The California Bay-Delta is the largest estuary on the west coast, providing habitat for 120 aquatic and terrestrial species and supplying water for much of California. In September 1996, the President signed the California Bay-Delta Environmental Enhancement Act, authorizing $143.3 million per year in Federal funding for restoration activities in 1998, 1999, and 2000. The Administration's fiscal year 1998 budget includes this request and proposes to locate the $143.3 million in an account within the Bureau of Reclamation, to be allocated later to participating agencies by CALFED, a consortium of ten Federal and State agencies. In addition, the request includes $59.5 million for ongoing programs in the Fish and Wildlife Service, Bureau of Reclamation, and the USGS. The Nature Conservancy is an active participant in the Bay-Delta program and strongly supports the budget request.

KEY PARTNERSHIP INITIATIVES

One of the best conservation investments the Federal government can make is to be a partner to other entities, both private and public, that are working to achieve like-minded goals. In this way, scarce resources can be leveraged to increase the total amount of funds available for conservation activities. Within any given ecosystem, lands may be owned and managed by any combination of Federal, State, or local government, private landowners, industry and conservation groups. The Federal Government can be a leading partner in facilitating conservation in this context. We recommend that the committee continue to fund and promote the following programs and initiatives that are excellent examples of partnerships that leverage both private and public resources for conservation activities.

*National Fish and Wildlife Foundation*.—The National Fish and Wildlife Foundation [NFWF] is an excellent example of a Federal program that effectively leverages conservation benefits. The Foundation builds partnerships between the public and private sectors to support activities that are focused on solving environmental problems, and has an outstanding record of encouraging and rewarding innovation in natural resource management. NFWF consistently exceeds a 2:1 private match for every dollar received in appropriated Federal money, making scarce Federal dollars achieve results two to three times greater than otherwise possible. Over the last decade, it has leveraged approximately $43 million of Federal funds into $152 million through privately matched challenge grants. The Administration has proposed a level of $5.0 million for this program in fiscal year 1998, the same level as was enacted last year. We believe NFWF merits at least this level of funding to continue to forge innovative partnerships and leverage limited Federal resources.

*North American Wetlands Conservation Fund*.—The North American Wetlands Conservation Fund supports an international grant program authorized under the North American Wetlands Conservation Act. A variety of partners in Canada, Mexico, and the United States have contributed millions of dollars to acquire, restore, and enhance wetlands to conserve intrinsic wetlands functions, including providing habitat for migratory birds, endangered species, and other wetlands-dependent wildlife. Private partners contribute more than two dollars for every Federal dollar, also leveraging scarce resources for conservation. As a member of the North American Wetlands Conservation Council since its inception in 1989, The Nature Conservancy has been part of the panel that recommends projects for final approval by the Migratory Bird Conservation Commission. The Administration has proposed to in-

crease the funding available for this program by $5.25 million, to just over $15 million. The Conservancy strongly supports this high-leverage increase.

*Incentives for Private Landowners and Habitat Conservation Plans.*—The Nature Conservancy also supports a number of Federal programs that have been successful in creating conservation opportunities for private landowners and conservation organizations. Private lands are critical in achieving the goals of resource protection, as many rare ecological systems and species exist only on private lands or are affected by activities on such lands. Often, private landowners are willing to take voluntary measures to protect habitat on their lands if some incentives are available, and Federal agency programs such as USFWS's Partners for Wildlife and the Forest Service's Forest Stewardship and Stewardship Incentive Programs can provide that incentive. The Administration's fiscal year 1998 request for the Endangered Species Act includes funding for improving species conservation on private lands. Of the $78 million total requested, $4.9 million is to support State and private partnership efforts that will keep candidate species off the endangered list. In addition, much of the $8.6 million increase for consultation will be used to provide technical assistance to private landowners developing Habitat Conservation Plans. Last year, the Cooperative Endangered Species Fund included a pilot program of grants-to-States for land acquisition related to large-scale HCPs. These funds have been in high demand, and the Administration has again included $6.0 million in its budget to continue this program. The Conservancy strongly supports this example of a Federal program that encourages partnership initiatives on the ground.

---

PREPARED STATEMENT OF HON. JIM GERINGER, GOVERNOR, STATE OF WYOMING

This testimony supports the President's Recommended fiscal year 1998 Budget relative to funding for the Bureau of Land Management [BLM] to accomplish Colorado River Basin Salinity Control activities

This testimony supports fiscal year 1998 funding for the Bureau of Land Management [BLM] to carry out Colorado River Basin salinity control activities. You will soon receive testimony from the Colorado River Basin Salinity Control Forum [Forum] on behalf of the seven Colorado River Basin States that is being submitted by the Forum's Executive Director, Jack Barnett. The State of Wyoming concurs in the fiscal year 1998 funding request and justification statements for BLM funding set forth in the Forum's testimony.

The State of Wyoming is one of the seven member states represented on the Forum and the Colorado River Basin Salinity Control Advisory Council. The Council was created by Section 204 of the 1974 Colorado River Basin Salinity Control Act, Public Law 93–320, and like the Forum, is composed of gubernatorial representatives of the seven Colorado River Basin states. Both the Council and Forum serve important liaison roles among the seven states, the Secretaries of the Interior and Agriculture and the Administrator of the Environmental Protection Agency (EPA). The Council is directed by statute to advise these federal officials on the progress of the federal/state cost-shared, basin-wide salinity control programs, and annually recommends to the Federal agencies what level of funding it believes is required to allow the Program to meet its objective of assuring continuing compliance with the basin-wide water quality standards.

The Council met most recently in October, 1996 and developed funding recommendations for fiscal years 1998 and 1999 based on the progress the Programs are making in managing and reducing the salt loading into the Colorado River System. Based on analyses made by the Bureau of Reclamation and the Forum and after conferring with BLM agency officials, the Council recommends that the BLM expend $4,500,000 in fiscal year 1998 to accomplish activities that BLM either has underway or should initiate in order to further control the concentrations of salinity of the Colorado River.

It is particularly important that the BLM's line-item for Management of Lands and Renewable Resources be adequately funded. Section 203(b) of the Colorado River Basin Salinity Control Act as amended directs the Secretary of the Interior to develop a comprehensive program for minimizing salt contributions to the Colorado River from lands administered by the Bureau of Land Management. This is both important and appropriate because the BLM is the largest manager of land in the Colorado River Basin (53 million acres of public lands in the Colorado River Basin above Yuma, Arizona) and because salt loading reductions on BLM-managed rangelands can be done more economically than some of the methods available to and projects being implemented by the Bureau of Reclamation and the Department of Agriculture.

The Council and Forum recognize the major role that the Bureau of Land Management can have in the Colorado River Basin salinity control effort if more attention, effort and focus by the BLM is brought to bear on controlling salt discharges from the federal lands it manages. Great opportunity exists to decrease salt loading from BLM-managed lands to the river system. The Secretary of the Interior is directed by the Colorado River Basin Salinity Control Act to give preference to those salinity control efforts which reduce salinity at the least cost per unit of salinity reduction, e.g. in the most cost-effective manner. The Forum and Council have aggressively urged, and will continue to encourage, the BLM to identify, plan and develop additional projects that will remove, or prevent the loading of, a greater tonnage of salts from the River system.

The State of Wyoming wishes to emphasize the statement found in the Forum's testimony that while we are not opposed to BLM's budgetary process of focusing on ecosystem and watershed management, it remains essential that the expenditure of funds be directed to specific sub-activities and that the accounting for expenditures be done in such a manner that monitoring can take place on how the funds were used, what resources were benefitted and which natural resource concerns addressed. Wyoming and the other member states of the Forum have been frustrated by BLM's approach of identifying where funds are allocated as opposed to what purposes or how they are used to accomplish specific activities, objectives and benefits. The same difficulty exists with regard to accounting for how allocated funds have been expended. The BLM is simply unable at the present time to indicate how much money it is spending or where it is being spent to achieve salinity control benefits. For this reason, the Forum expressed in its testimony a strong desire to have the Congress direct the BLM to implement or modify its existing accounting practices to enable the Basin States to understand how much money this agency is allocating, and what results are being obtained, in carrying out its mandate for implementing a comprehensive program to minimize salt contributions from lands it administers.

Again, on behalf of the State of Wyoming, I wish to express our concurrence with the testimony that is being submitted by the Colorado River Basin Salinity Control Forum. Thank you for the opportunity to submit and for your consideration of this statement, and I would request that you make it a part of the formal hearing record on fiscal year 1998 appropriations for the Bureau of Land Management.

---

## PREPARED STATEMENT OF ALICE KILHAM, CO-CHAIR, UPPER KLAMATH BASIN WORKING GROUP

An innovative, results oriented approach to resolution of natural resource issues began in Oregon in 1995. The Upper Klamath Working Group, a community consensus group, is now seeking the support of Congress for the appropriation of funding for implementation of ecosystem restoration efforts in fiscal year 1998. By funding these projects, National pilots will be created that model not only cooperation among former competing interests, but demonstrate new ways to accomplish protection of National natural resource treasures while respecting economic and social needs.

March 5, 1997, the Upper Klamath Basin Working Group reached consensus and identified restoration projects for implementation under the $1,000,000 authorized annually under the Oregon Resource Conservation Act of 1996 (H.R. 3610). These projects will be matched through partnerships which will double the benefits received beyond the federal funding. The following are the projects that have been identified and benefits expected:

1. Restoration of the springs in Sprague and Williamson river systems, proposed by the Klamath Indian Tribes, $160,000. Restoration of the springs will provide improved water quality for endangered suckers and they are critical water sources during summer months for stream and river flows. This effort will benefit not only the immediate springs and tributaries but will benefit the entire watershed area including downstream salmon through improved water quality. Federal funds could be administered through the Fish and Wildlife Service's Partners Program or Endangered Species Recovery Program. The match will be provided by the Klamath Tribes.

2. Pilot field trials to identify alternate pest control methods to be implemented in the Integrated Pest Management Plan on Tule Lake and Lower Klamath National Wildlife Refuges, proposed by New Horizons Technology, contractor to the U.S. Fish and Wildlife Service, $30,000. The results of these field trials will provide national leadership in implementation of lease land farming on National Wildlife Refuges. Federal funding could be distributed through the Bureau of Reclamation's Sump Rotation Account. The Klamath Basin Ecosystem Foundation would provide the match.

3. Development of a juniper management program, proposed by Oregon Department of Fish and Wildlife & Klamath County Soil and Water Conservation District, $100,000. Implementation of a program to integrate Best Management Conservation Practices within the juniper woodland zone for juniper treatment, livestock grazing, road management, prescribed fire, and noxious weed control—all management actions that can improve watershed conditions. Furthermore, these practices will be applicable to Oregon's 2.2 million acres of juniper woodlands. Federal funds could be administered through Department of Agriculture's Natural Resources Conservation Service. The match will be provided by Klamath County Soil and Water Conservation District, landowners, and Oregon Department of Fish and Wildlife.

4. Riparian fencing and wetland restoration at various locations, proposed by Ducks Unlimited Western Regional Office, Rancho Cordova, CA, $150,000. This partnership will contribute to the on-going restoration to benefit water quality and habitat while stabilizing the economy. Federal funds could be administered through the Fish and Wildlife Service's Partners program or Endangered Species Recovery Program. The match will be provided by Ducks Unlimited, landowners and California Department of Fish and Game.

5. Riparian protection and stream structures on three parcels of private lands, proposed by Klamath Soil and Water Conservation Districts, $243,350. This partnership would open up a multitude of private lands for future restoration and ultimate resolution of ecosystem restoration needs. The direct immediate benefits are in water quality, fish habitat and recovery of endangered suckers. Federal funds could be administered through Department of Agriculture's Natural Resources Conservation Service. The match will be provided by landowners and the Klamath County Soil & Water Conservation District.

6. Wetland restoration on Sevenmile Creek, proposed by Water For Life, $200,000. This pilot project will demonstrate the ability to improve the water quality of agriculture return waters. Presently nutrient rich agriculture waters are returned directly to the waters of the basin untreated. Federal funds could be administered through the Fish and Wildlife Service's Partners Program or Recovery Program. The match will be provided by private landowners.

7. Support for Geographic Information System center at Oregon Institute of Technology, $123,000. OIT is willing to utilize its present space to meet a critical community need for GIS products, training and support. This funding would provide the match to OIT's contribution to allow for the acquisition of hardware and software to meet this need. This proposal is developed as a cooperative with Southern Oregon State University and Humboldt State College in California. Benefactors would be local resource agencies, businesses, agriculture community and individuals that are in need of accessing this information. The Department of Health Education and Welfare could be a vehicle to transmit funds. OIT will provide the match.

8. Implement bull trout restoration strategy and install fish barrier to protect bull trout in Sun Creek, proposed by Bull Trout Working Group, $70,000. The status of bull trout in the basin is at a critical point. Listing as endangered or threatened is possible. A Basin strategy needs to be developed to provide direction for work ongoing and for future restoration actions. The Bull Trout Working Group has provided the leadership to start this process and is a local consensus group. Immediate restoration needs to be implemented not only to avoid extinction, but also to help resolve the economic and social concerns that will result from the continued threat to the species. Specifically restoration would be centered on habitat issues that would protect existing population segments. Federal funds could be administered through the Fish and Wildlife Service's Partners Program or Pre-Listing. The match to be provided by Oregon Department of Fish and Wildlife, Trout Unlimited, U.S. Timber Lands, Klamath County Soil & Water Conservation District.

The following two projects were also endorsed for funding through the Interior Department budget:

1. $500,000 for the continuing restoration of the Wood River Ranch by BLM. This is an ongoing restoration project of 3,200 acres. This project would create critical nursery habitat for endangered suckers. A partnership between BLM, Oregon Trout, Klamath Tribes, private land owners and others provides the kind of community support that sets a precedent. This is a continuation of efforts started in fiscal year 1996.

2. $1,220,000 for the pilot project for Sump Rotation on the Tule Lake National Wildlife Refuge. This is the most innovative approach to provide for long-term coexistence between farming and wildlife interests on a National Wildlife Refuge system. The program as supported by the Working Group has agreement from the farming and conservation communities that solution has to be reached to allow these two activities to co-exist and prosper. The Refuge benefits to migratory waterfowl goes without question, but equally important is lease land farming that may

be dependent on sump rotation of crops and wetlands for its future. The leasing program is an important national program generating about $2 million dollars to the national treasury each year in use fees. Funding could be through the Fish and Wildlife Service's Refuge Administrative Program.

The Upper Klamath Basin Working Group continues to be supported by a wide range of differing interest, Klamath Tribes, Oregon Department of Fish and Wildlife, Agriculture, Grazing, Industry, City of Klamath Falls, County of Klamath Falls, Conservation Groups, Oregon State Governor's Office and Federal Agencies. There is coordination with the other Basin restoration entities including the Klamath River Fisheries Task Force, The Klamath River Compact Commission and the Trinity River Task Force.

We respectfully request that you appropriate the $1 million, as authorized under the Oregon Resources Conservation Act of 1996, for the eight restoration projects identified above for implementation in the Upper Klamath Basin for fiscal year 1998 and provide additional funding to accomplish the Wood River wetlands restoration and sump rotation on the Tule Lake National Wildlife Refuge. These restoration efforts will provide solutions that can lead to recovery of the endangered suckers, down stream salmonids and prevent potential future resource problems. They will also help the AG community, the City and County, the Klamath Tribes, and the Lower Klamath River commercial interests and tribes.

Background history: Senator Hatfield first established the Upper Klamath Basin Working Group as a volunteer group, the "Hatfield Klamath Basin Working Group", in early 1995 following a July 6, 1994, Senate Hearing in Klamath Falls. Testimony at the Senate Hearing demonstrated a strong desire and willingness by the local community to resolve its environment/economic issues at the Basin level. The Senator felt the local people were knowledgeable about the issues, that they were a lot closer to consensus than apart on the issues, and that they wanted an opportunity to resolve their own issues. He therefore appointed a group of 27 people representing public and private interests to serve on the Hatfield Klamath Basin Working Group.

The Senator's charge to the Upper Klamath Basin Working Group was to review issues in the basin and provide to him recommended solutions. The Senator specifically requested that the Working Group address: 1. Ecosystem Restoration; 2. Economic Stability; and 3. Reducing Drought Impacts. The Working Group was asked to identify short term recommendations for fiscal year 1996 and long term recommendations for out years. The Senator asked the group to work through consensus. Each member was chosen because they represent a segment of the community and through their consensus actions would provide community support and agreement. The Senator then pledged his support to help implement what the Working Group developed.

The Working Group first met April 6, 1995, developed ground rules for their consensus process, and on May 17, 1995 the Working Group developed six short term projects and sent them to the Senator for inclusion in the fiscal year 1996 Budget. From the recommendations the Senator obtained $3,500,000 under the Wetland Reserve Program for Tulana Farms and $725,000 was added to the Service's Klamath Falls Fish and wildlife Service Office for riparian restoration.

Tulana Farms wetland restoration is one of the nation's largest restoration effort to restore a river delta. When completed the restoration will put back 4,700 acres of riparian and wetland habitat that will benefit the endangered Lost River and shortnose suckers and improve water quality and quantity in Upper Klamath Lake. During the restoration phase New Earth and PacifiCorp will operate 1100 acres of agricultural in holdings to demonstrate the compatibility of farming and ecosystem restoration.

The Tulana restoration project and the riparian restoration effort have provided for the development of significant partnerships and consolidated efforts of many diverse groups. Included are: The Nature Conservancy, Oregon Trout, Water for Life, the Klamath Basin Water Users Association, The Klamath Tribes, PacifiCorp, New Earth, Oregon Department of Fish and Wildlife, The Natural Resources Conservation Service, The Bureau of Reclamation, The Bureau of Land Management, The Forest Service, The Fish and Wildlife Service, The National Fish and Wildlife Foundation, The County of Klamath, The City of Klamath Falls, The Friends of the Winema, The Klamath County Soil and Water Conservation District, Industry and interested citizens.

The Working Group developed a second set of recommendations for the fiscal year 1997 Budget that resulted in an additional $5,500,000 million for restoration of Tulana Farms, $500,000 for BLM wetland restoration of the Wood River Ranch and an additional $500,000 for restoration by the Klamath Falls Fish and Wildlife Service Office. This funding has continued the above partnerships which not only

wouldn't have been possible two years ago, but which generated a synergy to take on projects which would have been beyond the abilities of any one group.

In order to insure the continued restoration of the Upper Klamath Basin on a consensus basis Senator Hatfield and Congress in 1996 created the Upper Klamath Basin Working Group as a pilot public advisory committee authorizing $1 million per year for five years. The federal funds were to be matched by other funding. This authorization was supported by Federal Agencies, and the Oregon Congressional Group. The Act also provided for a coordination and communication group to be made up of two members each of the Trinity River Task Force, the Klamath River Compact Commission, The Klamath Fisheries Task Force and the Upper Basin Working Group. That group has met as the Klamath Watershed Coordinating Group three times in the last three months, and is optimistic about the opportunity to bring the entire Klamath River Watershed into a working whole.

---

PREPARED STATEMENT OF TRYGVE SLETTELAND, PACIFIC RIVERS COUNCIL

We urge the 105th Congress to take the following steps through appropriations legislation to increase the accountability of the Forest Service and the Bureau of Land Management for the protection and restoration of watersheds which provide clean water and fish habitat to the citizens of the west.

1. Prohibit new roadbuilding on the National Forests and Bureau of Land Management public lands by ending any appropriation for new roads and by prohibiting the use of purchaser road credits to build new roads.
2. Target fire-prevention funds to those areas where increased fire hazard threatens lives and property.
3. Target ecosystem restoration funds to those locations and activities which are likely to have the greatest ecological benefits. In many cases, this will mean funding for activities that remove existing threats to salmon and trout habitat and water quality.
4. Prohibit logging and road-building on unstable and potentially unstable national forest land. Recent landslides in the West have amply demonstrated the "hidden costs" to public safety and the environment of subsidized logging and road building on steep, unstable slopes.
5. Link accomplishment of ecological goals to managers' performance reviews.

A brief explanation of our rationale for these requests is provided below.

*1. Eliminate roadbuilding subsidies and shift emphasis of roads program to obliteration*

We urge the Committee to consider the fiscal and ecological benefits of using the appropriations process to prohibit new roadbuilding on the National Forests and Bureau of Land Management public lands by authorizing zero funding for new roads and by prohibiting the use of purchaser road credits to build new roads. We note that the President has taken the first step in this direction by eliminating purchaser road credits from his budget. At least one half of savings should go to targeted road decommissioning projects and improvement work designed to address the highest priority risks in the most ecologically sensitive watersheds.

The enduring ecological impacts of reading are many and well-known:

"Roads may have unavoidable effects on streams, no matter how well they are located, designed or maintained. Roads modify natural hillslope drainage networks and accelerate erosion processes. These changes can alter physical processes in streams, leading to changes in streamflow regimes, sediment transport and storage, channel bank and bed configurations, substrate composition, and stability of slopes adjacent to streams. These changes have significant biological consequences that affect virtually all components of stream ecosystems." (Federal Ecosystem Management Assessment Team 1993).

A prohibition on new roadbuilding would implicitly recognize the critical need to protect existing unroaded areas. There is an overwhelming consensus among natural resource agencies and within the scientific community that existing roadless areas are of extremely high ecological value. The literature points clearly to at least two conclusions which have management implications: (1) roadless areas are critical because they are the only undisturbed habitats on an almost universally disturbed landscape. As such, they are the de facto refuges for numerous aquatic, riparian-dependent and terrestrial species; (2) the reasons that these areas are roadless (high elevation, steepness and erodibility) are precisely the same reasons that they should be protected from reading and other management impacts: in these areas the risks to stream habitats from disturbance are extremely high.

Removing subsidies for roadbuilding also is fiscally responsible given that the land management agencies are far from meeting current road maintenance needs. Reducing road mileage will decrease road maintenance backlogs and, ultimately, permit reductions in agency work force.

As Congress has directed in past years, roads funding should be shifted to obliteration and re-engineering which addresses the risks to key watersheds and healthy salmon habitat regionwide. Projects should be selected which have the greatest impact on factors limiting salmonid spawning, rearing and holding habitat including sediment input, riparian cover etc. "Projects which will have the greatest long-term positive impact on watershed conditions should be favored over those with short-term benefits." (House Appropriations Report, June 24, 1993).

*2. Target fire-prevention funds to those areas where increased fire hazard threatens lives and property*

We urge the Committee to provide guidance that carefully targets current timber salvage and thinning and other "forest health" management efforts to focus our limited resources on the highest priority areas and while minimizing risks. These areas are those within the urban-wildland interface. Such targetting would be responsive to the desire to reduce the risks to life and property while simultaneously minimizing the risks forest health treatment could post to aquatic resources. This targeting is fully consistent with, and arguably required by, existing policies.

For example, Agriculture Secretary Glickman's guidelines for last year's emergency salvage program directed that salvage sales be targeted to areas where forests * * * "have high fuel loading or present a high fire risk and are near communities or occupied structures, such as homes * * *." Similarly, the interagency Federal Wildland Fire Management Final Report (USDA/USDI, December 16, 1995) reaffirmed protection of life and property as * * * "the first priority in wildland fire management." This report clearly recognized that the key role for federal managers' in preventing fires in the intermix zone is to reduce fuel hazards affecting populated areas on the land they administer.

The targeting we suggest is supported not only on the basis of human risks and values, but on purely ecological grounds as well. The conclusions of the blue-ribbon panel of scientists on the Aquatics Team of the Interior Columbia Basin Ecosystem Management Project support the need for extreme caution in subjecting ecologically sensitive watersheds to intensive fire-prevention treatments:

"Since past timber harvest activities have contributed to degradation in aquatic ecosystems, emphasis on timber harvest and thinning to restore more natural forests and fire regimes represents a risk of extending the problems of the past. * * * Attempts to minimize the risks of large fires by expanding timber harvest risk expanding well-established negative effects on aquatic systems. The perpetuation or expansion of existing road networks, and other activities might well erode the ability of [fish] populations to respond to the effects of fire as well as large storms and other disturbances that we cannot predict or control. (National Research Council, 1995)." (Lee et. al., 1996, "A Broadscale Assessment of Aquatic Species and Habitats" pre-publication draft, Chapter VI).

The Team's findings support an assumption that the ecological risks from vegetative manipulation to aquatic systems outweigh the benefits in relatively undisturbed (e.g. sparsely roaded) watersheds unless and until we have dependable information to the contrary:

"In our haste, forest-health treatment projects have been justified from all perspectives including the risk of extirpation for sensitive aquatic species. There is undoubtedly a point where the risk of fire outweighs the risk created by our management. Management creates risk of somewhat known magnitude, timing, and extent, whereas wildfire potential is less known in each of these respects. Therefore, that point needs to be discovered through careful evaluation and scientific study. * * * Risks of fire are likely most important for aquatic ecosystems that have been seriously degraded and fragmented. *Watersheds that support healthy populations may be at greater risk through disruption of watershed processes and degradation of habitats caused by intensive management than through the effects of fire."* (emphasis added).

*3. Target ecosystem restoration funds to those locations and activities that are likely to have the greatest ecological benefits.*

There is a need for clear guidance to focus watershed restoration efforts on those activities that have the greatest known positive impact on watershed function and riparian and aquatic habitats. Signals now are conflicting, and may lead the agencies to undertake experimental vegetative management activities that have little or no effect in addressing the most pressing ecological problems. We urge the Commit-

tee to provide guidance that effectively targets funding for ecosystem restoration to those activities with the greatest ecological benefits. In most cases, these activities will be those intended to protect and restore areas with relatively high water quality, relatively healthy salmon and trout habitat and high value for both aquatic and terrestrial species.

In much of the federally managed forested watersheds of the west, this kind of targeting will result in funding for road re-engineering, obliteration and culvert improvements. On federal rangelands, livestock enclosures and riparian revegetation may be the top priority.

The overwhelming weight of evidence suggests that the highest priority for federal lands restoration management in the Northwest is addressing road-related threats to streams and native fisheries and slope stability. The results of the recent storms have demonstrated clearly that logging and associated roads have reduced the ability of forested areas to withstand heavy rains. Far too many of our last best habitats for salmon, bull trout and other native fish were decimated by road-related landslides during the fall and winter of this year. Sadly, much of the damage to water quality and fisheries could have been prevented by more aggressive implementation of watershed restoration programs that already are established under existing federal plans and policies. We call on the Committee to meet funding needs, but also to provide clear direction to ensure these needs are met.

*4. Permit natural recovery of watersheds by prohibiting logging and roadbuilding—particularly post-flood reconstruction—on unstable and potentially unstable national forest land. Recent landslides in the West have demonstrated the "hidden costs" to public safety and the environment of subsidized logging and road building on steep, unstable slopes.*

The story is the same all over the Northwest: hillsides saturated with water are giving way, especially where they are weakened by roads and logging. In some watersheds, failures are occurring only because of roads. Pools and gravel bars, prime habitat for salmon and bull trout, are being filled with sediment. Stream channels are being scoured by debris torrents.

In an ideal world, natural disturbances like these wouldn't pose any real threat to the survival of species like salmon and bull trout, because the effects of high runoff would not be as severe and there would be plenty of other habitat to cushion the blow. But today's landslides all are too often in some of the last remaining habitat of sufficient to sustain our ailing fisheries. There are places like Isabella Creek and the North Fork of the Clearwater River, which the Forest Service has recognized as "priority watersheds" for bull trout that are suffering as a result of logging and/or road induced flood damage.

The message is clear: we have managed our lands to the point where even the last best places have been littered with time-bomb of our own making. In most cases, the bombs are clearcut hillsides and roads which have been poorly built and/or have been built in places where they nave should have been built at all.

This committee has an opportunity to demonstrate that we have learned from what is happening. Roads exist on steep, unstable slopes, where the are sure to fail in heavy rains no matter how fancy the engineering. These roads, now blown, should not be rebuilt. Other roads, now flooded because of debris dams in streambeds, were built along valley bottoms. Instead of listening to the floods and letting them heal our rivers, the tendency is for land managers to go in and pull out woody debris to keep the channel out of the roadbed and to ensure bridge safety. (This was done by managers on the North Fork of the Boise River, where wood was removed to facilitate access to timber sale units.) In most cases, roads we are attempting to save through these measures are suffocating the stream by restriction it to a single channel, which prevents the creation of pools and off-channel habitat for fish and restricts its ability to handle future flood events. Many of these roads too, should not be rebuilt. This will mean that some timber sales cannot be harvested using conventional, and perhaps any, method, because they will be too expensive to access without roads. But the payoffs generated by a healthier watershed will be greater in the long run.

The signals the earth is sending are unambiguous: we have used up our margin of safety. Given the high level of disturbance on the landscape, where even the most pristine of environments is threatened with road blowouts, the best option now is to stop kidding ourselves. Rather than trying to control natural disturbances, we should—wherever possible—let them play out. Just as forested ecosystems depend on fire to maintain their complexity and integrity, rivers depend on the irregular patterns of floods and droughts to maintain theirs.

*5. Make Managers Accountable for Meeting Ecological Objectives by Making them part of Performance Reviews of Line and Staff Officers.*

Performance measures needs to be adjusted to meaningfully reflect the accomplishment of ecological goals. If the line and staff officers have an incentive to meet goals that are related to the attainment of aquatic conservation and other objectives, the decision makers will be required to more carefully consider the recommendations of the resource experts within the agency.

Last year's Logging Rider clearly demonstrated the Forest Service's lack of accountability: healthy, green forests were logged as "salvage sales," water quality was endangered in the name of "forest health," and no record exists that any of the salvage sales sold under the rider generated funds for the U.S. Treasury or improved the ecological health of the watershed. As a result of the failure by the Forest Service to protect the full range of public lands values, both the ecological integrity of our forests and the interests of the taxpayers were sacrificed.

---

LETTER FROM J. KEVIN LACKEY, CONSERVATION PROGRAMS DIRECTOR, ROCKY MOUNTAIN ELK FOUNDATION

MISSOULA, MT, *March 18, 1997.*

Hon. SLADE GORTON,
*Chair, Senate Interior Appropriations Subcommittee, Senate Dirksen Office Building, Washington, DC.*

DEAR SENATOR GORTON: The non-profit Rocky Mountain Elk Foundation (RMEF), a wildlife habitat conservation organization, was established in 1984 to ensure the future of elk, other wildlife and their habitat through cooperative conservation activities utilizing hundreds of government and non-government partnerships.

The RMEF has efficiently operated with federal partners and would appreciate the Senate Interior Appropriations Subcommittee considering the following recommendations for the fiscal year 1998 budget:

U.S. FOREST SERVICE

The USFS "Elk Country" initiative is part of the agency's Wildlife Habitat Management Program commonly known as "Get Wild." The RMEF has cooperated with the USFS in this initiative to cumulatively accomplish over 685 USFS projects enhancing 806,811 acres of public lands. This project activity was completed with $3.2 million of RMEF funds and matched by $7.9 million of cooperator funds, including USFS and other contributions.

*Wildlife habitat management budget*

The President's fiscal year 1998 budget proposes $29.9 million for the USFS Wildlife Habitat Management Program. RMEF recommends an additional $10 million for a total of $40 million to accomplish a larger portion of the $54 million worth of habitat management opportunities identified in current forest plans for the Get Wild programs.

*Challenge cost share budget*

The USFS Challenge Cost Share Program (CCS) is a highly successful, popular and effective avenue to garner additional private funds for national forest fish and wildlife habitat improvement projects. As one of the earliest organizations to cooperate with the USFS in the CCS program, RMEF believes this program's effectiveness is becoming hampered by USFS budget reductions begun in fiscal year 1994. The budget decision to fund some operations and maintenance costs with wildlife habitat management dollars results in fewer CCS dollars available to match RMEF and other non-governmental organization dollars for actual "on the ground" projects. RMEF encourages the committee to appropriate $8 million of the additional recommended $10.1 million to the CCS program for the USFS's wildlife habitat management program in fiscal year 1998, thereby maintaining the momentum, efficiency and popularity this program currently enjoys. The RMEF also recommends the committee specify CCS funds be exclusively utilized for "on the ground" cooperative project activities and not for USFS administrative purposes.

*Seeking common ground initiative*

The Seeking Common Ground Initiative (SCG) is a successful national partnership effort addressing livestock/big game interaction on western rangelands. This endeavor is comprised of the RMEF, USFS, BLM, International Association of Fish and Wildlife Agencies, National Fish and Wildlife Foundation, American Farm Bureau Federation, National Cattleman's Association, Public Lands Council, National

Rifle Association and the Wildlife Management Institute. The SCG goals are as follows:

1. Improve public and private rangeland condition.
2. Promote individual stewardship that improves rangeland resources.
3. Improve communications among rangeland users.
4. Reduce real and perceived habitat conflict between wildlife and livestock.
5. Encourage problem-solving at the local level.

This program has more potential to advance positive action affecting public and private rangelands than any other activity today because of the program's emphasis on cooperative action to achieve mutually shared goals. RMEF supports the committee providing $250,000 designated specifically to this program in fiscal year 1998. These additional funds would be leveraged to obtain matching funds from other private partners, thereby financing expanded activities including SCG national demonstration projects. The appropriated funding would best serve the SCG program if one-half ($125,000) of the funds were allocated to the USFS fish and wildlife program and one-half ($125,000) to the range program.

BUREAU OF LAND MANAGEMENT

The BLM has been a much more active partner with RMEF as a result of what we recognize as increased attention to fish and wildlife programs on public lands. An increased effort on behalf of the agency to fund additional wildlife habitat work on its 270 million acres would be in line with today's demands for increased wildlife and related recreation on public demands. To date, RMEF has contributed $1.1 million to 206 projects on BLM lands, enhancing 170,912 acres of wildlife habitat under BLM jurisdiction.

*National Fish and Wildlife Management budget*

Fish and wildlife habitat management within the BLM is proposed to receive a fiscal year 1998 appropriation of $27.7 million. Although this amount is an increase over fiscal year 1997 the RMEF would encourage the committee appropriate a fiscal year 1998 total of $30 million for fisheries ($1.15 million additional) and wildlife ($1.15 million additional) programs to promote habitat work on BLM lands identified in the agency's Fish and Wildlife 2000 strategic planning document.

*Seeking common ground initiative*

The RMEF also encourages the committee to appropriate to the BLM over and above the $30 million an additional $250,000 for the Seeking Common Ground effort mentioned above. As a full SCG partner the BLM would utilize the funds to secure additional private matching funds for the restoration and enhancement of wildlife and livestock habitat on public lands. RMEF would suggest the funds be evenly divided between the BLM's range and wildlife programs, thereby emphasizing the cooperation necessary to continue the program's success.

U.S. FISH AND WILDLIFE SERVICE

RMEF strongly supports a $200 million fiscal year 1998 budget for refuge operation and maintenance. RMEF's opportunity to form additional partnerships with the USFWS, particularly in those areas of high public interest such as the National Elk Refuge in Jackson, Wyoming; can be greatly enhanced by the USFWS investing in modern public information/education and refuge management facilities.

NATIONAL FISH AND WILDLIFE FOUNDATION

RMEF recommends the committee provide fiscal year 1998 National Fish and Wildlife Foundation (NFWF) funding at $10 million as follows: USES: $1.5 million; BLM: $1.5 million; USFWS: $7.0 million). NFWF has become RMEF's leading project cooperator by providing over $530,000 in matching funds for wildlife habitat conservation. NFWF's aggressive matching funds requirements focuses private sector fundraising efforts for many organizations and has resulted in effective utilization of the appropriated federal dollars. NFWF's effectiveness is key to its partner's successes and this formula should be expanded through increased funding.

On behalf of its over 100,000 members, the Rocky Mountain Elk Foundation appreciates this opportunity to provide comment to the appropriations subcommittee. Thank you for your support.

Sincerely,

J. KEVIN LACKEY,
*Conservation Programs Director.*

LETTER FROM WARREN T. DOOLITTLE, PRESIDENT, INTERNATIONAL SOCIETY OF TROPICAL FORESTERS, INC.

BETHESDA, MD, *March 5, 1997.*

Hon. SLADE GORTON,
*Chair, Senate Appropriations Subcommittee on Interior and Related Agencies, U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: As a former Associate Deputy Chief for Forest Service Research during the 1970's, I am deeply concerned with the Forest Service research budget for 1998. The reduction of line items in the budget from four to one line item makes it especially difficult to focus on and follow the diverse segments of the overall research program. And, the reduction of funding from $193,509,000 for 1995 down to the President's budget of $179,786,000 for 1998 is especially detrimental to the program. The trend of these reductions has resulted in the loss of many important projects and valuable scientists.

The reductions in funds and in scientists come at a very critical time in the need for providing the scientific information and technology essential to the protection, management, use, and sustainability of the nations 1.6 billion acres of forests and rangelands. With the new direction of the Forest Service and other land managers to manage natural resources according to the principles of ecosystem management, there is urgency to move ahead promptly with a blend of new basic research and a continuation of older long-term research to meet the needs of people at both the local and national levels in providing forest products, diversity, and recreation—with sustainably managed forests.

Forest Service Research describes its program under four broad areas:

1. Vegetation management and protection;
2. Wildlife, fish, water, and air sciences;
3. Resource valuation and use;
4. Forest resources inventory and monitoring.

The reduction in funding especially hurts the research efforts in the first three areas above. Research had 708 scientists in 1985, and since that time there has been a gradual attrition of budgets and scientists—down to 548 scientists with the proposed President's budget. These incremental reductions have resulted in drastic losses of key scientists and valuable, long-term research in the so called foundation areas—which often require many years for forests to respond to experimentation.

In summary, the research efforts of the Forest Service are going down exactly at a time when they should be going up. I implore you to reconsider the reductions being made in the research budgets, and restore the programs to a level of at least $200 million.

Please let me know if I can be of any further assistance on Forest Service research.

Sincerely,

WARREN T. DOOLITTLE,
*President.*

---

LETTER FROM WARREN T. DOOLITTLE, PRESIDENT, INTERNATIONAL SOCIETY OF TROPICAL FORESTERS, INC.

BETHESDA, MD, *March 5, 1997.*

Hon. SLADE GORTON,
*Chair, Senate Appropriations Subcommittee on Interior and Related Agencies, U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: I am writing this letter to you because of my deep concern for the international program in the USDA Forest Service. My name is Warren T. Doolittle—the elected President of the International Society of Tropical Foresters, Inc. [ISTF].

BACKGROUND ON ISTF

ISTF was first organized in 1950 and chartered as a—nonprofit scientific society of Washington, D.C., in 1979. ISTF is committed to the management, protection, and wise use of the world's tropical forests. This commitment is carried out through a network of about 2000 members in 115 countries—including the tropical, developing counties and most developed countries.

ISTF publishes a quarterly newsletter in English, Spanish, and French; publishes an annual Membership Directory; distributes publications on tropical forests; spon-

sors workshops and symposia; organizes chapters of ISTF; and generally serves as a source of information for ISTF members.

TROPICAL FOREST RESEARCH

Over the years, the Forest Service has carried out a modest program in tropical forest research with funding included as part of the regular research budget with programs for the International Institute of Tropical Forestry in Rio Piedras, Puerto Rico; the Institute of Pacific Island Forestry in Honolulu, Hawaii; and the Forest Products Laboratory in Madison, Wisconsin.

The research budget for the International Institute of Tropical Forestry in Puerto Rico was $3,116,000 in 1995. However, the President's budget for 1998 is $2,797,000. This level of funding means that research on the social and economic values of tropical forestry and on non-traditional forest products will not be continued. And, only the more critical issues of ecosystem management, reforestation of degraded lands, natural regeneration, and management of secondary forests will be pursued with a lesser capability.

The research budget for the Institute of Pacific Island Forestry in Hawaii was $1,667,000 in 1995. And, the President's budget for 1998 is $1,650,000. However, for 1997, the Washington office (Research) provided another $629,000 (for one year only) to bring the total 1997 budget to $2,100,000. This enabled the Institute to move ahead with research on the restoration and management of tropical forests in Hawaii and the Pacific region. It is important that the 1997 level be maintained in the budget for 1998.

The Forest Products Laboratory budget for research in the tropics was $925,000 in 1995; it was reduced to $635,000 in the President's budges for 1998. This downward spiral in budgeting means that critical progress being made on the utilization of lesser known tropical hardwoods and work on lumber grades for these species will be greatly slowed.

I recommend that Congress restore the regular international forestry budgets of the two institutes and the Forest Products Laboratory to the fiscal year 1995 level.

INTERNATIONAL FORESTRY (NONRESEARCH)

The International Forestry (nonresearch) line item budget for 1995 was $7,000,000 and the President's budget for 1996 was $10,000,000. However, Congressional recisions made in 1995 reduced the $7,000,000 figure down to $5,000,000, and the line item for 1996 and 1997 was zeroed. In place of the line item budget an agreement was reached that the Forest Service could spend up to $3,000,000 in 1997 and 1998 from the overall Forest Service budget.

This reduction in budget for international activities could not have come at a worse time for forestry. Globally, and especially in the tropics, forests are being depleted at an unprecedented rate, and there is a great need for solid leadership and demonstration in forestry.

There is currently a worldwide effort by members of the environment, industry, and governments to come up with guidelines and assistance to provide sustained management for the world's forests. The Forest Service had built up a competent staff and forward looking program to face the multiple facets of sustained management; product certification; and cooperative research and technical efforts in meeting the challenges in forestry. However, Forest Service participation has been crippled and reduced at this critical juncture of time. Meanwhile environmentalists and others are moving ahead with planning and assistance that the Forest Service cannot match with a $3,000,000 budget.

The world's forests provide wood and non-wood products, soil and water protection, biodiversity, and sequestration of carbon dioxide as a deterrent to global warming. This is no time for the United States to allow other interests make critical decisions on forestry.

I strongly recommend that Congress restore the $7,000,000 budget level of 1995—and if possible even raise it to the earlier proposed 1996 level of $10,000,000.

Please let me know if I can provide any further information on international forestry.

Sincerely,

WARREN T. DOOLITTLE,
*ISTF President.*

PREPARED STATEMENT OF ANDREA L. COLNES, DIRECTOR, THE NORTHERN FOREST ALLIANCE

Mr. Chairman and members of the Subcommittee, I want to thank you for taking testimony on the fiscal year 1998 budget request for natural resource programs under your jurisdiction. I am Andrea Colnes, Director of the Northern Forest Alliance, a coalition of more than 30 State, regional and national organizations representing more than one million members who have come together to promote strategies for the protection and stewardship of more than 26 million acres of some of America's most significant forests across the northern tier of New York, Vermont, New Hampshire and Maine.

This is by far the largest remaining wild forest in the East, and is an incomparable natural resource for the people of the region and the nation. The vast, contiguous Northern Forest features the highest and most rugged mountain ranges in the Northeast; some of the very best free-flowing rivers in America; thousands of ponds and lakes that have to date escaped the irreversible impacts of development; and a forest that, if managed wisely, can provide a steady supply of timber while preserving important wildlife habitat and scenic beauty and serving as a destination for hunting, fishing, camping, hiking, snowmobiling, and other recreation uses.

We have a unique opportunity to work together to protect the region's most important Wildlands; to promote the sustainable production of wood products from these forests; and to improve and expand resource-dependent local economies and communities. With funding provided by this Subcommittee, the Northern Forest Lands Council worked over four years with thousands of citizens and organizations representing a wide range of interests to develop 37 specific recommendations for state and federal action to conserve the Northern Forest.

These recommendations are a reflection of the strong public support that exists across the region for protecting the resources, communities and way of life that is dependent on sustainable management of these forests. One of the key recommendations in the Council's report is support for public land acquisition as an essential part of a strategy for the future of the region. The Council called public land acquisition "an important tool in protecting components of the full range of values in the Northern Forest." In response each of the four states has either established a land acquisition planning process that covers its portion of the Northern Forest, or has engaged in deciding strategies to protect important areas in the region. The Council recognized, however, that the states will need to work in partnership with the federal government to achieve these goals.

Last Congress the Senate passed the Northern Forest Stewardship Act, a bill which would implement many of the recommendations of the Northern Forest Lands Council concerning land protection, sustainable forest management, and measures to strengthen local and regional forest-based economies. If this bill becomes law, it would provide explicit authority to the federal govermment—at the request of any of the four states—to use either the federal side or the state share of the Land and Water Conservation Fund to help finance acquisition of important Northern Forest conservation lands. This would provided long overdue access to a fair share of LWCF money to the people of New England. The Stewardship Act would authorize purchases from willing sellers only from the Fund.

As an important step towards achieving the goals embodied in the Northern Forest Stewardship Act and implementing a comprehensive strategy to conserve the Northern Forest, the Northern Forest Alliance has identified a region-wide system of 10 proposed Wildlands across the four states. These areas contain lands vital to the region's forest produ. cts and recreation economies. A detailed description and discussion of possible protection strategies for these areas is attached to my testimony.

Protecting the following parcels from possible development would be a critical forest step towards achieving a longer-term vision for the Northern Forest. In particular, seven projects involving more than 80,000 acres of critical forest lands require immediate funding from the Land and Water Conservation Fund and the Forest Legacy Program if they are to be protected from imminent sale and development. By making this commitment, you would also indicate renewed support for the beleaguered Land and Water Conservation Frond which has served the people of our country so well for so long. fiscal year 1998 Northern Forest acquisition priorities

FISCAL YEAR NORTHERN FOREST ACQUISITION PRIORITIES

*Urgent*

Lake Tarlton, NH: 2,000 acres estimated.
Public acquisition cost: $2.7 million.
Request for Federal LWCF funds: $2.7 million.

An appropriation from LWCF in fiscal year 1998 will complete the federal portion of this important project, started last year. Federal funds will leverage an additional $1.4 million investment from state and private sources to help protect the scenic and ecologically rich shore of Lake Tarleton and the surrounding forest including three lakes—Tarleton, Katherine, and Constance.

*Urgent*

Whitney Estate, NY: 15,000–20,000 acres.
Estimated public acquisition cost: $25–50 million.
Request for State LWCF funds: $10 million.

Fifteen thousand acres of the "Whitney Estate," a 51,000-acre tract in the heart of the Oswegatchie Great Forest, has been subdivided and offered for sale. This sale would fragment a critical stretch of forestland including more than 40 lakes and ponds, some of which form the headwaters of the Beaver, Raquette, and Bog rivers and the largest private lake in the Adirondacks.

*Urgent*

Long Trail, VT: 1,060 acres.
Estimated public acquisition cost: $325,000.
Request for State LWCF funds: $162,500.

Seven key parcels on the northern section of Vermont's Long Trail, the Nation's oldest long-distance hiking trail, are for sale, jeopardizing the trail's continuity. These seven parcels, totaling 1,060 acres, include 3.5 miles of the Long Trail itself, which runs the length of Vermont along the crest of the Green Mountains. More than 200,000 Vermont residents and visitors hike sections of the trail annually, contributing significantly to Vermont's tourism economy.

*Urgent*

Fish Creek Watershed, NY: 30,000–40,000 acres.
Estimated public acquisition cost: $7.5 million.
Request for forest legacy funds: $5.625 million.

An opportunity exists to protect 30,000–40,000 acres of irreplaceable watershed in the core of New York's Tug Hill Plateau with a combination of full fee purchase and conservation easement. The Fish Creek watershed lies within the Tug Hill area and provides drinking water to several cities and communities, including Rome and Oneida. Citing threats from land speculation and development, American Rivers has included Fish Creek in its list of the "Most Threatened Rivers" in the Nation for 2 years.

*Urgent*

Green River Reservoir, VT: 6,350 acres.
Estimated public acquisition cost: $2 million.
Request for forest legacy funds: $1.5 million.

Surrounding the 1,000-acre Green River Reservoir, this Forest Legacy project consists of more than 6,000 acres of forestland in northern Vermont. The property includes the state's longest length of undeveloped shoreline, approximately 19 miles, and has been top on the state's Forest Legacy list, stalled only by last year's recision of Forest Legacy funds.

*Urgent*

Nicatous Lake, ME: 22,000 acres.
Estimated public acquisition cost: $4 million.
Request for forest legacy funds: $3 million.

Nicatous Lake is known for its high concentration of ecological, recreational, and economic values. This project would protect more than 27 miles of shoreline on Nicatous Lake which is listed in "Maine's Finest Lakes" for its outstanding wildlife, scenic, and shore character resources, significant fisheries and cultural features.

*Urgent*

Upper Richardson Lake, ME: 5,122 acres.
Estimated public acquisition cost: $2.2 million.
Request for forest legacy funds: $1.65 million.

The Upper Richardson Lake project presents the Forest Legacy Program with an opportunity to ensure that more than 5,000 acres stays in timber production and to protect 13 miles of lake shore. Residents and recreationists seek out Upper Richardson Lake for its fishing, hunting, remote camping, snowmobiling, and outstanding visual beauty.

Pond of Safety: 9,880 acres
Estimated public acquisition cost: $2 million.

Request for forest legacy funds: $1.5 million.

The Pond of Safety property spans more than 12,000 acres along the boundary of the White Mountain National Forest. A Forest Legacy Program, easement on 9,880 acres would link two surrounding sections of the National Forest, buffer it from development, guarantee continued public access for recreation, and protect important timber lands.

Champion Lands, NY: 95,000 acres.

Estimated public acquisition cost: $12–15 million.

Request for forest legacy funds: $6 million.

Request for State LWCF funds: $3 million.

Without a combination of funding from the LWCF State Grants program and the Forest Legacy Program, extensive, high-value lands owned by Champion International along remote, pristine rivers in the northwest area of the Adirondack Park may be lost to fragmentation and development. LWCF money would be used for outright purchase of river corridors. Forest Legacy funds would enable the State to purchase an easement on the adjoining forestland, ensuring that the bulk of this 95,000-acre holding remains in productive timber management.

Lake George, NY: 400 acres

Estimated public acquisition cost: $3.5 million.

Request for State LWCF funds: $1.75 million.

On the shores of Lake George, the "Queen of American Lakes," an incredible 2.5 miles of pristine lake frontage is being offered for sale—and is in jeopardy of being developed and permanently closed to the public. This tract on the northeastern shore includes more than 400 acres of forested mountain slopes and is an integral part of the undeveloped scenic landscape that supports the region's tourism economy which draws tens of thousands of visitors each year.

Domtar Lands, NY: 105,000 acres.

Estimated public acquisition cost: $10–15 million.

Request for forest legacy funds: $6 million.

In the heart of the Adirondack Park, Domtar Industries is offering a conservation easement on 105,000 acres of contiguous, high value forestland. While the property has been managed for a continuous flow of forest products, the 105,000-acre tract—and the jobs it supports—could be lost to fragmentation and development.

Mattavamkeag Lake: 4,195 acres.

Mattawameag River, ME: 11,218 acres.

Moose River, ME: 4,525 acres.

Estimated public acquisition cost: $2.8 million.

Request for Forest Legacy Funds: $2.1 million.

These three projects together contain a high concentration of public values including recreational assets, productive forest land and wildlife habitat. A total of 38 miles of shoreline would be protected from development through Forest Legacy easements which would help protect the region's water quality and provide valuable recreational resources for anglers and boaters.

*Total requested appropriations*

14 projects: 331,813 acres.

Fiscal year 1998 priority request:

Forest legacy program: $11.8 million.

State LWCF funds: $10.16 million.

Federal LWCF funds: $2.7 million.

Total estimated Public Acquisition cost: $107 million.

I also want to mention that the Alliance is a founding member of the new Americans For Our Heritage and Recreation coalition, an alliance of national, regional, State, and local organizations dedicated lo renewing and strengthening our Nation's investment in places that conserve our natural and cultural heritage and provide recreational opportunities for all Americans. We are determined to see the Land and Water Fund receive the full $900 million authorization annually, or to create an alternative that facilitates the protection of conservation lands, cultural and historic sites, urban parks, and expands outdoor recreation at the State and Federal levels. For fiscal year 1998, the coalition seeks an appropriation of $400–500 million to fund the top tier of the tremendous national backlog of State and Federal LWCF projects. It is particularly important that the state side of LWCF be re-vitalized to serve critical land conservation needs of urban and rural Americans across the country.

Mr. Chairman, protection of these outstanding places represents a tremendous opportunity to conserve places of extraordinary natural and public value. It would also represent the continued commitment of Congress to work with the people of Maine, Vermont, New Hampshire, and New York to protect the irreplaceable resources of

the Northern Forest for future generations of Americans. Thank your for considering this request.

---

PREPARED STATEMENT OF DANIEL R. DESSECKER, FOREST WILDLIFE BIOLOGIST

The Wildlife Habitat Management Program of the United States Forest Service is that portion of the Wildlife and Fisheries Budget Line Item that funds habitat management initiatives on our National Forests for wildlife species that are not classified as Threatened or Endangered.

In 1994, the Wildlife Habitat Management Program was reduced by $9.5 million (22 percent). These funds were transferred to the newly established Ecosystem Planning, Inventory and Monitoring Program [EPIM]. In 1997, the now separate EPIM budget line item totaled $130 million.

The transfer of significant funds from well-supported, identifiable programs such as the Wildlife Habitat Management Program to EPIM, which is sufficiently broad to preclude and/or include virtually any expenditures renders it difficult to hold the Forest Service accountable for these expenditures. In addition, recent shortfalls in support for the Wildlife Habitat Management Program have hampered the timely implementation of resource management activities, including wildlife habitat management initiatives associated with timber sales, important to the conservation community.

The Ruffed Grouse Society and other conservation organizations have long supported the Wildlife Habitat Management Program and have provided both technical and financial assistance to the Forest Service to capitalize on potential cooperative opportunities. Such opportunities are becoming increasingly scarce as reduced funding for this Program has forced the agency into the unenviable position of refusing partnerships and associated contributions.

The Ruffed Grouse Society encourages the Interior Appropriations Subcommittee of the Senate to give serious consideration to returning funds to the Wildlife Habitat Management Program that have, since 1994, been diverted to EPIM. This return of approximately $10 million would translate into increased agency accountability and increased on-the-ground habitat management accomplishments.

---

PREPARED STATEMENT OF STEVE HOLMER, CAMPAIGN COORDINATOR, WESTERN ANCIENT FOREST CAMPAIGN

Chairman Gorton, thank you for this opportunity to testify on Forest Service Appropriations. The Western Ancient Forest Campaign represents organizations and individuals nationwide who are dedicated to protecting forest ecosystems on the National Forests.

Working in conjunction with over forty other organizations, we have developed a Grassroots Forest Appropriations Initiative intended to outline a series of steps that we hope will help protect forest ecosystems and at the same time, help restore accountability to the U.S. Forest Service.

Increasing evidence demonstrates that over the past two decades, our National Forests have suffered too much logging and too much roadbuilding with little concern about the impact these activities have on our clean water supplies, fish and wildlife, recreational opportunities and the numerous other values our public lands provide.

Under the Salvage Logging Rider which suspended environmental laws and a citizen's right to have those laws enforced and participate in how their own lands were being managed, we witnessed the logging of old growth forests that had been protected by the courts. Under the rider, the guise of logging dead and dying trees was used to log large, green trees. Unroaded areas, which represent some our nation's last unprotected wilderness were entered and logged. The government's own Interagency Report on the Implementation of the Rider confirmed these abuses. And to their credit, the Administration's Glickman Directive halted some but not all of these abuses.

In the aftermath of the rider, several lessons are clear. Our environmental laws and public processes should never again be suspended. Ancient Forests, roadless areas and riparian zones need permanent protection. And the U.S. Forest Service needs to be reformed and made more accountable.

We offer The Grassroots Forest Appropriations Initiative to identify some specific ideas to help restore accountability to the agency and help stop the abuses that continue to threaten our forest heritage. Here are the four points in the initiative:

The Timber Logging Rider clearly demonstrated the Forest Service's lack of accountability: healthy, green forests were logged as "salvage sales," water quality was endangered in the name of "forest health," and no record exists that even a dime from any of the salvage sales sold under the Rider made its way to the U.S. Treasury. As a result of the failure of the Forest Service to protect the full range of forest values in the National Forests under their management, both the ecological integrity of our forests and the well being of federal taxpayers were sacrificed.

We urge the 105th Congress to take the following steps to restore the accountability of the Forest Service and protect the interests of both taxpayers and our natural environment:

*1. Prohibit new roadbuilding on the National Forests by ending any appropriation for new roads and by prohibiting the use of purchaser road credits to build new roads.*—The elimination of purchaser road credits in the President's budget is a good first step.

*2. Prohibit logging and road-building on unstable and potentially unstable national forest land.*—Recent landslides in the West have demonstrated the "hidden costs" to public safety and the environment of subsidized logging and road building on steep, unstable slopes.

*3. Restore accountability by reforming or abolishing off-budget funds.*— There is a growing consensus that the various off-budget funds—the Knutson-Vandenberg (KV), Brush Disposal and Salvage Funds—must be either reformed or abolished. The Green Scissors Coalition urges abolishing the Salvage Fund and the Clinton Administration proposes new limits on this fund in the 1998 budget. The Administration has also proposed the creation of a new fund for ecosystem restoration called the Forest Ecosystem Restoration and Maintenance Fund (FERM). While we support the intent of the new FERM fund, as currently envisioned it would only perpetuate the same perverse incentive to log that plague the other funds. Instead, we support the Administration's request for $30 million of appropriated funds for restoration activities and urge Congress to appropriate necessary funds for restoration rather than creating another off-budget fund.

*4. End money-losing timber sales.*— The annual report of the White House Council of Economic Advisors shows that the Forest Service spent $234 million more than it collected in timber receipts in 1995. "Generally, the Forest Service subsidizes timber extraction from public lands by collecting less timber sale revenues than it spends on timber program costs," the report says. According to the Government Accounting Office (GAO) the timber sale program lost nearly $1 billion from 1992–1994. For the sake of both the environment and the taxpayer, it is time to end subsidized logging on the National Forests. This initiative has been signed by over one hundred groups including Sierra Club, The Wilderness Society, California Wilderness Coalition, Federal Forest Reform, Headwaters, Inland Empire Public Lands Council, Klamath Forest Alliance, Northcoast Environmental Center, Oregon Natural Resources Council, Northeast Ohio Sierra Club, Northwest Ecosystem Alliance, Oregon Natural Resources Council and the Western North Carolina Alliance.

To implement this initiative in the Interior appropriations bill we urge the Committee to:

*1. Eliminate funding for new timber roads and include language to direct the agency to prohibit timber sales in Ancient Forests, roadless and riparian zones.*—In testimony before the Senate Energy Committee on February 25, 1997, Chief of the Forest Service Michael Dombeck testified, "The unfortunate reality is that many people presently do not trust us to do the right thing. Until we rebuild that trust and strengthen those relationships, it is simply common sense that we avoid riparian, old growth and roadless areas." We urge the Committee to support Chief Dombeck's effort to reform the agency and restore the public's trust by adopting his common sense recommendation.

*2. Include language to prohibit logging and roadbuilding on unstable and potentially unstable National Forest land.*

*3. Support the Administration's $30 million request for prescribed fire and restoration activities, provided that these activities be limited to non-commercial pilot projects to guide future restoration efforts.*—While we recognize that there is a substantial backlog of needed forest rehabilitation work, there is substantial evidence that the agency is not spending current restoration or prescribed fire dollars in an appropriate fashion. For example, some restoration money is being spent removing logging slash which should have been cleaned up by logging companies as part of the timber sale. There is also concern that prescribed fire has been inappropriately used to convert forest types in violation of restrictions placed on type conversion found in the National Forest Management Act.

We urge the committee to be very specific in how the restoration money is to be spent as occurred on the watershed restoration money appropriated under the Northwest Forest Plan. Further, we urge the committee to prohibit restoration activities that subsidize or in any way further logging operations by the agency.

*4. Oppose the creation of any new off-budget fund for the agency*.—The other off-budget funds have been consistently abused by the agency and have created strong incentives to log even when other activities may be more appropriate.

*5. Prohibit the agency from offering any timber sales that will cost more than the agency can expect to receive in receipts for the sale*.—The timber sale program lost $445 million in 1995 according to an independent analysis. According to the White House Council of Economic Advisors and the Government Accounting Office the program loses money. It is time to end this subsidy to the timber industry.

Thank you again for this opportunity to testify, we look forward to working with the Subcommittee to realize these needed environmental and fiscal reforms.

---

PREPARED STATEMENT OF LAURI G. AUNAN, EXECUTIVE DIRECTOR, FRIENDS OF THE COLUMBIA GORGE

Mr. Chairman and Subcommittee Members, thank you for the opportunity to submit this testimony in support of appropriations for vitally needed U. S. Forest Service land acquisition and payments to local governments in the Columbia River Gorge National Scenic Area. This testimony is submitted on behalf of Friends of the Columbia Gorge ("Friends") and its approximately 1,700 members in the Northwest and throughout the country.

In 1986, the Congressional Delegations of Oregon and Washington State worked in tandem to pass legislation creating the Columbia River Gorge National Scenic Area. When President Reagan signed that legislation into law on November 17, 1986, he finalized the establishment of one of the most unique federal designations for one of the most spectacular places in the world.

Since the enactment of the Scenic Area Act 10 years ago, Congress has worked diligently in a bipartisan way to meet its commitments and fund the programs authorized under the Act. These programs include land acquisition, economic development, payments to local governments, development of recreational facilities, and protection of cultural resources. We applaud the courageous stand originally taken by Congress to create the Scenic Area and its diligent efforts to implement the law. Much more, however, remains to be accomplished.

To continue the legacy of commitment to both the natural and human resources of the Columbia Gorge National Scenic Area, we strongly recommend two funding priorities for the Scenic Area for fiscal year 1998. The first priority is adequately funding the Scenic Area land acquisition program by providing at least $4.9 million through the Land and Water Conservation Fund. The U.S. Forest Service Scenic Area office has identified at least this amount of funding as necessary to meet land acquisition needs for fiscal year 1998, and Friends will be working with the Forest Service and landowners to provide a final list of priority lands and funding. The second priority is continuing the appropriations begun in fiscal year 1997 to provide payments to local governments.

Both of these programs will protect the significant federal investment already made in the Gorge and continue building on the progress that Congress, through this Subcommittee, has made over the years to fulfill all dimensions of the Scenic Area Act, from economic development to environmental protection.

BACKGROUND: UNIQUE RESOURCES, UNIQUE SOLUTIONS

As I believe the Subcommittee is aware, the Columbia Gorge is a national treasure that is like no other place in the country. Stretching 85 miles along the Columbia River, this deeply carved sea-level channel through the Cascade range is home to a remarkable diversity of public resources. From the dry eastern Gorge to the dense conifer forests and surging creeks of the west, dazzling wildflower displays, including species found nowhere else on earth, cover hillsides and plateaus along the river. The corridor is rich in history—figuring prominently in the journals of Lewis and Clark and the Oregon Trail settlers—and in Indian prehistory, with ancient petroglyphs and village sites bearing witness to thousands of years of Indian life and commerce.

Among the countless waterfalls that spill from high hanging valleys is Multnomah Falls, one of the tallest in the United States and the single most visited attraction in the entire National Forest system. Along with awe-inspiring geologic features that include towering monoliths, pillars, stone arches, these resources comprise a world-class experience for those who live in the Gorge and the many thousands of

visitors who come from across the country and around the world to enjoy the spectacular scenery, recreation, and natural and historical heritage.

After completion of the Columbia Gorge Scenic Highway in 1916, state and county parks in Oregon and Washington were established to meet recreational demand, provide scenic vista points, and protect important natural features. A portion of the Gorge lands also fell under the jurisdiction of the Mt. Hood National Forest. But by far the majority of Gorge lands, including many of the most resource-rich areas and most prominent view sheds, remained unprotected or at best partly protected. Much privately held land was completely unzoned, raising an increasing threat of scatter-shot, unplanned development that would have irreparably destroyed the rural way of life and natural and cultural heritage of the Columbia Gorge. This sort of development, in such key scenic areas as the Multnomah Falls view shed and the Mt. Pleasant highlands at the western "gates of the Gorge," was on the drawing boards in the late 1970's. In response, the Department of the Interior prepared a study, and Congress considered legislative proposals in the early 1980's to maintain the Gorge's special character while also supporting the capacity of towns in the Gorge to maintain economic development and appropriate growth.

In 1986, the legislation creating the Columbia River Gorge National Scenic Area was enacted, establishing a new partnership approach for a complex area that is a mixture of urban, rural and wild lands with various federal, state, county and private ownerships. Under the Scenic Act, cities within the Scenic Area are targeted for economic development and growth, and are administered by city governments. Many of the most critical resource lands are included in "Special Management Areas" in which public land consolidation and stewardship are primarily the responsibility of the Forest Service. For other areas, county governments are relied on, through zoning and planning, to ensure that private land uses are consistent with the Gorge's rural, agricultural character and heritage.

PROTECTING THE GORGE THROUGH LAND ACQUISITION—PROGRESS TO DATE

Friends greatly appreciates the Forest Service's demonstrated commitment, with the support of this Subcommittee, in securing the most critical recreational, natural and scenic lands on an as available basis through its land acquisition program. Land acquisition appropriations in previous years have allowed the Forest Service to make substantial progress in securing some of the Gorge's most special resources, from the rare plants and hiking trails of Burdoin Mountain and Rowena Dell to the pastoral Mt. Pleasant Highlands and the undisturbed Archer Mountain. These federal efforts have combined with private conservation work and state acquisitions (in such crucial areas as Beacon Rock State Park and the beautiful 6,000 acre Dalles Mountain Ranch in Washington) to move further toward comprehensive protection of the crown jewels of the Gorge.

But a number of private properties remain in these areas of consolidation, including lands that could be developed among otherwise protected landscapes. Public and private investment in the conservation of these areas, and the good work to date toward comprehensive public management, will be jeopardized unless these parcels can be secured from willing sellers.

Toward this end, Friends is developing a list of specific properties to be acquired, in conjunction with the landowners who have willingly offered these properties for sale, the U.S. Forest Service, and the Columbia River Gorge Commission. This coalition of landowners, land managers and land protection advocates all agree on the importance of this level of funding and of acquiring these parcels in a timely fashion. A preliminary list of properties has already been identified and outlined by the Forest Service which identifies $4.9 million in needed land acquisition funding. As soon as a final list is agreed to by all parties, we will transmit it to the Subcommittee as soon as possible.

Some examples of key parcels which will almost certainly be on this list include the following:

*Catherine/Major Creek, WA.*—For the past ten years, the Forest Service has acquired numerous fee interests to protect the scenic quality and natural heritage of this one-of-a-kind landscape in the eastern Gorge in Klickitat County, Washington. Along an approximately 20-mile stretch of the Columbia River are rare oak grasslands and native wildflowers unique in the world. Several prominent properties here have been offered by landowners for public purchase.

*Cape Horn/Mt. Pleasant, WA.*—The Forest Service has also acquired numerous fee and conservation easement interests to protect these spectacular pastoral and forested cliffs and fields, signature landscapes of the western Gorge and only a short 20-minute drive from Vancouver, Washington. Due to these lands' proximity to Clark County, Washington—one of the fastest growing counties in the country—

these properties are at extremely high risk of sprawling development and timber harvest. Several prominent properties in this area have been offered by landowners for public purchase.

These are examples of key properties that need to be acquired to realize the vision and protect the national investment in this special area. Failure to take advantage of these offers from landowners will result in inconsistent development that would frustrate the years of effort and investment.

MEETING COMMITMENTS TO COUNTY GOVERNMENTS

The second funding priority is to continue the effort begun in fiscal year 1997 to provide Gorge county governments with payments to compensate for lost tax revenue due to federal land acquisition. In 1986, Congress recognized that private land would need to be purchased in order to protect the ecological and cultural resources of the Gorge. It also realized, through its experiences creating such legislation as the Payments in Lieu of Taxes Act of 1976, that putting private land into public ownership can put a strain on the operating budgets of county governments. When the Gorge Act was considered in 1986, however, the PILT program did not provide payments to counties for lands newly transferred into public ownership. Only lands in public ownership when PILT was originally passed actually received payments. Therefore, Congress included in the Gorge Act a provision for $2 million to be authorized for five years of PILT-type payments to Gorge counties for lands newly acquired, and taken off the tax rolls, by the Forest Service.

Unfortunately, no money was appropriated for this program until fiscal year 1997—$250,000. Friends believes this commitment to the counties has gone unmet long enough and supports an appropriation of $215,000 in fiscal year 1998 for continuing this program, an amount identified by the Forest Service as necessary to meet its commitments under this authorization.

PROTECTING THE GORGE—THE NEXT STEPS

In the land acquisition category, the Catherine/Major Creek and Cape Horn/Mt. Pleasant properties are among a number of available lands in the Columbia Gorge for which we are told the Forest Service will be requesting at least $4.9 million. This request is clearly a recognition of the national importance of this program. We believe that at least $4.9 million is needed this year to help complete the vision that has come so far in the past 10 years. We hope the Subcommittee will be able to provide this amount.

In addition, we hope the Subcommittee will provide the small amount identified by the Forest Service for the payments to counties authorized under the Act. These payments will assist these governments with providing services to Gorge residents, as well as the area's rapidly growing number of visitors, most of whom come to experience the magnificent vistas, waterfalls, wildflowers and recreational opportunities of the National Scenic Area.

We appreciate all of the support you have given this program in the past. With the funding we are requesting, we believe the Forest Service can make significant progress toward realizing the goals of the National Scenic Area Act, and protecting the heritage of the Columbia Gorge.

Thank you very much for your consideration of this testimony.

---

PREPARED STATEMENT OF JAMES EARL KENNAMER, PH.D., VICE PRESIDENT FOR CONSERVATION PROGRAMS, NATIONAL WILD TURKEY FEDERATION

The National Wild Turkey Federation [NWTF] urges the United States Senate to increase funding of the U.S. Forest Service Challenge Cost Share Program, hire additional wildlife biologists for our National Forests and increase funding of wildlife management programs thus allowing the private sector to increase our commitment of resources on our National Forests.

The NWTF is an international nonprofit conservation organization centered in the United States. Our 132,000 members are dedicated to the conservation of the wild turkey and the preservation of the turkey hunting tradition. Our 800 volunteer chapters work closely with state and Federal conservation agencies to manage the wildlife resources on public and private lands. The NWTF cooperates with the U.S. Forest Service to cost share projects on National Forests through the "Making Tracks" program.

While the NWTF supports the Federal government's commitment to ecosystem management and wildlife conservation on the National Forests, we are particularly concerned with the continued reduction in the level of funding for wildlife manage-

ment programs and projects. This reduction in funding has seriously impeded the management of both game and nongame species on many National Forests. Similarly, the reduction in the number of trained and experienced wildlife biologists on many forests has reduced the level of expertise to the point that there are simply not enough qualified people to do the job. This reduction in force has occurred at a time when the wildlife related workload (legal appeals, threatened and endangered species concerns, wetland issues and ecosystem management planning) have increased dramatically. This increase in wildlife related work will continue in the foreseeable future.

At a recent meeting with the U.S. Forest Service in Washington, DC, the gravity of the situation became apparent.

The USFS Wildlife Habitat Management budget has decreased 7 percent since 1993 and is 23 percent below the 1993 agency request.

Currently 15 forests of 119 reporting do not have forest level wildlife biologists.

All forest-level wildlife and fisheries staff officers have been eliminated from the Southwestern Region.

Technicians, rather than biologists, now do most of the wildlife work in the Southeast.

Less Challenge Cost Share funds are reaching the ground at a time when more money is available from the private sector.

Since 1986, The USFS, the NWTF and the state wildlife agencies have completed over 542 projects for a total expenditure of $3.75 million on the National Forests. The NWTF has contributed $1.24 million or approximately 33 percent of these funds. The down-sizing of the Federal Government was supposed to increase the number of partnerships. The opposite is true since less dollars and manpower are available to develop projects and cultivate partnerships.

The National Forests produce some of the pulp and much of the saw timber that this country needs. The forests also protect water quality and while these uses are important they are overshadowed by the value of the forests for wildlife habitat and as recreational areas. In a 1993 USFS study of the economic impact of the National Forests on Gross Domestic Product, approximately $105 billion or 85 percent was attributable to recreation including hunting, fishing and wildlife viewing.

The National Forests can and should provide timber and wildlife benefits to the nation. These two uses are interdependent, not mutually exclusive. However, the reduction of the wildlife budget is so great that the USFS can no longer be expected to do "more with less". They can only do "less with less" and our National Forests and their valuable timber and wildlife resources are beginning to show the strain.

The NWTF applauds the effort this administration and the Congress have made to reduce the national debt. However, the wildlife resource and the recreational users are being adversely impacted disproportionate to their value to the nation. Partners such as the NWTF are willing and able to help fund projects through the Challenge Cost Share Program, but the USFS needs the matching funds and the trained professionals on the forest to help us spend our volunteer's funds wisely.

The NWTF urges Congress to increase funding of the Challenge Cost Share Program, hire additional wildlife biologists and increase funding of wildlife management programs thus allowing the private sector to increase our commitments on our National Forests.

Thank you for this opportunity to comment on this most important issue.

---

## PREPARED STATEMENT OF LONNIE L. WILLIAMSON, VICE PRESIDENT, WILDLIFE MANAGEMENT INSTITUTE

Mr. Chairman: I am Lonnie L. Williamson, vice-president of the Wildlife Management Institute. Established in 1911, the Institute is staffed by professional wildlife scientists and managers. Its purpose is to promote the restoration and improved management of wildlife in North America.

### U.S. FOREST SERVICE

*Wildlife habitat*.—WMI recommends that the U.S. Forest Service wildlife account, referred to in the agency as the "Get Wild Program." be increased in fiscal year 1998 to $40 million, which would be $10 million more than requested by the administration. And, we recommend that $8 million be earmarked for the Challenge Cost-Share Program.

The Service's Wildlife Habitat program was drawn in fiscal year 1994 and has been in the process of being quartered ever since. The President's request of $28.3 million for fiscal year 1998 is 27 percent below the fiscal year 1993 appropriation of $38.9 minion. For an already seriously underfunded effort, this is a particularly

savage blow. Wildlife is suffering from inattention as the number of wildlife biologists eases down and those that remain are reassigned non-wildlife duties. On the Ouachita National Forest, for example, there is only $128,000 in wildlife funds to cover 1.75 minion acres. Ouachita's wildlife program is surviving only with the use of KV funds, which may or may not be available in any given year. If this inequity is not corrected, wildlife uses will have to be curtailed, causing significant social and economic distress. Under this scenario, we now can make the same mistakes in all Forest Service regions as were ineptly accomplished in the Pacific Northwest, which is now costing a fortune to correct.

Indicative of the Forest Service's lost ability to take proper care of the public's wildlife is the Challenge Cost-Share Program, which matches non-federal contributions to implement wildlife habitat improvement projects on national forests. Forest Service partners participating in the program consistently provide more than their share to this effort because the agency does not have funds to match those donated. In fiscal year 1993, the Service had but $4.5 million to match $6.6 million provided by partners. In fiscal year 1994, it was $6.2 million for the Service and $7.4 for the partners. In fiscal year 1995, it was $5.6 million to $7.4 million. Last year, the partners began diverting funds from the national forests because of the lack of matching by the Service. In the Pacific Northwest, more than $200,000 were retrieved from the table by partners because the Service had no matching money.

*Inland fisheries*.—WMI supports the administration's request of $17.157 million for inland fisheries on national forests. We further suggest that $3.4 million be earmarked for Challenge Cost-Share projects.

*Anadromous fisheries*.—WMI supports the Administration's request of $22.521 million for anadromous fisheries. And, we recommend that $3.1 million be earmarked for Challenge Cost-Share projects.

*Threatened and endangered species*.—WMI supports the administration's request of $27.218 million for T&E species. That is $5 million more than fiscal year 1997. This is about one third of what the Forest Service says that it needs for T&E species. And that is no mystery, considering the scant attention given to the vast majority of national forest species which are not endangered. By not making the investments in the Wildlife Habitat account, we assure a continued march of species into the T&S category, where huge amounts of money are needed to protect and/or extricate them. WMI also recommends that $5.1 million of T&F funds be earmarked for Challenge Cost-Share projects.

*Rangeland management*.—WMI supports the administration's request for an additional $7.4 million to improve range conditions. Despite progress, 23.5 million acres of the 99 million acres of grazed national forest remain in unsatisfactory condition. This program has been sorely underfunded for years. Its budget could be doubled without taking care of all the needs.

*Seeking common ground*.—WMI recommends that $300.000 of the Forest Service's budget be earmarked for Seeking Common Ground ($150,000 from wildlife and fish and $150,000 from range management). SCG is the most successful range restoration program to date. It is directed and funded by the Forest Service, Bureau of Land Management, National Fish and Wildlife Foundation, American Farm Bureau Federation, Rocky Mountain Elk Foundation, and Wildlife Management Institute. It features local groups solving local problems at the local level in the national interest. We encourage the committee to become familiar with this effort. A speech that I gave on the beginnings of SCG is attached for the committee's information.

*Forest stewardship and stewardship incentive*.—WMI supports the President's request of $23.380 million and $10.230 million respectively for the Forest Stewardship and Stewardship Incentive programs. Forest Stewardship fosters constructive interdisciplinary partnerships between state foresters and state wildlife agencies. For example, this program shares the costs with state wildlife agencies of hiring professional wildlife managers to work closely with foresters in writing multiple purpose forest management plans. This cooperative effort helps ensure that nonindustrial private forests are managed to meet resource objectives of landowners who want to integrate wildlife habitat with forest product production. Stewardship Incentive provides cost-share funds to help NIPF landowners implement forest plans produced under the Forest Stewardship program.

*Forest and rangeland research*.—WMI recommends that Forest and Rangeland Research be increased $2 milling to $181.781 million, so that the Service may have about the same amount (in inflated dollars) as in fiscal year 1997.

*Ecosystem planning, inventory, and monitoring*.—WMI recommends that the increases recommended above may be offset by taking money from the EPIM account. Ground-level resource management activities, including fish, wildlife and range have suffered in great part because funds were taken from those efforts to finance this account, which is not justified in the budget. We have not been informed on

how the EPIM money is being spent, nor have we seen the benefits of that expenditure. We can but conclude that on-the-ground management activities are more important to the National Forest System and its customers.

BUREAU OF LAND MANAGEMENT

*Wildlife, fisheries and T&E species*.—WMI is most disappointed with the administration's request for $44.573 million to fund fisheries, wildlife and T&E species on BLM's 270 million acres. The wildlife account is essentially the same as in fiscal year 1997 and remains about 10 percent below the fiscal year 1991 level. BLM reported recently that its lands and waters now harbor more than 300 species either listed as T&E or proposed for listing. T&E species on BLM land has been increasing about 20 species annually during the past several years. And that is no wonder, considering the meager wildlife management resources available.

By denying wildlife a seat at the table when land management decisions are made on livestock grazing, timbering, mining and the like, we are perpetuating a very efficient model that creates endangered species. WMI recommends that this budget item be increased by $7 million above the administration's request, up to $51.573 million. We recommend that the wildlife account be increased to $24 million, which better reflects the funding called for in BLM's Fish and Wildlife 2000 document. We also support a $1 million increase in the fisheries account to get it nearer the Fish and Wildlife 2000 level. And, we recommend that the T&E account be upped by $2 million for the same reason. As with the Forest Service, we note that adequate investments must be made in the nonendangered species to keep them out of the T&E category and from disrupting multiple uses of the land.

*Rangeland management*.—WMI supports the administration's request for $54.342 million to finance the rangeland management program. However, we recommend that $150,000 be added for the purpose stated below.

*Seeking common ground*.—WMI recommends that $150,000 of our proposed add-on to Wildlife, Fisheries and T&E Species, and the $150,000 proposed add-on to Rangeland Management, be earmarked for Seeking Common Ground.

U.S. FISH AND WILDLIFE SERVICE

*Endangered species*.—WMI supports the administration's request of $11.4 million. We further recommend that the Cooperative Endangered Species Conservation Fund be budgeted at the $14.1 million dollar level enacted in fiscal year 1997. Endangered and threatened species conservation, management, and recovery activities were impaired by Congressional action in the last Congress, and the backlog of proposed listings and recovery actions must be erased. We are disappointed that the administration proposes to reduce the Section 6 funds available to the states for T&E conservation projects to $14 million from the fiscal year 1997 level of $14.1 million. The management action necessary to conserve T&E species, and to conserve candidate species prior to listing, is best taken by the various states.

*Habitat conservation*.—WMI supports the Administration's request of $57 million for Habitat Conservation. The Partners for Wildlife Program is extremely popular with private landowners, and by providing cost-sharing, gives landowners the incentives and the capability to implement conservation practices on private lands, often reducing or eliminating important causes of wetland and other habitat degradation. Similarly, the Project Planning activity saves millions of dollars in habitat restoration needs by assuring that planned projects are designed from the outset to minimize adverse environmental consequences.

*Refuge operation and maintenance*.—WMI recommends an appropriation of $220 million for Refuge Operation and Maintenance. The maintenance needs of National Wildlife Refuges have been consistently neglected to the point of jeopardizing the ability of some refuges to accomplish their mission. There is currently a maintenance backlog of $428 million on National Wildlife Refuges. We recommend the administration's budget request of $192 million be increased to $220 million, with the additional $28 million earmarked for reduction of maintenance backlogs.

Congress requested information regarding the use of animal traps on National Wildlife Refuges in the fiscal year 1997 Appropriations Conference Report. Some question the use of certain types of traps. However, there are no other suitable trapping devices to use as yet, even though USDA-APHIS-ADC and a coalition in Vegreville, Alberta, Canada continue research for alternatives. The U.S. Fish and Wildlife Service has not contributed to either of these research efforts. Given the significant role trapping plays in the management of National Wildlife Refuges, we recommend $200,000 be added to the Fish and Wildlife Service budget and earmarked for methods development research at USDA's National Wildlife Research Center at Fort Collins.

*Migratory bird management*.—WMT supports the administration's request of $17.1 million. Monitoring migratory bird populations, both nongame and game species, is necessary to detect population declines and address them before species become rare and may require listing as T&E species. Increased funding for the North American Waterfowl Management Plan not only benefits waterfowl, but leverages federal dollars through partnerships with states, organizations, and individuals, and also provides habitat conservation and restoration benefits to a whole suite of other wetland birds and amphibians.

*Wildlife conservation and appreciation fund*.—WMI supports a $1 million appropriation for the Wildlife Conservation and Appreciation Fund. This fund leverages federal expenditures by serving as a match for external contributions, and provides the states badly-needed money to manage species which are neither harvested nor listed as threatened, endangered, or candidate species. In most states, there is little or no other funding source for managing such species.

*North American wetlands conservation fund*.—WMI recommends appropriation of the full amount authorized by Congress of $30 million. This highly successful program returns $2 of nonfederal funds for each $1 of federal funds, and has attracted more than 600 paying partners. The program consistently receives more proposed partner cost-sharing each year than can be covered by the full $30 million. Millions of dollars of nonfederal funds are being lost each year.

*National Fish and Wildlife Foundation*.—WMI supports a fiscal year 1998 budget of $7.5 million for the Foundation. The National Fish and Wildlife Foundation has raised more than $2 non-federal for every federal dollar expended. Over 11 years, more than 1,800 grants have advanced management of wildlife, fish and their habitats. Increased appropriation will assist the government in doing more for wildlife with less federal money.

U.S.G.S.—BIOLOGICAL RESOURCES DIVISION

The Wildlife Management Institute supports the administration's proposed budget of $145 million for the Biological Resources Division of the U.S. Geological Survey. The Biological Resources Division (BRD) of the United States Geological Survey comprises nearly the entire biological research capacity of the Department of the Interior (DOI). Prior to the formation of the National Biological Survey, scientists and programs of BRD were located in the land management agencies of DOI (U.S. Fish and Wildlife Service, Bureau of Land Management, National Park Service). Removal of scientists and programs from the land managers critically impairs the communication of research needs from managers to scientists and the communication of research results from scientists to managers. The result is that the scientific information needs of land managers are less well met. The important work of BRD includes research in support of federal land management, research on endocrine disrupters in the environment, research on restoration of degraded lands, research on restoration of Great Lakes fisheries, development of scientific information management technology and making scientific data accessible to users, and the Cooperative Fish and Wildlife Research Units.

The Cooperative Research Units are particularly important. State fish and wildlife agencies depend on the Cooperative Research Units to deliver scientific information needed for effective fish and wildlife management. The Units also train the next generation of fish and wildlife scientists, and are an efficient use of federal dollars since those dollars are leveraged by contributions of the state fish and wildlife agencies and universities. There are currently 22.5 vacant positions of Unit Leader and Assistant Leader. A high priority of BRD should be to fill those vacant positions over the next few years. We support that priority emphasis, and support the administration's requested increase of $1 million earmarked to reduce the number of vacant positions at the Cooperative Fish and Wildlife Research Units.

---

LETTER FROM JEAN HOCKER, PRESIDENT, LAND TRUST ALLIANCE

WASHINGTON, DC, *April 14, 1997.*

Hon. SLADE GORTON,
*Chairman, Subcommittee on Interior and Related Agencies,*
*Committee on Appropriations, U.S. Senate, Washington, DC.*

DEAR CHAIRMAN GORTON: On behalf of the Board of Directors and members of the Land Trust Alliance (LTA), I am sending this letter to be included in the record of testimony on the fiscal year 1998 appropriation to the Department of the Interior.

The Land Trust Alliance serves more than 1,200 land trusts across the country. These are independent grassroots organizations dedicated to protecting land and the

quality of life in their communities through private, voluntary action. Working within a cooperative, incentive-based strategy, these groups have helped save more than 4 million acres of wetlands and wildlife habitat, productive farm and forest lands, and other significant resources.

Land trusts have worked with several programs under the committee's jurisdiction to conserve land valuable to communities across the country, usually leveraging the private funding that is the key to the success of these programs. They have formed partnerships with local landowners and the Partners for Wildlife program to protect valuable privately-owned habitat. They have helped preserve valuable working timberland by arranging easements under the Forest Legacy program. They have helped make possible land conservation plans that have used acquisition funding under the federal Land and Water Conservation Fund (LWCF) appropriation. They have worked with state and local governments to target state-side LWCF funding to the best purposes.

Though clearly effective, these programs are suffering from chronic underfunding. The LWCF appropriation has fallen to a level far too low to meet even the most urgent federal land acquisition priorities. State LWCF funding, so important to community conservation efforts, has been eliminated. Partners for Wildlife, an extremely responsible and cost-effective program of public-private partnerships was also recently threatened with elimination. Forest Legacy, an innovative program that has suffered from unnecessary administrative delays, is now funded at a level so low as to barely make it a viable national program.

FEDERAL LAND AND WATER CONSERVATION FUND

The lack of funding from the Land and Water Conservation Fund is bad public policy since the government collects these funds under a law that intends them to be used for conservation purposes. The diverting of the vast majority of these funds to other purposes, while perhaps understandable given fiscal constraints, is nevertheless at odds with the intent of the law establishing the fund, and it all but creates a situation in which the government is collecting fees under a false pretext. The appropriation committee can begin to return the use of LWCF to its original purpose by appropriating a larger percentage of LWCF funds for the purposes for which they are collected. An increase in this appropriation will encourage land trusts to carry out more important land conservation projects as they have in the past.

For example, a $10.5 million LWCF appropriation made possible the acquisition of 1,227 acres of land bordering the Golden Gate National Recreation Area in San Mate, California. Because of the appropriation, the Peninsula Open Space Trust was able to leverage $10.5 million in private contributions to purchase the tract which was subsequently transferred to the National Park Service for the enjoyment of all Americans.

In addition, a $1.4 million LWCF appropriation enabled the Wilderness Land Trust to purchase and protect a 1,320 acre inholding in the James Peak Roadless Area. Situated near Rocky Mountain National Park in Colorado, this U.S. Forest Service high-priority acquisition could not have occurred without the trust's involvement. Because of the appropriation and the trust's excellent and on going relationship with the landowner, the largest private inholding in the James Peak Roadless Area is now in public ownership and the area may finally achieve long-sought wilderness designation.

President Clinton's fiscal year 1998 request for $167 million from the LWCF is inadequate. LTA recommends that the committee provide funding at a level more consistent with the demonstrated need. A more appropriate level would be almost triple the President's request, to $450 million, which would be only slightly more than half of the level Congress appropriated twenty years ago: in fiscal year 1978, Congress appropriated $805 million from the LWCF, $314.1 million of which was directed to state matching grants.

STATE-SIDE LAND AND WATER CONSERVATION FUND

Congress also needs to fulfill its legal responsibilities under the LWCF to provide matching grants to states. State LWCF grants leverage at least an amount equal to federal conservation funding, and therefore have a positive impact far in excess of the amount appropriated. State-side LWCF funding has suffered a dramatic reduction over the past five years: at this point, the program is all but shut down. There is no fiscal year 1997 money for state grants, nor does the Administration propose any for fiscal year 1998. It is unfortunate that a program that has historically been very successful in promoting community and nonprofit involvement in conservation activities should suffer from such neglect.

Grants to states from LWCF spawned a fruitful partnership between the State of New Hampshire and the state's largest land trust, the Society for the Protection of New Hampshire Forests. The Society has been successful in acquiring several properties that the state has deemed as desirable for park land. The Society's non-governmental status has allowed it to move quickly and decisively to protect land for state parks—land that might have otherwise been developed. The Society then transfers the land to the state after the state has received its state LWCF funding. Without these grants, the people of New Hampshire's would not have as many state parks to enjoy, and their right to have adequate outdoor recreational opportunities would be compromised.

FOREST LEGACY PROGRAM

The Forest Legacy program is another example of a highly leveraged program that gets a tremendous value for each federal dollar appropriated to it. It provides partial funding of conservation easements on working timberland. This program has in the past been plagued by administrative delays, but the 1996 farm bill amended the program to allow for direct state grants in the hope that this would help to streamline the process and make Forest Legacy more efficient. Even before this new administrative provision, land trusts formed successful partnerships with the U.S. Forest Service through the Forest Legacy program to protect thousands of acres of forestland threatened with conversion.

For example, the Rangeley Lakes Heritage Trust worked with the Forest Legacy program to protect 1,272 acres of pristine Maine forestland. As a result of the Forest Service's decision to supply $840,000 for the acquisition of a conservation easement on the property, the trust was able to raise over $400,000 to cover the remaining amount needed to purchase and protect the tract. The result was the protection of 3.4 miles of lakefront that represented a critical link in 12 miles of continuous undeveloped lakeshore. It also contributed to more than 40 miles of protected shorefront in the Rangeley Lakes chain which encompasses over 33,000 acres of public access conservation lands.

In a wooded area on the outskirts of Boston, the purchase of a permanent 73-acre conservation easement by the Forest Service helped to facilitate the protection of nearly 1,200 acres in the historic Estabrook Woods of Concord and Carlisle. A favorite haunt of Henry David Thoreau, the Woods have come under increasing development pressure. The Forest Service's willingness to purchase the easement served as the catalyst that allowed several area land trusts to complete negotiations on the protection of the adjoining woodlands.

LTA recommends an increase of funding for the program because of the need to protect timberland and because of the growing number of states qualified to participate in it. An appropriation at least three times the President's request of $4.006 million—and substantially increased over last year's level of $2 million—is required to allow the program to function as an effective, national program to protect private working timberland.

PARTNERS FOR WILDLIFE

With some reluctance, LTA supports the President's fiscal year 1998 level funding requests for Partners for Wildlife of $22.513 million, although it is inadequate to meet the need in these areas, as acceptable given current budgetary constraints.

Thank you for considering the views of the Land Trust Alliance on behalf of the 1,200 private citizen conservation organizations that make up the nation's burgeoning land trust movement as you make your funding decisions for the coming fiscal year.

Sincerely,

JEAN HOCKER,
*President.*

---

LETTER FROM DANIEL P. BEARD, SENIOR VICE PRESIDENT FOR POLICY, THE NATIONAL AUDUBON SOCIETY

WASHINGTON, DC, *March 31, 1997.*

Senator SLADE GORTON,
*Chairman, Subcommittee on Interior Appropriations,*
*U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: On behalf of the National Audubon Society's more than half a million members and our 515 chapters in communities throughout the United States, I am writing to you regarding the Department of Interior and Related Agen-

cies appropriations bill for fiscal year 1998. National Audubon is dedicated to the protection of birds, wildlife, and their habitat for the benefit of all Americans and for future generations. Proper stewardship of our public lands and wildlife requires adequate levels of funding. To that end, we have identified below a number of priorities that support our goal of strong stewardship of our national lands and wildlife. We would appreciate it if your office would include this letter in the public record.

PRESERVATION OF MIGRATORY BIRDS

In the United States more than 60 million people identify themselves as birdwatchers, contributing more than $20 billion annually to the U.S. economy. Yet year after year the U.S. government fails to sufficiently fund programs that protect nongame birds, despite the fact that it makes good economic sense. In conjunction with Partners in Flight, Audubon recently published the WatchList; it includes 90 bird species, primarily nongame, that are in decline. Funding for the conservation of these birds today will halt their decline and preclude the need for expensive emergency measures later to prevent their extinction. In recognition of the economic and environmental importance of this natural resource, we urge you to fully fund the following programs.

The Office of Migratory Bird Management (MBMO) provides scientific information and management advice on migratory birds to federal land managers. We believe that the President's budget request of $17.11 million for this key program is inadequate to meet current needs. The budget request includes $600,000 to monitor and implement conservation measures for the 120 Species of Management Concern identified last year. This initiative, which is designed to prevent future listings of migratory birds under the Endangered Species Act, needs an additional $600,000 to fully implement the program. We also support increasing MBMO's budget by $500,000 to allow the FWS's seven regional offices to hire one additional nongame bird coordinator. These offices currently lack sufficient staff to advise federal land managers and implement nongame programs. We also request additional funding to support the MBMO's ongoing effort to develop national guidelines for the issuance of permits to take migratory birds, and to create a database for tracking the cumulative regional and national take of individual species. These activities will improve FWS's customer service and response time to individual permit requests.

We also support the activities of the U.S. Fish & Wildlife Service International Programs (International Conservation line-item), and in particular the Western Hemisphere Program, which trains protected area managers in Latin America and makes small matching grants for education and grassroots conservation. This is one of the few U.S. programs that benefits North America. Audubon urges Congress to support an increase of $1 million for funding this important program.

We also support game and nongame bird habitat acquisition programs such as the North American Wetlands Conservation Fund ($15 million), the Land and Water Conservation Fund (see below), and the Partners for Wildlife Program ($22.5 million).

Audubon urges Congress to recognize the economic importance of nongame bird species, and to fully fund programs that benefit these species.

LAND AND WATER CONSERVATION FUND

Recent reductions in appropriations for the Land and Water Conservation Fund will have a long-lasting negative impact on America's natural resources. LWCF funding protects wilderness, wetlands, beaches, and other open spaces for the protection of wildlife and the enjoyment of future generations. In many cases, direct fee acquisition from willing private sellers, facilitated by use of the LWCF, is the best way to accomplish long-term protection of priority lands. The Administration's $166.6 million request will not meet current needs and should be significantly increased.

The LWCF state program provides funding for the conservation priorities of individual states. This matching grant program allows states to complete conservation projects at the local level and the matching requirement ensures that states and communities are fully committed to these projects. Eliminating the acquisition funding for state side projects in fiscal year 1996 interrupted ongoing state projects by removing a vital source of funds. We urge this Subcommittee to fund acquisition grants to states in fiscal year 1998, meeting at least fiscal year 1995 spending levels of $30 million. We have submitted our acquisition priority list separately.

EVERGLADES

As Everglades National Park approaches its 50th birthday, it also nears a crossroads that will determine much of the fate of its next fifty years. The National Au-

dubon Society urges the Subcommittee to seize this opportunity and fully fund the Administration's Everglades Watershed Restoration budget request.

The President has requested $139.5 million for the Department of the Interior's fiscal year 1998 Everglades Watershed Restoration programs. NAS strongly supports the proposed budget, particularly the $100 million requested as an initial deposit into the Everglades Restoration Fund (ERF).

The ERF would provide $76 million for land acquisition, $12 million for research, and $12 million for modified water deliveries. It would be funded by royalties from oil and gas leasing on the Outer Continental Shelf. The use revenues generated from non-renewable resources to fund the protection of natural resources is longstanding policy, and we urge the Subcommittee to use this funding source to fully appropriate the ERF.

We reiterate our appreciation to the 104th Congress for the discretionary funding included in the Freedom to Farm Act. While we are concerned with the slow expenditure of these funds, we are very optimistic that most, if not all, of the remaining balance will be allocated by October 1, 1997. Therefore, we caution the Subcommittee to separate the funds included in the Farm Bill from its decisions with respect to the fiscal year 1998 Interior appropriations bill.

BIOLOGICAL RESOURCES DIVISION/USGS

National Audubon urges Congress to pass a sustainable level of funding for the Biological Resources Division of the United States Geological Service (BRD). BRD provides sound, unbiased scientific information to federal agencies, state and local governments, private industry, and the public, which in turn use this information to make informed natural resource and land management decisions. To ensure the future of these vital programs, the President's request of $145 million should be increased to fiscal year 1994 levels ($166 million). We urge Congress to include an earmark of $300,000 for research on the impacts of commercial fishing on seabirds in the Pacific.

BRD programs include 60 science centers, such as the National Wildlife Health Center in Madison, Wisconsin, which responds to outbreaks of wildlife diseases including rabies and avian cholera, and the Patuxent Research Center in Maryland, which monitors the health of the Chesapeake Bay ecosystem and the wildlife that depend upon it. BRD monitors waterfowl population and fisheries research programs which collect vital data that is used by states and the USFWS to set fishing catch limits and hunting bag limits, and to determine the length of hunting seasons. BRD is the only federal bureau that is dedicated both to collecting biological scientific data and to sharing that information with FWS regional and field offices and the States. BRD scientists conduct nearly one hundred percent of federal research on nongame birds and a significant amount of research on game birds. We urge you to fund BRD at $166 million so that vital, unbiased, scientific information continues to guide the decisions of federal and state natural resource managers.

BUREAU OF LAND MANAGEMENT

We support full funding of Secretary Babbitt's proposal to reintroduce wildland fire to our forest ecosystems. Wildland fire is a natural and necessary component of forest ecosystems. Occasional fires burn excessive undergrowth, and are also necessary for many fire-dependent species.

FOREST SERVICE

We oppose funding for construction of more logging roads, whether by direct appropriation or through the device of "purchaser credits." Road building is one of the most environmentally destructive of all Forest Service activities. The Administration's proposal to discontinue timber purchaser credits and to alter the cost of road-building to a direct cost is a step in the right direction, but does not fully address the issue: taxpayers would still be forced to subsidize additional and unnecessary road-building. Audubon supports funding for road obliteration and for maintenance of existing roads to reduce stream sedimentation and prevent mud slides.

Audubon supports a funding level of $121 million for the Forest Service Wildlife and Fisheries Habitat Management Program. This program supports restoration and improvement of important habitats, including old-growth, riparian, and watershed habitats.

We oppose the Administration's proposed Forest Ecosystem Restoration and Maintenance Fund (FERM) as it is currently written. Although we support the intention to supply more funding for restoration, we feel the activities and funding mechanisms permitted under FERM are open to abuse.

NATIONAL WILDLIFE REFUGE SYSTEM

Although the National Wildlife Refuge System represents a vitally important investment by the American public in our nation's precious wildlife resources, the operating budget for the Refuge System represents a tiny fraction of federal spending. Approaching its 100th anniversary in 2003, the refuge system includes more than 92 million acres and over 500 refuges, offering habitat for a quarter of the country's threatened and endangered species, and providing vital rest stops, breeding grounds, and staging areas for migratory birds. In addition, the Refuge System offers tremendous opportunities for public outdoor education, wildlife viewing, hiking, hunting, and fishing and other compatible recreational activities. Inadequate operations and maintenance funds have degraded refuge habitat; consequently, refuges are less productive for wildlife and associated recreational opportunities.

As part of its Wildlife Refuge Campaign, Audubon has recently launched the Audubon Refuge Keepers program (ARK) that establishes volunteer support groups for individual refuges. These groups provide support for wildlife refuges through volunteerism and educational outreach. Although Audubon volunteers and others can help refuges meet a variety of unfulfilled needs, we cannot expect volunteers on refuges to supplant federal O&M funding.

In 1993, Interior's Inspector General issued a report that documented a $323 million backlog in maintenance projects. This figure has grown to $428 million, jeopardizing the integrity of the entire Refuge System. The President's budget proposes $192 million for refuge operations and maintenance, including new activities such as public awareness campaigns and the development of comprehensive management plans. As a member of the Cooperative Alliance for Refuge Enhancement (CARE), National Audubon supports the objective of incrementally increasing O&M funds for the Refuge System over the next six years (as outlined in Dr. Rollin Sparrowe's CARE testimony). While the CARE proposal will not meet desired funding levels, it will go a long way toward meeting the bird and wildlife conservation objectives that we support for the System. For fiscal year 1998, we support a funding level of $220 million for Refuge Operations and Maintenance.

ENDANGERED SPECIES ACT

The Endangered Species Act was intended to prevent the decline of our nation's biological resources and to recover those species threatened with extinction. We urge you to pass adequate funding levels for these programs to ensure the uninterrupted operation of vital species recovery programs.

The Fish and Wildlife Service is under a court order to list a number of candidate species by the end of this year. The $5.16 million requested for listing activities is barely adequate to address this backlog, which will cost an estimated $5 million, leaving little for dealing with new petitions or other listing needs. We urge you to increase funding for listing of species. We also support increased funding for the Cooperative Endangered Species Conservation Fund to assist states with their species conservation priorities.

The President's request includes increased funding for the rapidly-expanding Habitat Conservation Plan program (HCP). In 1992, the federal government had approved fewer than one dozen HCPs; as of November 1996, they had approved 197, with another 200 in development. The federal government has obligations to monitor and enforce these plans, and to respond in the event that unforeseen circumstances require modification of plans. The nominal increase requested by the President is inadequate to fulfill these obligations.

NATIONAL FISH AND WILDLIFE FOUNDATION

The National Audubon Society supports the Administration's request of $7.5 million for the National Fish and Wildlife Foundation. This increase of $2.5 million will allow the Foundation to address the growing need for partnerships to solve difficult conservation issues. The Foundation leverages its federal appropriations through the use of challenge grants. An increase in appropriations will fund the implementation of the Partners in Flight North American Bird conservation strategy.

Thank you for your consideration of our priorities for funding for the Department of the Interior. With your strong leadership of this Subcommittee we believe that our nation's resources will be fully protected.

Sincerely,

DANIEL P. BEARD,
*Senior Vice President for Policy.*

Attachment.

NATIONAL AUDUBON SOCIETY LWCF PRIORITIES FOR FISCAL YEAR 1998

FEDERAL PROJECTS

*Fish and Wildlife Service*

Archie Carr NWR, FL; Balcones Canyonlands NWR, TX; Bayou Savage NWR, LA; Black River NWR, WA; Canaan Valley NWR, WV; Chincoteague NWR, VA; Ding Darling NWR, FL; Don Edwards San Francisco Bay NWR; Edwin B. Forsythe NWR, NJ; Grasslands Wildlife Management Area, CA; Great Swamp NWR, NJ; Hakalau Forest NWR, HI; John Heinz NWR, PA; Klamath Forest NWR, OR; Lake Wales Ridge NWR, FL; Lake Woodruff NWR, FL; Long Island Complex, NY; Lower Rio Grande NWR, TX; Montezuma NWR, NY; Nisqually NWR, WA; Oregon Coastal Refuges NWR, OR; Ottawa NWR, OH; Patoka River NWR, IN; Pelican Island NWR, FL; Red Rock Lakes NWR, MT; Sacramento River NWR, CA; San Joaquin River NWR, CA; Silvio O. Conte NWR, CT; Stewart B. McKinney NWR, CT; Stillwater NWR, NV; Tualatin River NWR, OR; Upper Mississippi NWR, MN; San Diego NWR, CA; Waccamaw NWR, SC; Wallkill NWR, NY.

*U.S. Forest Service*

Columbia River Gorge National Scenic Area, WA; Gifford Pinchot NF, White Salmon/Klickitat National WSR, OR; Green Mountain NF, Glastenbury Tract, VT; Olympic NF, Rayonier Old-Growth Tract, WA; San Bernadino NF, CA; Siskiyou NF, Kalmiopsis Wilderness, OR—Silver Creek, Lloyd Property, Brown Mining Claim, Alleman property.

*National Park Service*

Everglades National Park, FL; Jean Lafitte National Historical Park and Preserve, La; Sterling Forest.

*State-side acquisitions*

Adirondack National Park—Whitney Property; Arlecho Creek, WA; Highlands National Forest Preserve, NJ; Rodman Ranch and Slough, CA; Tug Hill, NY.

---

PREPARED STATEMENT OF R. MAX PETERSON, EXECUTIVE VICE PRESIDENT, INTERNATIONAL ASSOCIATION OF FISH AND WILDLIFE AGENCIES

The International Association of Fish and Wildlife Agencies was founded in 1902 as a quasi-govemmental organization of public agencies charged with the protection and management of North America's fish and wildlife resources. The Association's governmental members include the fish and wildlife agencies of the states, provinces, and federal governments of the U.S., Canada, and Mexico. All 50 states are members. The Association has been a key organization in promoting sound resource management and strengthening federal, state, and private cooperation in protecting and managing fish and wildlife and their habitats in the public interest.

U.S. FISH AND WILDLIFE SERVICE

The Association generally supports the Administration's fiscal year 1998 budget request for the U.S. Fish and Wildlife Service. The funds requested demonstrate a strong commitment to the nation's fish and wildlife resources. Presented below are the specific Association recommendations for the fiscal year 1997 USFWS budget.

*General Comments*.—We recognize that because of the need for defect reduction, Congress will take steps to reduce appropriations for some agencies. Programs will be controlled, reduced or eliminated. A serious test for any program will be whether or not it fits the basic mission of the Service and provides substantial public benefits. The Association believes the programs that offer the following characteristics are consistent with the basic mission of the Service and afford the highest benefit to fish and wildlife resources and the cooperating state agencies: (1) establish true state/federal partnerships; (2) offer significant leverage of non-federal funds through cooperative programs; (3) support efforts to prevent species and their habitats from becoming threatened or endangered; (4) provide fish and wildlife associated outdoor recreation opportunities including hunting and fishing which serve a large number of people each year; (5) provide important economic and environmental benefits to large segments of the American people; (6) reinvest and enhance existing public land holdings/refuges; (7) empower states to best determine priority management action ad the state level; and (8) provide adequate flexibility for local program adjustment.

We encourage Congress to measure programs against these criteria and to ensure that programs which measure up are funded.

*Wallop-Breaux and Pittman-Robertson*.—The Association urges Congress to continue to protect the integrity of the Wallop-Breaux and Pittman-Robertson user pay/user benefit programs from diversion from their intended purpose. Public support of user fee programs will continue if the funds provided are used only for the purposes for which they were established. The Association strongly supports the reauthorization of the authority (which expires at the end of fiscal year 1997) to dedicate the motorboat fuel taxes from the ARTF to the Boat Safety Account, which funds Boating Safety Grants to the States. The Association also strongly supports reauthorization of the authority (which expires at the end of fiscal year 1997) to transfer receipts collected on small engine fuels from the Highway Trust Fund to the Aquatic Resources Trust Fund. Finally, the Association strongly supports reauthorization of the Clean Vessel Act (which expires at the end of fiscal year 1997) to continue to dedicate up to $10 million from the SFRA to boat pumpout programs and $10 million to boating safety. The Association is disappointed that the Administration is not supporting reauthorization of this program, which is contributing significantly to address the problems of overboard sewage contamination of inland waters.

Based on the success of these model user-benefit/user-pay programs, the Association has been shepherding an effort similar to Pittman-Robertson and Wallop-Breaux to expand user fees on other outdoor recreation products. Under the Teaming With Wildlife proposal funds would thus be provided for a broader fish and wildlife conservation, recreation, and outdoor education programs in the States. This is a user-benefit/user-pay, incentive based program that is now supported by more than 1,700 organizations including both traditional fish and wildlife organizations and a wide array of bird watchers, photographers, hikers, etc.

Through the cooperative partnerships between the state fish and wildlife agencies and the private sector created by these programs, we can begin to develop preventive, comprehensive, and broad scale management to ensure the vitality of fish, wildlife and plant species and their habitats. Taking prudent actions to prevent endangerment simply makes good ecological and economic sense.

These efforts will also provide expanded outdoor recreation and educational opportunities for Americans to enjoy wildlife in natural settings and to increase their knowledge of fish and wildlife and their life needs and habited requirements. Public demands for these activities continue to increase and are unmet under existing programs.

*North American Wetlands Conservation Act Activities*.—The Association recommends that the North American Wetlands Conservation Act be funded at the full authorization level of $20 million. This cooperative program that requires at least a 1:1 non-federal match is a highly successful, non-regulatory, incentive based program that has shown substantial results in restoring waterfowl and other migratory bird populations. While the $15 million requested in the budget is very encouraging it remains well below the authorized level of $20 million. The tremendous success of this program in generating in excess of a 2:1 match from non-federal sources plus the acreage secured or enhanced warrants its full appropriation.

The Association is pleased to recognize the Administration's continuing commitment to the implementation of the North American Waterfowl Management Plan, including support for the 11 United States, 3 Canadian, and 1 International Joint Ventures. The Association continues to recognize the need for additional funds to enable the Fish and Wildlife Service to provide adequate assistance for the Joint Ventures. Joint Ventures are the "engine" of plan implementation, and these partnerships need to be supported.

The Association continues to recommend that Congress appropriate an additional $5 million to collect data and monitor 16 priority goose and brant populations across North America as part of the Arctic Goose Joint Venture. Currently there are no operational breeding population surveys or pre-harvest banding programs on populations of Arctic geese. This information is needed for management of these migratory, international resources.

The Association believes that evaluation of on-the-ground wetland habitat enhancement activities under the North American Plan, Farm Bill and other programs is extremely important to be sure which activities are most effective and to guide long-term efforts. We recommend that a minimum of $80,000 per year be allocated for a 10-year period to conduct essential evaluation work.

*Endangered Species*.—The Association was disappointed that the Administration's request for Cooperative Endangered Species grants to the States was not higher than $7.5 million, resulting in a reduction of $85,000 from the fiscal year 1997 enacted. The Association requests a $3 million increase in the budget dealing with the state grants under the Cooperative Endangered Species Conservation Fund. While the Association recognizes the merits of and supports the additional requested $6 million in the fund for land acquisition under HCPs, the Association recommends

that the increase for assistance in this fund be made available to the states through the cooperative agreement process with the individual states deciding the best mix of inflammation, incentives and acquisitions to achieve habitat conservation and recovery objectives, and not dust for fee title acquisition.

The Association supports the $6.1 million increase in consultation and this increase should be available to the states for direct support of state nongame/wildlife diversity program data services which are used in designing conservation plans.

*Wildlife Nongame Grants to States*.—The Association strongly advocates Congressional support through appropriation of the full authorized funding level for both the 1980 Fish and Wildlife Conservation (Nongame) Act (authored at $5 million) and the 1992 Partnerships for Wildlife Act (titled the Wildlife Conservation and Appreciation Fund authorized at $6.25 million). This remains a high funding priority for state fish and wildlife agencies in fiscal year 1998; the Association has supported federal-state nongame funding for many years. Without a prevention strategy for these species, we will continue to see species move into the threatened or endangered species category with all the expenses and disruption that entails.

The Association is disappointed that the Administration's request of $800,000 for the Partnership for Wildlife Act is only level with the fiscal year 1997 enacted. Because increases in federal funds are matched equally by both state and private monies, this is a very effective program. We expect these cooperative proposals to increase dramatically in the years ahead. The Association recommends an additional $1.2 million be appropriated for this program.

*Migratory Bird Management*.—Association commends the Service for the $1.5 million increase but remains concerned that the base budget for the management of migratory birds is still below an adequate level. Inflation and increased operating costs have escalated and any enhanced funding in recent years has been earmarked. Additional funding is needed to facilitate meeting program objectives for migratory bird conservation. The Association recommends an additional increase of $1 million to address this need.

In audition, the Association supports the Service's commitment to Adaptive Resources Management but stresses that strengthening data bases is necessary. Adaptive Resource Management offers excellent potential for strengthening federal/state relations.

The Association is supportive of efforts to amend the U.S./Canada Migratory Bird Convention. We are pleased that an agreement has been reached and amendments successfully completed. Since part of the agreement focuses on the need for proper monitoring, the Association feels strongly that funds must be available to properly monitor subsistence harvest in Alaska.

Nongame migratory bird populations need additional monitoring to assure that management of declining species precludes having to rely on the Endangered Species Act. Monitoring would target marshbirds and other bird groups in order to develop the same quality data available for waterfowl. The Association supports the request for an additional $1.5 million for this effort. Many of these efforts are conduced in partnership with state fish and wildlife agencies, particularly through the Partners in Flight program for the conservation of songbirds and raptors that migrate between our temperate forests and grasslands to the tropical regions in Lain America. This is a class example of acting now to conserve many of these declining species thereby preventing them from becoming endangered. This is a cost efficient way to conduct our conservation efforts.

Since the early 1980's, there has been little effort devoted to correcting data deficiencies related to the management of webless migratory game birds. There is a demonstrated need for better population and harvest survey information for species such as woodcock, mourning doves, sandhill cranes and rails. The Association wishes to stress the importance of webless migratory game bird management as an integral part of the Services' programs and responsibilities, and as this program evolves, necessary budgets must increase as well.

Management for migratory game birds needs additional funding to fully implement the Harvest Information Program, which will add 28 states in 1998; and Adaptive Harvest Management, which was initiated in 1996 to enhance monitoring capabilities in support of waterfowl and migratory webless gamebirds. These funds would enhance management capabilities to balance competing objectives of population growth and responsible recreational uses. The Association requests $1.5 million for these programs.

*Refuses and Wildlife*.—The Association recognizes and supports high priority land acquisition for Wildlife Refuges for the purpose of protecting nationally important wetlands, and fish and wildlife habitat (including threatened and endangered species) for public use and enjoyment. However, in years of continued budget shortfall and underfunding of the operation and maintenance activities of existing Refuges,

we question the wisdom of continued land acquisition of new Refuges without providing adequate funding for existing refuge operation and maintenance. The Association strongly supports the $13.8 million increase requested for the operation and maintenance of the National Wildlife Refuse System.

The Association continues its long history of support for an increase in the funding requested for operation and maintenance of the National Wildlife Refuge System. Upkeep activities addressing the critical needs of the refuge system are vitally important. High priority should be given to maintaining refuge maintenance and operations at a level that adequately protects wildlife resources and provides for wildlife dependent recreational uses. The Association also encourages Congress to consider the appropriate chances in legislation to permit funding of operation and maintenance requirements from the Land and Water Conservation Fund. The Association supports the pilot changes in the collection and disbursement of recreation/entrance fees charged on refuses. All of the fees collected would be available for refuge operations and maintenance on the Refuges where they are collected.

The Association recommends full funding for the Refuse Revenue Sharing Fund; the fiscal year 1998 budget request is only an estimated 62 percent of the full funding level. These funds are used to offset the loss of tax revenues to state and local governments. Full funding will ease financial burdens to counties containing refuges, thus fulfilling the governments obligations pursuant to the Refuse Revenue Sharing Act.

In the fiscal year 1997 Appropriations Conference Report, Congress requested information regarding the use of annual traps on National Wildlife Refuges. While some question the use of certain types of traps, no widely applicable alternative trapping devices are available, in spite of pioneering research being conducted by USDA-APHIS-ADC at their Fort Collins Research Center, and by a coalition of interests in Vegreville, Alberta, Canada. The U.S. Fish and Wildlife Service has not contributed to either of these research efforts. Given the significant role trapping plays in the management of the National Wildlife Refuge system, the Association recommends that $100,000 be added to the Services' budget for a portion of the methods developments research at USDA's National Wildlife Research Center at Fort Collins.

*Private Lands Program.*—The Association recognizes that partnerships with private landowners are essential in advancing fish and wildlife conservation and supports the $266,000 increase in the Partners for Wildlife targeted to specific areas of primary federal concern such as migratory birds, wetlands, and threatened and endangered species. The Association also urges these funds to be an additional increase, and not to redirect funds from an already established source within the base budget. The Association urges the Fish and Wildlife Service to cooperate with and be responsive to the needs identified by state fish and wildlife agencies In implementing these programs. In the past the Association has voiced concerns about adequate coordination of the Partners for Wildlife Program with ongoing efforts of the states to provide assistance to private landowners. The Association believes that planned expenditures in the Partners for Wildlife program involving private land should be targeted for enhancement of habitat such as wetlands that primarily benefits migratory birds. There are many opportunities for wetland enhancement projects that would benefit waterfowl and other migratory birds.

*Fisheries.*—The Association is pleased to see the Administration's budget reflect an increasing dedication to the Fish and Wildlife Service's fisheries programs, particularly, an increase in the fish and wildlife management line item within the fisheries division budget. Additionally, the Association applauds the recognition by the Service of the need for financial support for whirling disease research under the Biological Resources Division of the USGS and work in partnership with the Great Lake states and the Canadian government to conduct genetic and other research on lake trout and sturgeon stocks and to mitigate the impact of nonindigenous species. In the Service's fiscal year 1997 budget request, these proposals were included within a broader initiative which also addressed the needs of coastal fisheries on the Atlantic and Gulf of Mexico coasts. The IAFWA recognizes that, though not in the President's fiscal year 1998 request, the needs of Atlantic and Gulf anadromous and riverine fisheries management will continue to exist through the next fiscal year, as well as the Service's authority and responsibility to meet those needs. Working in partnership with the states and interstate fish commissions, the IAFWA recommends an additional $2 million for research, management and enforcement of anadromous coastal fisheries programs by the Fish and Wildlife Service.

*Other Fish and Wildlife Service Budget Items.*—Recognizing the essential and important research and field work that the Service has conducted concerning contaminants through the Natural Resource Damage Assessment Program, the Association supports the increase of $628,000 for fiscal year 1998. Because of the reliance by

States and tribes on information from this program, this increase will improve the Service program and those of its partner States and tribes. Given that the program is the backbone for all federal damage assessment programs within USDI, however, the Association strongly supports an additional $1.4 million in funding for this program.

The Washington State Ecosystem Project, which is entering its seventh year, is designed to evaluate innovative approaches to reverse the decline in farmland wildlife, wetlands and riparian areas in the state of Washington. It shows promise of substantial benefits to a wide variety of fish and wildlife by providing habitat diversity on private lands. The Association supports the continuation of this project at $1.483 million for fiscal year 1998 and recommends that $500,000 be appropriated to continue the South Carolina Coastal Ecosystem Initiative. The Association also strongly supports a $1.7 million increase to the Fish and Wildlife Service to implement the South Florida Ecosystem Restoration Initiative.

The Northwest Forest Plan is a comprehensive approach to managing forests in the Pacific Northwest. The U.S. Fish and Wildlife Service participates with other federal and state agencies in carrying out this program. The Service's responsibilities under this plan focus on endangered species and habitat restoration concerns. It is essential that the Service continue to be funded to be able to participate as a full partner in this integrated program. The Association supports the request for an increase of $1.6 million to meet its responsibilities under the Northwest Forest Plan.

The Association supports the Administration's request of $5 million to support the National Fish and Wildlife Foundation. In the last 11 years the Foundation has funded nearly 1,800 fish, wildlife and plant conservation projects many of which have been done in cooperation with state natural resources agencies. These projects have leveraged over 2 non-federal dolled for every federal donor appropriated. Further, the Foundation utilizes no federal money to fund its administration.

The Association supports FWS' continued production of the "Wildlife Review" and "Fishers Review" publications vital to research and management of natural resources.

The Association appreciates the increased request of $750,000 for hydropower licensing and mitigation studies. This reflects the huge burden placed on the Service by the many FERC relicensing studies required as a large number of licenses expire and must be relicensed. The Association strongly urges Congress to provide this additional funding to allow the Service to adequately review and propose hydropower licensing/relicensing requirements. Adequate information is essential before long-term licenses are granted.

The Association recommends that the Bears Bluff Field Station be rehabilitated as Bears Bluff Fisheries Coordination Office to serve as a National focus point for Service operations in the restoration and recovery of the endangered shortnose sturgeon and the protected Atlantic sturgeon. The unique culture expertise and ability to produce sturgeon can be used to complement state and management group interest in restoration and protection of depleted sturgeon resources. The Association recommends the addition of $1 million for site rehabilitation and construction and $1 million for collaborative culture and fisheries studies with state partners of North Carolina, South Carolina, Georgia, and Florida.

*Border 21.*—At the February 1997 Mexico, Canada, and United States Trilateral Commission meeting, 15 high priority Border XXI projects were targeted for implementation. Geographically, these projects are widely distributed along the entire United States/Mexico Border and all 13 projects have been identified by individual United States-Mexico states as being border-wide issues. At this time, there is no funding identified in the U.S. budget for projects. The Association recommends that $1 million be appropriated to initiate high priority international projects in 1998. This increase should be made in the General Activity Portion of the Service budget under "Border 21."

*NAFTA Projects (Borderlands).*—Over the past three years, collaboration between the U.S. Fish and Wildlife Service (FWS) and Mexico's Director General for Wildlife (DGW) has achieved important objectives in the conservation and management of Mexico and United States wildlife and protected areas. The NAFTA initiative continues to support habitat for many species shared by the United States and Mexico. These are species whose habitats would continue to decline in number and habitat quality without this support. NAFTA funds have in the past been leveraged at a 1:4 ratio with an apportionment of $702,260 resulting in the development of over $3 million in non-U.S. match.

The Association recommends that NAFTA initiative funding levels be increased to $850,000 which, combined with existing funds, covers only 50 percent of the

amount requested by project proposals. This increase should be made in the General Activity portion of the Service budget under "International Conservation."

BUREAU OF LAND MANAGEMENT [BLM]

The BLM budget with minor exception is a continuation of last years efforts. Reductions in staff have resulted in increased demands and fewer reports on accomplishments. Consolidation of accountable budget categories from 48 to 19 has made it increasingly difficult for state fish and wildlife partners to obtain adequate information on specific programs. The Association is concerned about these changes, and particularly concerned that funding for such programs as BLMs riparian initiative and Challenge Cost Share moneys may suffer in the competition for funds if such moneys are not dedicated at the activity level. The Association continues to believe that it is important that BLM track and report annual performance objectives and accomplishments on these critically important sub-activities in their budget.

The BLM has made special efforts to communicate its management objectives through such documents as Fish and Wildlife 2000 and national habitat management plans. These plans establish measurable objectives for fish and wildlife programs on public lands managed by BLM. While progress has been made in the 1998 budget to improve habitat and aquatic performance indicators and to list natural resource opportunity projects by state, the current budget structure is still so broad it fails to tie these objectives directly to the budget process. The Association continues to believe that it is essential that BLM clearly relate its management goals to a specific, usable budget structure and site specific measurable performance objectives.

*Land Resources*.—The emphasis on Rangeland Restoration efforts throughout the west is essential to bring these lands back to their full productive capacity, and the Association is pleased to note the emphasis on this program. Similarly, the Association strongly supports BLM's commitment to increase cooperative efforts between the United States and Mexico under the North American Free Trade Act of 1994. Additionally, the management of Wild Horses and Burros has been an ongoing concern of the Association, and prior budgets have, in our opinion, been inadequate to allow BLM to successfully implement its Strategic Plan for Management of Wad Horses and Burros, which calls for achieving proper management levels of these species by 1998. The Association is therefore pleased with and commends BLM for its fiscal year 1998 budget request, and fully supports the recommended increase of $2.8 million in this budget to control the growth of the wild horse and burro populations that compete with native wildlife population and can cause serious range deterioration.

*Wildlife and Fisheries*.—The Association commends BLM on continuing to identify the Wildlife and Fisheries Program as a budget activity separate from Threatened and Endangered Species. The Association recommends an increase of $500,000 to implement fisheries management and BLM's share of the Recreational Fisheries Initiative because we feel the proposed 1998 budget request of $500,000 is inadequate to address current demand. Public demand is strong for continuing fisheries habitat improvement on the public lands through such high priority partnership agreements as the Lake Havasu project, in conjunction with the Bureau of Reclamation, the states of California and Arizona, and private groups including Anglers United. This type of effort benefits a large segment of the public, and provides maximum return on federal expenditures. Additionally, the BLM is working closely with state fish and wildlife agencies on both Partners in Flight (terrestrial nongame birds) and watchable wildlife efforts. We urge continuation of these important conservation programs that address species and habitat needs before significant declines require further efforts. We continue to be very concerned with riparian habitats and support the intensive riparian inventory progress of 76 percent made to this point. However the progress made to directly improve identified degraded riparian habitats is woefully inadequate. The Association recommends an increase of $1 million to begin to adequately address the significant backlog of riparian habitat recovery opportunities.

*Threatened and Endangered Species*.—Management of a number of candidate and federally listed fish populations in the Columbia and Snake River Basins of Oregon, Washington, and Idaho continues to be critical to avoid further declines and potential listing of some species, and to reduce or mitigate impacts to others. These efforts fall largely under the agreements resulting from the Pacific Northwest Salmon Summit of 1992. BLM efforts to improve resource conditions in this region and to implement interagency agreements is strongly supported. The Association supports the fiscal year 1998 identified species priorities including Desert Tortoise in Arizona, bull trout in Idaho and Montana and swift fox and mountain plover in Mon-

tana and the fiscal year 1997 effort made towards California Condor reintroductions but does recommend an additional $400,000 to fully implement the BLM portion of the Desert Tortoise Recovery Plan in cooperation with Clark County, Nevada and the Nevada Habitat Conservation Plan.

*Recreation Management*.—The Association commends BLM proposals to coordinate Interior agency management of public lands protected under the California Desert Protection Act.

Finally the Association strongly supports the BLM's participation in such interagency efforts as the Eastside Ecosystem Management Project in the Columbia River Basin. Interagency efforts to identify resource concerns and management options at that level should provide significant benefits to decisionmakers as they strive for balance between competing land uses. The Association strongly endorses BLM participation in these interagency efforts, and firmly believes that efforts such as these will result in improved understanding of alternatives facing decisionmakers concerning the wise stewardship of public lands. More specifically, the Association supports funding for the Seeking Common Ground (SCG) effort of the BLM at a level of $250,000. This nationally sponsored partnership includes the Association, the BLM, USFS, NFWF, the American Farm Bureau, the National Rife Association, Rocky Mountain Elk Foundation and the Wildlife Management Institute. SCG partners goals include the support for demonstration projects that: Improve rangeland conditions; promote individual stewardship that improves resources; improve communications between rangeland users; reduce conflict between livestock and wildlife; and encourage problem solving at the local level.

U.S. FOREST SERVICE [USFS]

The Association urges Congress provide a balanced budget for the Forest Service, reflecting the full range of needs as identified in the forest plans. The public benefits economically and environmentally as a result of equal consideration for all National Forest resources. In 1995, wildlife and fish related recreation on national forests resulted in $3.68 billion of net public benefit. That equals a $37.27 return on each dollar invested in fish and wildlife.

*National Forest System*.—Funding for fish and wildlife habitats on National Forests has languished for more than three years. Considering the increasing amount of private matching funds made available to this program since 1986, the President's budget for fiscal year 1998 is very disappointing. The Association supports additional investments in wildlife and range programs that will result in significant economic and social benefits.

*Get Wild Program*.—This program focuses on terrestrial and semi-aquatic wildlife and serves as an umbrella for 10 national wildlife emphasis areas. In the President's fiscal year 1998 budget, funding for this program is increased only $1.637 million from fiscal year 1997 enacted. Thus, the program would remain more than $9 million below the fiscal year 1995 level. It is estimated by the Forest Service that full implementation of these opportunities wound cost $54.447 million in fiscal year 1998. This is a true habitat protection and restoration program that maintains wildlife populations and improves rangelands by providing the proper mix of several multiple uses on federal lands. The Forest Service's effort is to ensure the sustainability of terrestrial species and the habitats on which they depend. The Association supports this program and recommends that Congress provide a funding level consistent with fiscal year 1995 at $38 million.

*Challenge Cost-Share Program*.—The Fish and Wildlife Challenge Cost-Share Program, a cooperative partnership effort, is funded at $17.2 million for fiscal year 1998, which is nearly $4 minion less than the Service's cooperators contributed in fiscal year 1997. This is a very successful program, with non-federal fish and wildlife organizations providing considerably more than the Service for habitat improvement projects on national forests. The Association strongly supports increasing the Service's share of this program to the fiscal year 1997 cooperators' level of $21 million.

*Threatened and Endangered Species Programs*.—The Association urges Congress to continue supporting this program by approving the President's request of $27.218 million for fiscal year 1998. Assuring compliance with the Endangered Species Act creates significant impact on the states. Consequently, funding should be provided to help support state Endangered Species Act consultation with the Forest Service. The Association urges that current funding be used to help support state fish and wildlife agency efforts so that more of the national priority needs can be met.

*Inland Fisheries*.—The Association supports funding this program at least at the fiscal year 1998 level recommended by the President of $17.157 million. These funds

would provide for habitat initiatives that protect and restore inland fish habitat that will enhance the productivity of National Forest System aquatic resources.

The Association recommends that the anadromous fisheries program be funded in fiscal year 1998 at the requested level of $22.521 million.

*Rangeland Management*.—This continues to be one of the most underfunded of Forest Service programs. Therefore, we strongly support the proposed increase of $7.376 million and urge that the increase be used to complete NEPA analyses, where they are needed, compliance monitoring, and the completion of improvements that alleviate riparian and other rangeland Grazing problems.

*Forest Research*.—Scientific studies provide information and technology needed to protect, manage, use, and sustain the natural resources of this nation. The Association urges Congress to fund forest research at the proposed fiscal year 1998 level of $179.7 mullion. Funding at this level will continue to provide natural resource decision makers with a wide variety of information to make natural resource use and management decisions.

The Association agrees that there is a need to provide an appropriate level of funding for the Forest Service Ecosystem Management Program. However, during past fiscal years, millions of dollars have been transferred from the Wildlife and Fisheries and Range programs into Ecosystem Management. It is not at all clear how these funds will be used for the planning, monitoring and survey work required for viable fish, wildlife and range programs. In the past, these activities were funded directly from the individual budgets which were readily identifiable. In Ecosystem Management, the goals and objectives are not identified. The Association cannot support such a vague approach to planning and monitoring. We recommend that the Ecosystem Management division be directed to: (1) identify its goals and objectives; (2) determine its needs and institute an evaluation system; and (3) inform cooperators on how the funds will be spent and on what programs. Unless this is done, support will continue to erode.

*State and Private Forestry*.—The Association continues to be strongly supportive of programs that assist private landowners and states to improve and enhance fisheries and wildlife habitat, protect watershed values and contribute to the economic and environmental well being of urban and rural America. Therefore, we support proposed funding levels for Forest Stewardship, Stewardship Incentives, Urban Forestry, Forest Legacy, and Cooperative Lands Fire Management. We also remain supportive of Forest Health programs, but suggest that Forest Health programs should include a wider array of components, such as forest health from a fish and wildlife perspective and ensure forest health protection for state and private lands.

*Seeking Common Ground*.—The Association supports funding the Seeking Common Ground effort in the Forest Service at $250.000. This nationally sponsored partnership includes the Association, the Forest Service, Bureau of Land Management, National Fish and Wildlife Foundation, American Farm Bureau Federation, National Rifle Association, Rocky Mountain Elk Foundation, and Wildlife Management Institute. SCG goals include support for demonstration projects that: improve rangeland condition; promote individual stewardship that improves public and private resources; improve communications among rangeland users; reduce conflict between livestock and wildlife; encourage problem-solving at the local level.

BUREAU OF INDIAN AFFAIRS [BIA]

The Association continues to be concerned by the wholly inadequate wildlife and parks budget of the Bureau of Indian Affairs. We are, however, pleased that the wildlife and parks base request of $28.105 million for fiscal year 1998 demonstrates a positive move away from the traditional process of requiring that the tribes request individual Congressional add-one to meet on-going year-to-year wildlife and parks base budget needs. The Association strongly supports the base request in fiscal year 1998 of $26.105 million.

The fiscal year 1998 budget includes $372,000 for fish hatchery maintenance, an amount which barely recognizes the $14 to 15 million backlog in required hatchery maintenance. The Association strongly recommends an increased funding level for fiscal year 1998 and out years with the objective of eliminating the fish hatchery maintenance backlog by fiscal year 1999

The Association has in the past strongly supported the Administration's request for fish hatchery rehabilitation to rehabilitate tribal fish hatcheries and replace capitalized equipment for the highest priority projects. While the Administration has not requested any money in fiscal year 1998, the Association strongly recommends that Congress appropriate continued level (to fiscal year 1995) funding (approx. $1.5 million) for this effort in fiscal year 1998 to replace failing systems and modernize

tribal fish hatcheries to enable them to optimize fish production. This funding would help satisfy vital tribal fishery needs.

The Association believes that tribal lands are integral to the maintenance and recovery of threatened and endangered species. Presently, the majority of tribes are unable to be parties to candidate species studies and conservation agreements due principally to lack of funding. The Association strongly supports an increase of $400,000 to the central operations line item for the tribes to participate in all phases of the endangered species recovery process. This would enable tribes to begin to address listed species needs and recovery of species that all Americans benefit from.

While the Association is opposed to diversion of federal aid funds, it is committed to adequate federal funding to provide for professional management of tribal fish and wildlife resources. The Association believes that Native American tribes have identified legitimate funding needs for fish and wildlife on millions of acres of tribal lands and that adequate funding will preserve and enhance the cultural heritage of Native American Tribes while providing positive economic benefits, and ensuring the conservation of significant fish and wildlife resources.

BIOLOGICAL RESOURCES DIVISION, USGS

The Association supports the stated goals for the BRD, but we are concerned that inadequate progress has been made to refine the mission to provide the applied research necessary to complement existing state programs and emphasize partnerships. The Association wishes to reemphasize the importance of developing a partnership between BRD and state fish and wildlife agencies. A meaningful, co-equal partnership with the state fish and wildlife agencies is essential if the BRD is to achieve its goal of facilitating natural resources conservation based on sound applied science. The proposed fiscal year 1998 budget principally reflects an emphasis on meeting the needs identified by Department of Interior land management bureaus, units of the federal government that manage only 20 percent of the land area of the United States. Biological research needs for the 80 percent of the land area of the United States managed by states are largely ignored.

The proposed budget includes $6.5 million for new initiatives while proposing reductions in areas of critical concern to states, in particular research on warm water fisheries, wetlands, and waterfowl. In addition, no increases are proposed within the following BRD program categories: Migratory Game Birds, Wildlife Disease, Chemical and Drug Registration, Partnership for Public Aquaculture, and Research on Endangered Species. While we support the increase to exotic invasive species, noxious weed management, salmon habitat research, and Great Lakes fisheries, the Association recommends that the BRD be directed to consult with state fish and wildlife agencies to insure adequate attention is directed to these other research needs and that no reductions in funding or the quality of service be permitted.

*Cooperative Research Units*.—The Association strongly supports the Coop Units. The Coop Units continue to be one of the best examples of cooperative research for wildlife and fisheries in our nation. This is at the heart of goals of providing scientific data that is essential for land management decisions. The proposed budget includes a $1 million increase for the Cooperative Fish and Wildlife Research Unit program. While we applaud this increase, it represents restoration of only half of the reductions from the previous 2 fiscal years. The Association recommends that sufficient funding intended for new initiatives be reprogrammed to the Coop Unit program to fill all 21 currently vacant positions and provide adequate support for these positions. The Association supports the creation of new Cooperative Research Units with the understanding that existing units will be fully staffed and funded. We recommend that these Units be cart of the fisheries and wildlife programs and that they work with State fish and wildlife agencies to carry out applied research on fisheries and wildlife issues.

The BRD bird banding laboratory and migratory bird research office at Patuxent is critical to the multi-government and non-government Partners in Flight effort. The Association recommends continuing support.

One area where state-BRD cooperation is critical is in the registration of fishery therapeutants. The BRD has received $500,000 for this work and needs to make every effort to use these funds in cooperation with state contributions. This effort will take at least five years and will require the support of state and private interests to support BRD research.

The Association is disappointed that cooperation with the State fish and wildlife agencies in identifying critical research needs to solve on the ground resource problems continues to be minimal. We have reminded BRD that over 80 percent of the Programs now within BRD were originally in the U.S. Fish and Wildlife Service.

The Association recommends that BRD be directed to work with state fish and wildlife agendas to identify and address issues impacting fish and wildlife. The Association further recommends that state fish and wildlife agency personnel be included in developing the research program of BRD, including serving as members of the Science Board of BRD. Otherwise, the BRD research program will almost surely not serve the applied research needs of fish and wildlife agencies.

NATIONAL PARK SERVICE [NPS]

The Association is encouraged by the proposed $65.714 million increase in Operations of the National Park System but is disappointed that no funds are requested for state grants for the Land and Water Conservation Fund in fiscal year 1998. We strongly encourage Congress to restore at least fiscal year 1995 level funding at $30 million for this important partnership effort. The federal-state cooperative effort to provide outdoor recreation opportunities though the Land and Water Conservation Fund is seriously undermined when only the federal portion is funded.

The Association supports full implementation of and the progress being made in concessions reform providing those funds Reduced remain available to the National Park Service. Likewise, we support continued revision of fee polices to allow establishment of service fees on the basis of facility usage and operational requirements. As with concessions reform, monies generated by fee restructuring should continue to be available to the National Park Service for specific on-the-around activities.

The Association recognizes the importance of the South Florida ecosystem and supports funding for restoration efforts in the Everglades National Park, the Big Cypress National Preserve, and the South Florida Restoration program. We support the proposal to fund the NPS share of the Everglades Watershed Restoration project ($100 million) as supportive of fish and wildlife and other resource interests. We recognize it may not be feasible to fully fund this initiative.

The Association generally supports the proposed National Park Service Land Acquisition budget ($69.9 million), but recognize that budget reduction may prevent this level of funding.

The Association supports proposed funding of natural resource initiatives (approximately $9 million) including air, water quality, habitat, and plant and wildlife distribution assessments provided the National Park Service closely coordinate these programs with state resource management agencies.

---

PREPARED STATEMENT OF KEN POYNTER, EXECUTIVE DIRECTOR, NATIVE AMERICAN FISH & WILDLIFE SOCIETY

Mr. Chairman and Distinguished Committee Members: My name is Ken Poynter, current Executive Director of the Native American Fish & Wildlife Society (Society) and an enrolled member of the Passamaquoddy Tribe of Maine. I would like to thank you, on behalf of the Society, for the opportunity to provide testimony to the Appropriations Subcommittee on the Interior. I will be requesting appropriations from the Department of the Interior, Bureau of Indian Affairs (BIA), Wildlife & Parks budget (under Other Recurring Programs) for continued funding at the organization's fiscal year 1997 level of $488,000.

The Society is a national non-profit organization dedicated to the sound management and prudent use of tribal fish and wildlife resources. The organization serves as a network among tribes throughout the country, including Alaska and provides training and technical assistance to tribes in natural resource planning and enhancement.

The Society includes a membership of 136 tribes, which includes 32 Alaskan Native villages and non-profit corporations, 1,200 individuals, numerous regional Commissions and Native organizations who are supportive of tribal fish and wildlife development and of the Native American Fish & Wildlife Society. All Society members share the common goal of protecting tribal sovereignty in the management and use of fish and wildlife resources.

Due to our effective method of providing technical assistance, periodic trainings and general support to our members, the Society had an increase of 22 new member tribes to the organization in 1996. This represents a 17 percent increase in tribal memberships in fiscal year 1996 and a 110 percent increase since 1995 and attests to the strong tribal support and the positive impact the organization has made in Indian Country. It is noteworthy to mention that because of our. large tribal membership base, the funding received through the federal appropriations process serves, at a minimum, 136 separate tribal governments.

To date (in fiscal year 1996), the Society has provided technical services and assistance to over 133 tribes, 22 non-profits, 14 states and 11 different federal agen-

cies in the areas of fish and wildlife management, education and environmental protection. Seven regional conferences, including Alaska, were held with associated technical work group meetings including: one national conference; four summer youth practicums; workshops on natural resource program development; development of fish and game codes, integrated resource management; fisheries; wildlife; wildlife management modeling, mutual gains negotiations, grant writing, ecosystem management, and environmental and conservation law enforcement. In conjunction with these activities, four quarterly newsletters (with a circulation of over 1,200 each), an annual report, promotion publications, informational management brochures and resource funding brochures were distributed nationwide.

The Native American Fish & Wildlife Society represents a wealth of experience and information regarding management of fish and wildlife resources on Indian lands. Society members embody a diverse group of lay people, fishery biologists, wildlife biologists, foresters,

conservation law enforcement officers, and land use managers and planners who currently manage tribal land bases throughout the country including Alaska.

The concept of the Society is based on the necessity for an organization to assume a leadership role to maintain the technical proficiency of tribal fish, wildlife and natural resource programs. Because of its organizational structure, the Society is able to efficiently respond to specific requests from tribes for technical assistance regarding the development, enhancement and wise use of their natural resources.

Members of the Society are involved in technical initiatives sponsored by the Society, as well as development of tribal technical fisheries, wildlife and recreation management initiatives critical to the preservation and protection of tribal resources. In addition, the Society continues to respond to the needs of its members in the area of technical assistance and program support.

The Society has developed an organized structure to assist in documentation of tribal fish and wildlife management efforts from the tribal perspective, and the techniques currently being used successfully by tribal governments. Our members have immediate access to technical assistance gleaned from an extensive in-house natural resource library, a computerized data base entitled "Tribal Watershed Forum" (containing information on the number and variety of water related programs that have been initiated nationally on Native lands) and the Technical Services Office which is dedicated to assisting tribal governments and individual members with their technical needs.

Collectively, American Indian tribes have a land base of approximately 94,000,000 acres, that includes thousands of miles of streams and rivers, and 730,000 lakes and impoundments. The wise use and management of these vast resources will only ensure that they remain intact for many generations to come. And because our work is so important, it is essential that we continue to receive funding so that we can carry on our goal to improve the general welfare of Indian people through charitable, educational, and other fish and wildlife related activities.

The Society is currently the only national Native American organization that provides technical assistance to American Indian tribes, federal, state and local governments as well as private industry to develop and implement sound policies, ordinances, regulations, and laws to protect, preserve, conserve and prudently use and manage fish, wildlife and other natural resources. In addition, it supports and conducts natural resource and conservation law enforcement trainings as well as annual educational opportunities for Native American youth.

fiscal year 1996 marked the fourth year that the Society has initiated the most pro-active budget in the organization's 16-year history. Funding has been set aside for each region to identify and conduct trainings and workshops in various aspects of natural resource management. Each region identifies its training needs and the logistics of the workshop is coordinated and funded by the Society's national office.

Regional conferences feature forums and seminars that share information between tribal entities and programs as well as focusing on current trends in resource management. Such efforts have had a recognizable as well as a positive affect on the tribal resource base.

Regional and National Youth Practicums are conducted by the Society for Native students who are interested in natural resource management careers. Such youth programs are an effective and unique method of providing hands on experience and instruction to these promising young people. The intent of these programs is to encourage their pursuit of further education and careers in natural resource management. To attest to the program's value and effectiveness, nine past Practicum students are currently in universities and colleges throughout the country pursuing degrees in natural resource management.

As mentioned in both our oral and written testimony of 1995 and 1996, the Society, in recognition of potential future funding cuts and an over-all lack of federal

funding for tribal natural resource management, has aggressively moved forward and established the Native American Fish & Wildlife Foundation. It is important to note that our assertion to form this new entity was not mere rhetoric, but a sincere desire to actively work to become a self sufficient organization.

The Society has shown its commitment to this endeavor by conducting grass roots fund raising activities and investing those funds exclusively to the project. To date, approximately $191,000 has been raised and utilized to hire a full-time Foundation Coordinator with the remainder being used to establish a permanent endowment.

The Foundation has since been incorporated in the state of Colorado and has received IRS tax exempt status from the Internal Revenue Service. The new entity's Board of Trustees are currently being recruited and selected. Major fund raising activities continue on an on-going basis with an emphasis on securing large donations from the private sector (major corporations, foundations and the public at large).

With the establishment of the Foundation, and once the 10 million dollars for the permanent endowment has been raised, the Society will no longer require federal funding and will, at the same time, be in the position to provide funding to tribes, via a small grants program, for their natural resource management efforts. It is important to note that once this is accomplished, the Society will be the first national Indian organization in the history of this country to become totally self supporting.

At this time, and until we reach our goal of self sufficiency, Congress should view the federal funds appropriated to the Society as an investment which will be offering a return in the future via grants to tribal governments for natural resource management from the Foundation. It is critical that the Society continue to receive our current level of funding so that our important work with tribes, states, federal agencies and the private sector is not diminished while we work towards self sufficiency.

Due to the current level of funding, the organization is in a position to better meet the needs and address the issues facing fish and wildlife management in Indian Country. The Society has been able to increase its outreach efforts (which is evident in the 110 percent increase of tribal memberships realized since fiscal year 1995), double the size of the annual Native American Environmental Awareness Summer Youth Practicum, more than double the number of trainings conducted in each Region, and provide adequate support for the seven regional conferences including the annual national conference. To reiterate, the Society is requesting a Total of $488,000 for fiscal year 1997.

The Society is appreciative of the support and funding that we received for fiscal year 1997. Reinstatement of the organizations funding, back to the fiscal year 1995 level of $488,000, by both the House and Senate attests to the strong support and indispensable need for an organization, like the Society, to be working with Indian Country.

The fact that the current level of funding ($488,000) allows the organization to deliver those services and technical assistance to the many individual members and member tribes as requested, the Society is not asking for additional dollars for fiscal year 1998. Instead, we request that our current level of funding be sustained for fiscal year 1998 so that we may continue to support tribes in the area of natural resource management while we diligently work towards becoming self-sufficient.

In addition, the Society encourages legislation that allows tribes to participate in Federal Aid Funding and including tribes in any proposed future legislation addressing the Federal Aid program.

The Society supports the White Mountain Apache Tribal Wildlife and Outdoor Recreation Program funding request for the following programs: Conservation Law Enforcement in the amount of $511,000; and Endangered Species Management in the amount of $180,000.

---

LETTER FROM ROBERT D. BROWN, PRESIDENT, THE NATIONAL ASSOCIATION OF UNIVERSITY FISHERIES AND WILDLIFE PROGRAMS

COLLEGE STATION, TX, *March 17, 1997.*

Senator SLADE GORTON,
*Chairman Senate Appropriations Subcommittee on Interior,*
*U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: The National Association of University Fisheries and Wildlife Programs (NAUFWP) submits this statement in support of more adequate appropriations for important research and other essential activities to be carried out through the Biological Resources Division (BRD) of the U.S. Geological Survey.

Members of the NAUFWP include 55 Universities. We seek to enhance public understanding of the needs for improving natural resource management and to ad-

vance the science and practice of sustainable uses and management of the resource base. Our efforts focus on cooperative work with partners and customers to advance research, education, extension and management to benefit people and communities throughout the country.

Results from the Roper Starch fifth annual survey of adult Americans, prepared for the National Environmental Education and Training Foundation and released in December 1996, illustrate pressing needs for BRD's research, education and outreach programs. Key findings of adult views on natural resources provide an overall context in which to consider the specific figures in the President's proposed fiscal year 1998 budget. Adult Americans believe: Environmental resources should be conserved in ways that balance economic growth while protecting the environment and human health; natural resources can be managed in ways that protect wildlife and ecosystems while humans benefit from their planned use; Federal government spending should be shifted to environmental programs from other areas; and concerns for the environment and management of natural resources can be responded to by expanding education programs designed to raise current low levels of knowledge about the environment, such as to maintain and improve water quality.

Within this context of public views and needs for research, education, extension and management, the NAUFWP supports continuing and strengthening BRD programs. Stronger programs are required to be more responsive to needs of the public and resource managers. Four specific recommendations are offered for the fiscal year 1998 appropriations for the BRD.

1. Continue to support levels of funding that allow the BRD to respond to pressing needs to generate information on natural resources and their uses to (1) prevent adverse impacts on the resource base, (2) strengthen resource management, (3) educate and train students and adults, especially resource managers, (4) perpetuate sustained ecological, economic and social benefits, and (5) enhance the quality of life. Positive responses to citizens needs would be timely.

2. Provide at least $145 million and 1,699 FTEs for the BRD in fiscal year 1998, as proposed in the President's budget. Regrettably, even this amount will not permit filling all vacancies in existing Cooperative Research Units. As you know, the states have public trust responsibilities for wild living resources within their boundaries. Both timely information and graduates from the Units are essential to help the states respond effectively to their responsibilities. Similarly, improved responses are required to support science that enhances the management of federal lands, restores Great Lakes fisheries and their habitats, and improves management of natural resources in other geographic locations.

3. Provide firm support for the Cooperative Research Units, with their enviable track record of invaluable products and services generated for more than 60 years, as well as the essential Bird Banding Laboratory and Breeding Bird Survey. This unique Laboratory and Survey provide helpful scientific information available from no other source.

4. Support research on the toxicity of various endrocrine-disrupting compounds. Improved understanding of these compounds is required to prevent further adverse impacts on living creatures, including people.

Please make this statement a part of the official hearing record of the Subcommittee on Appropriations for Interior.

Sincerely,

ROBERT D. BROWN,
*President.*

---

PREPARED STATEMENT OF WAYNE PACELLE, VICE PRESIDENT, GOVERNMENT AFFAIRS, THE HUMANE SOCIETY OF THE UNITED STATES [HSUS]

The HSUS requests funding recommendations for the Fish and Wildlife Service [FWS] as follows: The Administration's $78.8 million request for implementing the Endangered Species Act [ESA] is inadequate; $1 million and $400,000 are recommended for the African Elephant Conservation Act and the Rhino and Tiger Conservation Act, respectively; $830,000 for Land Acquisition; $100,000 for the Wild Bird Conservation Act; $500,000 for the Exotic Bird Conservation Fund; and $13.85 million for law enforcement. The Bureau of Land Management [BLM] requires $18.7 million for the Wild Horse and Burro Program and $300,000 specifically for wild horse immunocontraception.

FISH AND WILDLIFE SERVICE/ENDANGERED SPECIES

The HSUS emphatically supports a strong and generous reauthorization of the ESA. We believe that many of the ESA's supposed deficiencies can be blamed on

inadequate funding. Consequently, generously funding the ESA will significantly improve its success at saving species and preventing or solving potential conflicts. We believe that the Administration's request for $78.8 million for implementation of the ESA by the Fish and Wildlife Service is inadequate, especially with respect to funds for listing new species. There is a backlog of literally hundreds of species for whom consideration of listing has been dangerously delayed, threatening the species themselves and leaving land owners in a state of perpetual uncertainty. The FWS now is also carrying growing responsibilities for monitoring endangered and threatened species on federal lands and for designing and implementing Habitat Conservation Plans.

The HSUS supports funding for the African Elephant Conservation Act at the Administration's requested level of $1 million. However, we would strongly recommend that the Fish and Wildlife Service use this money strictly for elephant conservation and not to support programs, such as Zimbabwe's CAMPFIRE program, that promote elephant hunting and reinstatement of the international commercial trade in ivory, both which harm elephant populations.

The HSUS also supports funding for the Rhino and Tiger Conservation Act at the Administration's requested level of $400,000.

FISH AND WILDLIFE SERVICE/LAND ACQUISITION

The HSUS recommends the earmarking of $830,000 for direct acquisition and conservation easements for Red Rock Lakes National Wildlife Refuge. This magnificent refuge is the heart of Montana's Centennial Valley, a paradise for waterfowl and large mammals, as well as a critical corridor between populations of threatened grizzly bears and, potentially, endangered gray wolves. Red Rock Lakes is under immediate threat of development on its boundaries, development that will degrade its wetlands and sharply reduce its value to wildlife.

FISH AND WILDLIFE SERVICE/OFFICE OF MANAGEMENT AUTHORITY

The HSUS believes that additional funding in the amount of $100,000 is needed for the Service's Office of Management Authority for permitting activities related to the Wild Bird Conservation Act [WBCA]. Implemented in 1992 after a unanimous vote by the Congress, the WBCA promotes the conservation of exotic birds in trade by ensuring that imports into the United States do not jeopardize wild populations. Prior to its enactment, the U.S. was the world's largest importer of birds and a contributor to the decline of many species in the wild. The implementation of the WBCA in fiscal year 1998 requires, among other things, the monitoring of trade levels and the biological status of species in the wild, the approval of sustainable use management plans submitted by foreign countries, and the processing and granting of import permits and petitions for actions pursuant to the WBCA.

We also request $500,000 for the Exotic Bird Conservation Fund established by the WBCA. These funds would be used to assist other countries in the conservation of their indigenous wild birds. Funding this initiative will provide the FWS with an additional tool to encourage conservation of exotic birds in their countries of origin.

FISH AND WILDLIFE SERVICE/LAW ENFORCEMENT

Additional funding in the amount of $13.85 million is required to improve the FWS's ability to effectively monitor wildlife trade, intercept illegal trade, and improve the effectiveness of the Clark R. Bavin National Fish and Wildlife Forensics Laboratory.

Millions of animals, and their parts and products, travel through U.S. ports each year. The United States is the world's largest wildlife trading country, importing $773 million and exporting $256 million each year. The illegal trade into and out of the U.S. is estimated to be worth between $100 million and $250 million annually. The FWS is supposed to monitor this trade, and intercept illegal trade, by physically inspecting wildlife shipments. About 77,000 shipments are processed annually.

A December 1994 U.S. General Accounting Office (GAO) report gave the Service poor marks for monitoring wildlife trade and intercepting illegal wildlife trade. The report found that only about 25 percent of wildlife shipments are physically inspected, and, as a result, only about 10 percent of illegal shipments are detected. Under staffing and limited resources were cited as causing the Service's poor performance. Consequently, we believe that an additional 60 Special Agents, 12 Wildlife Inspectors, and appropriate support staff are needed to adequately administer the law enforcement program.

In addition, the Bavin Laboratory, which provides wildlife forensics for the Service, has experienced an over-whelming increase in caseload since its inception and

will need to double its current staff, an increase of 30 persons, and will need $6 million for construction of additional facilities.

We request an increased allocation to the FWS's Washington Office Division of Law Enforcement for the purpose of funding special investigations by the Branch of Special

Operations. Investigations of complex international and domestic wildlife crimes, which are multi-regional, as well as multi-national, particularly cases relating to violations of the Endangered Species Act, Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Marine Mammal Protection Act and other relevant laws, can only be conducted by the Branch of Special Operations. As the most productive unit within the Division of Law Enforcement, the Branch of Special Operations experienced numerous successes in 1996, which resulted in the sentencing of wildlife smugglers.

BUREAU OF LAND MANAGEMENT/WILD HORSE AND BURRO PROGRAM/FERTILITY CONTROL RESEARCH

Recent public and press attention has focused on the serious deficiencies of the Bureau of Land Management's Wild Horse and Burro program. We believe that, in principal, this is a highly valuable program: America's wild horses are a public trust greatly beloved by the American people, and any indication that these animals are being treated inhumanely generates immediate public outrage. Consequently, The HSUS recommends that the Administration's budget request of $18.7 million for the Wild Horse and Burro program be fully funded. Within the program, however, funds should be shifted from the adoption program to on-the-ground management of horses and their range, especially wild horse monitoring, range monitoring, and habitat restoration.

The BLM currently spends more than $1,000 for each wild horse that is removed from public lands and processed through the Adopt-a-Horse program. Even at that level of spending, the Bureau cannot guarantee humane treatment and adequate care to the 4,000 or more wild horses adopted each year.

The HSUS believes that fertility control, if used as part of a scientifically-based and equitable range management plan, can reduce human-caused stress on wild horses and burros, improve care for animals entering the adoption program, and reduce the costs of wild horse and burro management. The National Park Service is already using immunocontraception to control feral horse herds at Assateague Island National Seashore, and has proposed its use at two other sites.

Funds appropriated by Congress in fiscal year 1993–97 have made significant contributions to the development of a one-shot immunocontraceptive vaccine to prevent pregnancy in western wild horses for at least one full year, and provided principal support for two successful field trials on Nevada wild horses. In the first (1992) field trial, 131 mares were contracepted; in the 1996 field trial, 267 mares were treated with either one-or two-shot vaccine preparations, with an apparent success rate of about 95 percent for both preparations.

We remind Congress that every foal not born potentially saves the Bureau over $1,000 in adoption costs, and thus, that, even in the research phase, the vaccine is highly economical. Consequently, we request $300,000 from Congress in fiscal year 1998 to support further research in wild horse immunocontraception. These funds would support the refinement of a one-shot vaccine that is effective for at least two years, long-term studies needed before the immunocontraceptive vaccine can be used on a broad scale, and at least two additional field projects that should reduce wild horse population growth, reduce the number of horses that enter the Adopt-a-Horse program, and thereby recover the cost of the research.

The HSUS offers the following recommendations for modifications to the Wild Horse and Burro Program that will alleviate the troubling problems that exist in its current implementation:

(1) Allocate a 50-percent increase in funding for contraception.

(2) Raise the adoption fee to a minimum of $250 for a horse or burro and allow competitive bidding.

(3) Reverse the current trend toward reducing the number of wild horses on the range. Reductions in wild horse numbers in recent years are threatening the viability of many herds.

(4) Restore the voice of the public in influencing decisions. The BLM has been using the "full force and effect" regulation, which was primarily intended for emergency situations, to effectively remove the public's opportunity to influence decisions to remove horses from the range.

(5) Include in title transfers a contractual, binding agreement stating that the horse or burro will not be sold for slaughter and prohibit slaughter plants from accepting BLM freeze branded horses.

(6) Implement a post-adoption, voluntary monitoring system using the national network of humane societies.

These reforms will benefit the program in general, the animals themselves, and the public. The HSUS stands ready to work with the BLM on this issue.

---

PREPARED STATEMENT OF CHRISTINE STEVENS, SECRETARY, SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

WILDLIFE

The urgency of an increase of at least $7 million for the Law Enforcement Division of the U. S. Fish and Wildlife Service has become more serious this year than ever before. The enormous increase in organized crime directed towards wildlife makes it absolutely essential that the Congress provide effective deterrents. This means the Special Agents, with the necessary backup, must be increased so that criminals do not have a free run.

Please don't forget that importation of drugs is intimately tied with importation of live wildlife, much of it endangered, and products from animals illegally killed for the trade. The United States is facing unprecedented attack by professional smugglers tied in with such groups as the Chinese Triads, the Russian Mafia and the Japanese Yakuza, as well as our home-grown organized criminals, and we must fight back.

I respectfully urge this Subcommittee, which has funded Interior over the years, to recognize the crisis and give Fish and Wildlife Service Law Enforcement the tools it so desperately needs to stem the flow of criminally acquired and smuggled wildlife.

ELEPHANTS

This Subcommittee provides funds for the African Elephant Conservation Act under which grants are made to American and foreign groups. Unfortunately a foreign group known as CAMPFIRE (Communal Areas Management Programme For Indigenous Resources) in Zimbabwe is trying to overturn U. S. policy with respect to the African elephant.

In 1989, the U.S. played a leading role in obtaining Appendix I (endangered) status for the African elephant? whose populations had been decimated by poachers and smugglers for the ivory trade. The large majority of African nations demanded Appendix I status because they were being robbed of the elephants who lived within their borders.

The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) first tried to curb this criminal activity through the use of quotas, but after several years of utter failure, the nations belonging to CITES voted to end the international trade in ivory by placing the elephant on Appendix I. But Zimbabwe's CAMPFIRE, egged on by Africa Resources Trust (ACT), a trophy hunting organization based in London, has lobbied in this country to overturn the ban on international trade in elephant parts and products. Rhodesia, a formidable colonial power named for the British explorer Cecil Rhodes, became Zimbabwe in 1980, but Rhodesia lives on in the ART Board.

We urge this distinguished Subcommittee to omit any funding for CAMPFIRE or organizations such as Safari Club International which donate to CAMPFIRE under the African Elephant Conservation Act. Not only is CAMPFIRE funded under this Act, but by USAID in separate government funding which is now under serious investigation.

With the scheduled tenth meeting of the CITES Parties in Zimbabwe June 9–20, 1997, it is essential that the United States uphold its established policy with respect to the African elephant and other Appendix I species currently being eyed by the commercial ivory trade and commercial trophy hunters.

Projects funded under the African Elephant Conservation Act, which falls into your jurisdiction, must not be geared to overturning American policy.

STEEL JAW LEGHOLD TRAPS

I wish to commend the Subcommittee on its wise 1996 Report language relating to steel jaw leghold traps. It is most regrettable that the proposal envisaged was preempted by the Fish and Wildlife Service.

The Service compounded this egregious behavior by advising and encouraging USDA's Animal Damage Control operatives to use an enormous, sensationally cruel steel jaw leghold trap with teeth on a pathetic six-month-old wolf pup who is part of the scheme to reintroduce wolves to Yellowstone National Park. The reintroduction scheme was paid for by U.S. taxpayers, as was the trap and the ill-advised, ill-conceived and basically cruel actions of Fish and Wildlife Service employees. The American public does not want its taxes to be used for such a purpose. In a November 1996 public opinion poll conducted by Caravan Opinion Research Corporation of Princeton, New Jersey, 74 percent of the American public said they want steel jaw leghold traps banned. Certainly they should not be compelled to contribute to their use.

Here are notes on the cruel suffering of the wolf pup, documented by a veterinarian and a government employee:

July 11.—"* * * foot severely swollen from carpus down, puncture wound with pus flowing out at distal carpus, severe bruising and soft tissue trauma."

July 14.—"* * * still not eating."

July 15.—"* * * swelling still pronounced * * * more necrotic tissue present."

July 16.—"Still not eating."

July 17.—"Much tissue loss and self mutilation of toes (gone). Foot dead. Foot should be removed or wolf put down."

July 18.—"* * * food not eaten."

July 19.—"Removed left front leg * * *"

We urge you to adopt Report language denying funds for any use of steel jaw leghold traps under the wolf reintroduction scheme so that further inhumane treatment of introduced wolves is not repeated by Fish and Wildlife Service personnel. This young wolf was subjected to intense torture for at least 30 hours during which there was no inspection of the trap. Most states require at least 24-hour inspection, but the inept judgment of these wolf transplanters and their tolerance for the pain of animals led to this typical result of the use of steel jaw leghold traps. It is rare for a trapped animal to be kept under veterinary surveillance for a week after having been trapped, so this record gives us an idea of what this most cruel of all traps inflicts on its victims. I trust you will take the action which lies within your jurisdiction. You can be sure the vast majority of your constituents will welcome a humane decision.

---

## PREPARED STATEMENT OF SUSAN H. GUNN, DIRECTOR OF BUDGET AND APPROPRIATIONS, THE WILDERNESS SOCIETY

The Wilderness Society appreciates this opportunity to present our views on the fiscal year 1998 funding needs of natural resource programs within the Committee's jurisdiction. The Wilderness Society has made increased funding of the four land management agencies and the Land and Water Conservation Fund one of its highest priority issues for the upcoming years. The following document outlines an initiative to increasing the 602(b) allocation to the Interior Appropriation Subcommittee by $570 million in fiscal year 1998 to meet critical environmental needs within these programs.

### PUBLIC LANDS FUNDING INITIATIVE

*Introduction*

The public lands of the United States—our National Parks, Forests, Grasslands, and Wildlife Refuges—are held in trust for current and future generations of Americans. Since the election a number of organizations from the environmental, recreation, and conservation community have been meeting to coordinate an initiative to address the funding needs of America's public lands. The public lands community plans to make this a long-term campaign that will help frame the budget debate while focusing on the message that we can balance the federal budget without abandoning America's public lands.

We plan to convince a majority in Congress that this is an area where additional cuts are not justified, and further, that incremental increases in the public lands budget are necessary to protect the nation's forests, parks, refuges, and wildlife. A successful effort will mean that we can maintain accessibility to these lands and improve their ecological health.

This proposal establishes annualized budget goals for several Department of Interior agencies and the U.S. Forest Service. The environmental, conservation, and recreation community will also be working toward eliminating ecologically damaging federal programs and subsidies.

*Budgetary growth: an incremental approach*

The following table depicts needed increases above the fiscal year 1997 spending levels for the 602(b) Interior and Related Agencies Budget Allocation. The table identifies the budgetary increases necessary to accommodate public land management over a 6-year period. Under this scenario, much needed funding for currently unmet public land conservation needs can be achieved by fiscal year 2003 through annual increases in the 602(b) budget allocation.

The fiscal year 1997 Interior Appropriation, less emergency funds, is $12.4 billion in budget authority. The first line in the table (Resulting Allocation) presents, in real dollars, the recommended annual funding increases relative to fiscal year 1997 and not the total allocation for Interior and Related Agencies Subcommittee. The second line represents the funding additions to fiscal year 1997 levels for the agencies and programs specified in this document.

INCREASED 602(b) ALLOCATIONS: AN INCREMENTALAPPROACH TO BUDGET GROWTH INCREASES OVER FISCAL YEAR 1997 FUNDING LEVELS

[Billions of dollars]

| | Fiscal years— | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 |
| Resulting allocation | $12.40 | $12.97 | $13.33 | $13.68 | $14.04 | $14.39 | $14.68 |
| Yearly 602(b) increase | ..... | $0.57 | $0.36 | $0.35 | $0.36 | $0.35 | $0.29 |
| Increase from prior fiscal year (percent) | ..... | 4.60 | 2.78 | 2.63 | 2.63 | 2.49 | 2.02 |
| Total 602(b) increase | ..... | $0.57 | $0.93 | $1.28 | $1.64 | $1.99 | $2.28 |

The proposal speaks to the funding needs and program areas of the agencies and programs identified herein only. It does not account for or anticipate changes in funding levels for other agencies or programs that also receive funding through the Interior and Related Agencies Appropriations bill. Nor does it anticipate specific cost savings or budget offsets that may be achieved through reductions in other programs areas within the Interior and Related Agencies Appropriations bill. It further does not address funding needs for natural resource and environment programs and agencies which receive funding through appropriation bills other than Interior and Related Agencies.

*Increased funding needs*

In developing our recommendations, we examined budget priorities for the four federal land management agencies: Fish and Wildlife Service, National Park Service, U.S. Forest Service, and the Bureau of Land Management. In addition, we considered Land and Water Conservation Fund needs. Increases outlined for each allocation are to be achieved over a six-year period.

*Fish and Wildlife Service: proposed increase of $495 million.*

Increases are needed for the Fish and Wildlife Service in National Wildlife Refuge System (NWRS) Operations and Maintenance (O&M) and Endangered Species activities.

The National Wildlife Refuge System is the only federal public land system dedicated primarily to the conservation of fish and wildlife. Chronic underfunding of Refuge Operations and Maintenance has led to the degradation of refuge habitat and wildlife populations and put at risk popular wildlife oriented recreation programs. The Fish and Wildlife Service has identified a $440 million maintenance backlog and an annual operations deficit of $150 million.

More than 200 refuges have no staff and 97 percent of refuges operate at minimum funding levels with substantial maintenance backlogs. Exotic species, inadequate water supplies, and other problems plague many refuges, undermining the ability to meet wildlife objectives. Programs to help recover endangered, threatened, and candidate species, restore habitats, and address resource threats are left unaccomplished on an increasing number of stations. Continued failure to address this severe funding shortfall will jeopardize the integrity of the NWRS.

Funding for the Endangered Species Act has been chronically inadequate and the Agency has experienced an increase in tasks related to endangered and threatened species. For example, the Fish and Wildlife Service has become increasingly responsible for scientific monitoring for the conservation of endangered and threatened species on federal lands in addition to the increased costs related to designing and implementing Habitat Conservation Plans. The Fish and Wildlife Service has been sharply criticized for failing to complete its duties, yet it has never been given ade-

quate funds to accomplish its goals. The result is implementation that is sometimes scientifically weak or frustratingly slow for permit applicants.

Adequate funding will promote speedier, less costly recovery, and smooth implementation, ultimately minimizing conflict surrounding ESA. In addition, it is important to note that the anticipated reauthorization of the Endangered Species Act could result in new obligations under the law. The funding recommendations herein cover only current obligations and may require adjustment pending the outcome of reauthorization.

*Bureau of Land Management: proposed increase of $150 million.*

The BLM needs increased funding for Management of Lands and Resources. Because of the scope and diversity of its land base, the BLM faces the opportunities and challenges of managing for over 3,000 species of vertebrates and 25,000 plant species in habitats ranging from the Pacific sea coast to the arctic tundra to the Sonoran Desert. BLM lands offer a variety of recreational opportunities and cultural resources and generate significant associated revenues. Yet, many species in each of these habitats are experiencing degraded habitats and declining populations. Likewise, many public land recreational opportunities are either hampered by degraded resource conditions or are themselves the cause of public land resource damage.

Ecological and cultural resource monitoring, restoration, and protection must be elevated to a top priority for the BLM. To that end, funding for riparian restoration and protection, fish and wildlife management, and wilderness management must be increased, as well as funding for the management of cultural resources and recreational activities including staff support on public lands.

*Forest Service: proposed increase of $225 million.*

Estimates of Forest Service funding needs include Recreation, Ecosystem Research, Fish and Wildlife, and Trails. Funding in these and other critical areas fell short in fiscal year 1997, and estimates indicate a need for incremental increases in funding for trails, recreation, and ecosystem research. Fish and Wildlife activities are also underfunded including migratory bird management, and Partners in Flight. The condition of the trails, campgrounds, restrooms, and other recreation facilities at our nation's forests is key to the public's experience outdoors. Maintenance and reconstruction funds have not kept up with increased use. For example, the Forest Service estimates that the value of the backlog of trail reconstruction work has climbed to over $267 million.

The Forest Service's trail system is larger than all the other trail systems in the nation with over 124,000 miles of trail. Because of inadequate funds, the Forest Service has been deferring 20 to 30 thousand miles of trail reconstruction every year since the 1980s.

*National Park Service: proposed increase of $600 million.*

The National Park system today faces tremendous threats and challenges, including degradation of cultural, scenic, and natural resources, air and water pollution, internal and external development, and overcrowding. These threats have a direct impact on the quality of the National Park experience and the National Park Service's ability to protect and manage America's Park resources.

The Park Service's ability to adequately address these threats is limited by insufficient funding for monitoring, scientific assessment, research, resource protection and interpretation, and staff support. In constant dollars, the total National Park Service congressional appropriation declined by more than $200 million between 1983 and 1997. At the same time, Congress assigned the Park Service more than 400 additional construction projects than it requested—costing more than $867 million. In addition, Congress designated nine new heritage areas at the end of the 104th Congress without appropriating money to fund them. Finally, the Agency needs sufficient funds to enable it to address ongoing operations and maintenance needs and certain backlogged maintenance needs as well.

*Land and Water Conservation Fund: proposed increase of $750 million.*

Congress has provided for an annual revenue stream of $900 million, funded primarily from OCS receipts, for federal and state land acquisition and recreation projects. Yet the average funding for these purposes over the last seventeen years has been approximately one-fourth of the authorized level.

Full appropriation of the Land and Water Conservation Fund is critical to provide for investment in natural and cultural resources conservation, watershed protection, wildlife habitat, and recreational resources. Unrestrained development and dramatic population increases threaten the quality of existing public lands. The need to purchase and conserve additional available land and water resources is increasingly ur-

gent. This is true at the federal and state level, and the Congress should recommit to statewide assistance by funding the State Grant Program.

*USGS Biological Resources Division: proposed increase of $60 million.*

Increases are needed to supply the science support necessary to understand the biological resources located on federal lands, to assess the environmental changes impacting on these biological resources, and to develop recommendations for management actions necessary to conserve the lands for the future. No integrated monitoring strategy for Federal Lands exists which can inventory critical biological species and communities at the local level and suggest solutions to land managers for conservation of these resources. Additionally, Federal trust resources such as migratory birds and endangered species, common to all Federal lands are coming under additional pressure through degradation of wildlife habitats; more emphasis on science support for adaptive management recommendations for system management in aquatic resources, and integrate biological information with geologic, hydrologic, and demographic databases.

*General*

Particularly where the BLM and Forest Service are concerned, there are any number of environmentally beneficial cost savings and budget offsets that could be achieved by increasing revenues for extractive uses (mining, grazing) and by eliminating costly subsidies. In addition, commercial user fees and concession fees are also potential sources of revenue and cost offsets.

While it is clear that substantial savings and budgetary offsets can be achieved through these types of reforms, the purpose here is not to develop a comprehensive package of recommended budget cuts and offsets, but to identify the unfunded and underfunded spending priorities that are being targeted by the public lands community.

---

LETTER FROM ANDY SAWYER, CHAPTER CHAIR, SIERRA CLUB MOTHER LODE CHAPTER

SACRAMENTO, CA, *April 11, 1997.*

Re Fiscal year 1998 land and water conservation fund appropriations/Stone Lakes National Wildlife Refuge.

Hon. SLADE GORTON,
*Chairman, Interior Appropriations Subcommittee,*
*U.S. Senate, Washington, DC.*

DEAR CHAIRMAN GORTON AND SUBCOMMITTEE MEMBERS: The Mother Lode Chapter of the Sierra Club, on behalf of its 14,000 members and 10 affiliated local groups, respectfully requests that the Subcommittee appropriate $5.5 million dollars for land acquisition at the Stone Lakes National Wildlife Refuge in fiscal year 1998 (fiscal year 1998). In addition, we urge the Subcommittee to increase overall appropriations from the Land and Water Conservation Fund (LWCF) in the fiscal year 1998 Interior and Related Agencies Appropriations Bill.

The Mother Lode Chapter (MLC) of the Sierra Club encompasses much of central and eastern Northern California, including the northern portions of California's Central Valley and Sierra Nevada. MLC and its members have long been active in preserving open space and critical habitats throughout this area. We therefore appreciate the efforts of your subcommittee to secure funding important land acquisition projects through the LWCF. Your efforts have helped ensure the conservation of thousands of acres of open space, recreation lands, and wildlife habitat highly valued by our members. These resources will provide invaluable recreational and educational benefits to future generations of Northern Californians.

We know that your work demands difficult choices and that you have always given conservation needs the highest consideration. MLC is concerned, however, that if funds available from the LWCF are limited to levels most recently appropriated available funds will be insufficient to meet the growing public recreational and wildlife habitat requirements associated with increasing human population pressures. We fear that without adequate funding, conservation opportunities may be lost. We therefore recommend that appropriations from LWCF be increased substantially over last year (fiscal year 1998) and eventually reach the Fund's mandated level of $900 million per fiscal year. Only in this way can important public acquisitions keep pace with increasing public needs.

In our region we are dealing with these issues through local efforts to preserve open space and habitat at the Stone Lakes National Wildlife Refuge (NWR). Stone Lakes NWR is located in southern Sacramento County, only a few miles from urban

Sacramento. Since its inception in 1994, Stone Lakes has been able to offer limited hiking, canoeing, wildlife viewing and conservation education opportunities to the two million residents of the Sacramento metropolitan region.

The Refuge, which is adjacent to the Sacramento River, contains remnants of the Central Valley's once vast complex of permanent and seasonally flooded wetlands flanked by riparian forests, oak woodlands, and annual grasslands. The Central Valley region is projected to experience 40 percent of the growth in the state's expected tripling of population by the year 2040; the already intense development pressures on remaining natural areas will only increase, rendering future land acquisitions prohibitively expensive. If appropriations are postponed the opportunity to purchase property at an acceptable cost will be lost. The MLC urges the Subcommittee to appropriate $5.5 million dollars from LWCF in fiscal year 1998 for U.S. Fish and Wildlife Service property acquisitions from willing sellers within the Stone Lakes NWR authorized area. The appropriations will protect essential wildlife habitat that would otherwise be lost to land speculation and development. We also believe these acquisitions eventually will enable the USFWS to expand the wildlife-compatible recreational and educational opportunities available to the public at Stone Lakes NWR.

Thank you for your consideration of these comments. We are grateful for this opportunity to include our written testimony in the official hearing record.

Sincerely,

ANDY SAWYER,
*Chapter Chair.*

---

LETTER FROM GARY O. FREGIEN, PRESIDENT, CALIFORNIA PARKS AND CONSERVATION ASSOCIATION

SACRAMENTO, CA, *April 10, 1997.*

Re Fiscal year 1998 funding for Stone Lakes National Wildlife Refuge.

Hon. SLADE GORTON,
*Chairman, Senate Interior Appropriations Subcommittee,*
*U.S. Senate, Washington DC.*

DEAR SENATOR GORTON: By this letter, the California Parks and Conservation Association (CalParks) is asking for your support for the proposal to provide the Stone Lakes National Wildlife Refuge with $12.8 million in funding for fiscal year 1998. This is the amount sought by the refuge's principal citizen support group, the Stone Lakes Refuge Alliance.

As you may know, Sacramentans have been working for the protection of this valuable land for more than twenty-five years. Once the site of a proposed Corps of Engineers flood control project, then the target of a private developer's 50,000-resident "new town" proposal, this relatively small but immensely valuable property is now one of the newest national wildlife refuges.

CalParks seeks substantial funding for fiscal year 1998 because the refuge is in need of significant support in its early years. Located just south of the City of Sacramento, it lies in the path of new urbanization that can only increase land values and thus inflate the cost of expanding the refuge to the boundaries called for in the approved 1992 plan.

The $5.5 million which we seek for land acquisition in fiscal year 1998 will go only for land purchased from willing sellers, people who the Fish and Wildlife Service needs to deal with quickly before they (the owners) get discouraged at government delays and are courted by developers offering more for their land than they are asking today. You should know that this refuge ranked third in the nation on the Fish and Wildlife Service's land acquisition priority list for 1998. Nationwide, this acquisition is very important, very high in priority.

The $0.3 million requested for operations and management will be used not only for the day-to-day activities which keep the refuge going, it will also be used to fund programs to enhance the productivity and carrying capacity of the refuge lands so as to increase their value for native and migratory wildlife. Even today, the refuge's modest operations budget has allowed limited public use of the facility, with an emphasis on educational programs for local school (K–12) groups.

The $7 million sought for the construction of a conservation education facility will allow the refuge to provide educational and recreational opportunities for an estimated 200,000 visitors annually. This facility will educate the public in conservation and environmental matters and, to some degree, bolster the local economy through the expenditures of non-local people who visit the refuge and the facility.

You may be assured that this refuge has widespread support in the Sacramento region, from public officials, organizations and individuals. We urge the support of you and your subcommittee to continue the development of this important wildlife refuge.

Sincerely,

GARY O. FREGIEN,
*President.*

---

LETTER FROM PATRICE COX, PRESIDENT, SACRAMENTO OPEN SPACE

SACRAMENTO, CA, *April 10, 1997.*

Re Fiscal year 1998 funding for Stone Lakes NWF.

Hon. SLADE GORTON,
*Chairman, Senate Interior Appropriations Subcommittee,*
*U.S. Senate, Washington, DC.*

DEAR SENATOR GORTON: By this letter, Sacramento Open Space is asking for your support for the proposal to provide the Stone Lakes National Wildlife Refuge with $12.8 million in funding for fiscal year 1998. This is the amount sought by the refuge's principal citizen support group, the Stone Lakes Refuge Alliance.

Sacramentans have been working hard for the protection of this valuable land for more than twenty-five years. Once the site of a proposed Corps of Engineers flood control project, then the target of a private developer's 50,000-resident "new town" proposal, this relatively small but immensely valuable property is now one of the newest national wildlife refuges.

Sacramento Open Space seeks substantial funding for fiscal year 1998 because the refuge is in need of significant support in its early years. Located just south of the City of Sacramento, it lies in the path of new urbanization that can only increase land values and thus inflate the cost of expanding the refuge to the boundaries called for in the approved 1992 plan.

The $5.5 million which we seek for land acquisition in fiscal year 1998 will go only for land purchased from willing sellers, people who the Fish and Wildlife Service needs to deal with quickly before they (the owners) get discouraged at government delays and are courted by developers offering more for their land than they are asking today. You should know that this refuge ranked third in the nation on the Fish and Wildlife Service's land acquisition priority list for 1998. Nationwide,this acquisition is very important, very high in priority.

The $0.3 million requested for operations and management will be used not only for the day-to-day activities which keep the refuge going, it will also be used to fund programs to enhance the productivity and carrying capacity of the refuge lands so as to increase their value for native and migratory wildlife. Even today, the refuge's modest operations budget has allowed limited public use of the facility, with an emphasis on educational programs for local school (K–12) groups.

The $7 million sought for the construction of a conservation education facility will allow the refuge to provide educational and recreational opportunities for an estimated 200,000 visitors annually. This facility will educate the public in conservation and environmental matters and, to some degree, bolster the local economy through the expenditures of non-local people who visit the refuge and the facility.

You may be assured that this refuge has widespread support in the Sacramento region, from public officials, organizations and individuals. We urge the support of you and your subcommittee to continue the development of this important wildlife refuge.

Sincerely,

PATRICE COX,
*President.*

---

PREPARED STATEMENT OF TED JAMES, PLANNING DIRECTOR, KERN COUNTY PLANNING DEPARTMENT; STEVEN J. ARITA, ENVIRONMENTAL COORDINATOR, WESTERN STATES PETROLEUM ASSOCIATION; MANUAL CUNHA, JR., PRESIDENT, NISEI FARMERS LEAGUE; LES CLARK, VICE PRESIDENT, INDEPENDENT OIL PRODUCERS ASSOCIATION, ON BEHALF OF KERN COUNTY VALLEY FLOOR HABITAT CONSERVATION PLAN INDUSTRY AND GOVERNMENT COALITION

Mr. Chairman and Members of the Subcommittee: On behalf of the California Industry and Government Coalition for the Kern County Valley Floor Habitat Conservation Plan (KCVFHCP), we are pleased to submit this statement for the record

in support of our funding request for the Interior Appropriations Bill for fiscal year 1998.

First, the Coalition supports the Department of Interior's budget request of $14 million for the Cooperative Endangered Species Conservation Fund—especially the $6 million funding for HCP land acquisition.

Secondly, the Coalition urges the Subcommittee to appropriate additional funding for land acquisition above the $6 million requested.

The Coalition's request is supported by the timely need to implement the KCVFHCP, which is in the final stages of development and expected to be completed by the end of calendar 1997. We are hopeful that our pending application for $500,000, from previously appropriated funds, for the current (1997) fiscal year will be successful. However, to secure the $6 million total necessary for full implementation of the plan, we will require $2.75 million for fiscal year 1998 and $2.75 million for fiscal year 1999.

The Coalition requests that the Subcommittee appropriate the maximum possible amount for this program, so that the funding pool can accommodate our request and need. We are confident that the plan's merits and urgency support this request.

Kern County's program is unique from other regions in the nation in that it contains some of the highest concentrations of plant and animal species protected by the Endangered Species Act (ESA) within the continental United States. The region is occupied by 13 wildlife species and 14 plant species listed as threatened or endangered under federal law. The potential for conflict with the federal ESA is great in Kern County because of the extensive agricultural and oil and gas production activities which occur. Since Kern County is the top oil producing county in the nation and one of the leading agricultural counties, potential conflicts with the ESA and their resolution through a proactive conservation program has significant national importance.

In recognition of the conflicts posed to economic growth by federal and state endangered species laws, a joint agency Memorandum of Understanding was entered into by the U.S. Fish & Wildlife Service, Bureau of Land Management, California Energy Commission, California Department of Oil & Gas and Geothermal Resources, California Department of Fish & Game and Kern County. The participating agencies agreed to develop a unified conservation strategy with the goal of providing a streamlined and consistent process of complying with State and Federal endangered species laws, yet at the same time allow important industry activities such as oil and gas, agricultural, ranching, and other industry activities to continue. Preparation of the KCVFHCP began in 1989 and involved a number of federal, state and local government agencies, as well as the oil and gas industry, agricultural, utilities and environmental groups.

Kern County's Valley Floor Habitat Conservation Plan (KCVFHCP) is one of the largest and most diverse endangered species conservation programs under development in the nation. The program embraces many of the conservation approaches that have been advocated by the Department of Interior, in that it represents a significant departure from traditional endangered species conservation programs which utilize prohibitory controls to assure conservation of species habitat. Instead, it is based on a system of trading habitat credits in an open market. In that regard, the KCVFHCP is considered to be a state-of-art conservation plan that will address compliance with the ESA for multiple threatened and endangered species. This innovative and state of the art system, for the first time, provides landowners with real incentives and more importantly, the ability to choose how best to manage their own private property. The KCVFHCP is in the final states of development and is scheduled to be completed in 1997. The second draft of the HCP document will soon be released, and we are currently in the process of developing work on the Implementing Agreement.

Numerous agencies, in concert with the State of California and local government entities, as well as the private oil and gas and agricultural industries have contributed funding, time and other resources toward developing the KCVFHCP. Currently, the KCVFHCP program will be completed in the fall, 1997, provided there is the necessary federal funding for the acquisition of habitat to mitigate for agricultural and oil AND gas operations and development. As mentioned previously, we are currently in the process of securing funding in the amount of $500,000 for this fiscal year; however, additional funding is critical to completing the HCP. This is one of the final steps necessary to implement the conservation strategy. Because of the extensive private, local and state government financial support that went into the development of this program, federal participation in program implementation will demonstrate that the burden of ESA compliance is not being placed exclusively on private property owners. Program funding will also contribute to eventual species recovery.

PROGRAM FUNDING NEEDS

In order for the KCVFHCP to be implemented, the program requires funding in the amount of $5.5 million (provided we are successful in securing $500,00 this fiscal year) that could be funded in increments over the first several years of the program. A breakdown of the purpose and amount of this funding is as follows:

*Fallow lands issue*

Agricultural practices and the lack of available water often result in situations where substantial amounts of previously farmed land (20,000 acres plus or minus) are placed in a fallow state. This situation invites the reintroduction of species into these areas which create potential ESA compliance problems when the farmer decides to reuse the land for agricultural purposes. Many farmers are forced to unnecessarily disc fallow lands to prevent endangered species recolonization.

The KCVFHCP has devised a strategy that includes the purchase and set aside of approximately 3,000 acres of endangered species habitat to mitigate for species loss resulting from reuse of fallow agricultural lands. The program strategy allocates $3 million for acquisition and perpetual maintenance of species reserve areas. With this type of protection, farmers would no longer have to be concerned about endangered species act violations when fallow land is reused.

*Oil development issue*

A mitigation strategy has been devised that is intended to acknowledge existing oil field activities within Kern County. The strategy proposes to acquire 3,000 acres of endangered species habitat to mitigate for species loss resulting from oil field development outside of established oil field production areas, but within proximity of those areas. This is to allow for reasonable expansion of oil field activities over the life of the HCP program. The program strategy allocates $3 million for acquisition and perpetual maintenance of species reserve areas. With this type of strategy, oil field expansion activities would be provided for in the program. This strategy would be of great benefit to the small independent oil and gas companies within the program area.

Together the $6 million required for the agriculture and oil field strategies would provide a method to satisfy the program's conservation goals, while also providing for continued economic growth of Kern County's oil and agricultural industries.

Numerous industries, in concert with the State of California and local government entities, are attempting to do their part, and we come to the appropriations process to request assistance in obtaining a fair federal share of financial support for this important effort. This unique cooperative partnership involving state and local government, as well as private industry, has contributed substantial funds to date to assist in the development of this program.

The California Industry and Government Coalition appreciates the Subcommittee's consideration of this request for a fiscal year 1998 appropriation to support implementation of this significant program.

---

## PREPARED STATEMENT OF MARY BETH BEETHAM, LEGISLATIVE ASSOCIATE, DEFENDERS OF WILDLIFE

Mr. Chairman and Members of the Subcommittee: I am Mary Beth Beetham, Legislative Associate for Defenders of Wildlife. On behalf of Defenders and our nearly 200,000 members and supporters, I thank you for the opportunity to provide testimony concerning our fiscal year 1998 appropriations priorities. America's greatness and wealth flow in large measure from the abundance and diversity of our magnificent natural resources. As unprotected natural areas continue to disappear, our public lands and public trust resources are increasingly important in maintaining our nation's natural resource base and numerous attendant benefits to society. Yet ironically, at the same time that these irreplaceable publicly-held natural assets increase in value to our nation, their continued vitality is threatened by the prospect of funding cuts as Congress and the President move to balance the budget. Increasingly, people across America are realizing the looming peril to these vital assets and are uniting to support funding for our federal conservation programs. Defenders is a member of many of these coalitions which will be referenced throughout our testimony.

The largest and most encompassing coalition is the Public Lands Funding Initiative (PLFI) which advocates modest increments to the Interior Appropriations Subcommittee's 602(b) allocation over the next six years to support key public lands and wildlife accounts. Recommendations of the PLFI will be presented into the record later today by The Wilderness Society. This coalition consists of 150 environmental,

recreation and conservation groups and is endorsed by Theodore Roosevelt IV, great-grandson of the President.

As an investment banker, Mr. Roosevelt understands the wisdom of essential investments, as illustrated in his letter endorsing the initiative: "Given the overwhelming importance of these resources to present and future generations of Americans, the only fiscally responsible course is to invest adequately in their stewardship and management, even as we take needed steps to balance the federal budget. Indeed, denying critically needed funding is fiscally irresponsible and shortsighted—the neglect caused by deficient funding will result in destruction and degradation of these valuable assets that is far more costly in the long run than providing funds to properly care for them today."

SPECIES CONSERVATION

*Endangered species*.—Defenders is working with the Endangered Species Coalition, a broad base of national and local organizations committed to the conservation of threatened and endangered species, to increase funding for Endangered Species Act implementation. For Fish and Wildlife Service's (FWS) four main Endangered Species accounts (Candidate Conservation, Listing, Recovery, and Consultation), we urge at the very least the amounts requested in the President's fiscal year 1998 budget ($78.781 million), but believe that increases over the request are both necessary and appropriate. Adequate funding benefits interests on all sides of the ESA debate because it allows for smooth implementation and speedy less-costly recovery, reducing the potential for conflict.

Under the President's budget, Candidate Conservation and Listing would be virtually level-funded even though the FWS anticipates increases of 23 percent in Candidate Conservation activities and 30 percent in Listing actions in fiscal year 1998. According to FWS, the Listing program, which would be funded at only half of the Bush Administration's fiscal year 1992 request level, is still suffering a backlog due to the fiscal year 1995–96 listing moratorium. The Service has already missed a statutory deadline for actions on 146 species currently proposed for listing and many of the 184 candidates needing listing proposals. One such candidate is the disappearing Florida black bear, waiting along with 84 other species since a 1992 court settlement for a finding under the Act. FWS has also indicated that it will not designate any critical habitat (funded by the Listing account) during fiscal year 1998.

The marginal increase requested for Recovery will not adequately address the backlogged 299 listed species lacking recovery plans and planning for the additional 120 species projected for listing in fiscal year 1998, while still allowing for recovery implementation. Based on a 1990 Audit Report on the ESA program by the Department of Interior's (DOI) Inspector General (Report 90–98), the lower-end estimate for average yearly recovery cost per species was $100,000. This would result in a total fiscal year 1998 need of $96 million to fund recovery for the more than 960 listed U.S. species under FWS jurisdiction. As can be seen from the projected fiscal year 1998 costs of recovery for keystone species listed below, $100,000 per species is indeed a conservative estimate.

Although a 34 percent increase was requested for Consultation, the FWS expects to be involved in approximately 43 percent more Section 7 Consultations and Section 10 Habitat Conservation Plans. Moreover, the Service has also just begun to identify the need for monitoring and follow-up on these activities, but until now has had no funds to do so. Consequently, Defenders supports increases in this item and opposes the $85,000 reduction in the Section 6 Cooperative Endangered Species Fund, the only ESA related program that directly supports State activities.

Defenders' highest priorities for recovery programs focus on keystone species whose restoration fosters recovery of supporting ecosystems and associated species. The Mexican wolf, extinct in the wild and unrepresented in any extant populations of gray wolves, is the rarest subspecies of gray wolf in the world. For captive propagation, public education, and initiation of reintroduction efforts to re-establish and maintain viable wild populations, $546,600 (FWS) is needed for fiscal year 1998. For the successful red wolf program in North Carolina and Tennessee, $1,025,000 (FWS) will support continued captive propagation, monitoring, and releases. The landmark Northern Rockies wolf recovery program, continues to enjoy tremendous success, and no further reintroductions are anticipated at this time. For monitoring, public education, and cooperative agreements with the Nez Perce tribe and states (which will receive most of the FWS allocation) $975,000 (FWS) is needed, while $300,000 (NPS) is needed for management of the program in Yellowstone National Park. In addition, we urge the Subcommittee to allocate $50,000 (FWS/NPS) to study the suitability of Washington's Olympic National Park for Gray wolf restoration. At least $480,000 (FWS) is necessary for recovery efforts in Wyoming, Montana, S. Da-

kota, and Arizona for the endangered black-footed ferret, thought to be extinct in the wild except for reintroduced populations. Of this amount, $230,000 will continue the crucial FWS role as coordinator in this multi-partner program that leverages three to four non-federal dollars for every federal dollar. The additional $250,000 is essential to fund management of the former Sybille breeding facility (now the National Black-footed Ferret Conservation Center), home to 60 percent of the captive breeding population and formerly run by the State of Wyoming. Finally, the grizzly bear recovery program is a successful cooperative effort between federal, state, and local governments and private landowners that is being eroded by budgetary reductions. Moreover, the grizzly program is cost effective, resulting in multi-species benefits to black bears, wolverines, lynx and mountain lions; $800,000 is needed in fiscal year 1997 for the grizzly recovery program which covers 30,000 square miles in four states. Successful reintroduction of threatened grizzly bears into the Bitterroot ecosystem of central Idaho and W. Montana could increase grizzly bear numbers and range in the lower 48 states by nearly one third; $250,000 of the grizzly recovery budget will be will be used for initiation of reintroductions.

Other FWS accounts: Defenders also wishes to underscore its support for no less than the President's budget request for other FWS accounts critical to species conservation: Law Enforcement; Migratory Bird Management, especially for conservation of non-game birds; International Affairs, which helps support U.S. international leadership in the conservation of wildlife and biodiversity, particularly through implementation of the Convention on International Trade in Endangered Species; and the modestly funded African Elephant and Rhino and Tiger Conservation Funds.

PUBLIC LANDS

*Land and Water Conservation Fund (LWCF).*—The LWCF represents a promise made by Congress to the American people to reinvest revenue from the development of non-renewable resources into acquisition and permanent protection of key land, water, and open space resources for future generations. Although authorized at $900 million per year and the primary source of revenues, offshore oil and gas leases, average more than $2 billion yearly, fiscal year 1996 and fiscal year 1997 allocations are the lowest in 25 years (about 15 percent of the authorized level). Moreover, according to DOI budget information, Outer Continental Shelf receipts totalled about $4 billion in fiscal year 1997 and are expected to be about the same for fiscal year 1998.

Defenders is proud to be a leader in Americans for Our Heritage and Recreation (AHR), a new coalition dedicated to revitalizing and potentially expanding the LWCF. AHR represents thousands of LWCF stakeholders nationwide including urban, state, recreation, industry, and environmental groups. Defenders urges this subcommittee to renew the broken promise of the LWCF Act by fully funding the AHR's modest fiscal year 1998 federal project list.

Defenders' priority for such funding is the acquisition of lands to protect threatened and endangered species, conserve biodiversity, and consolidate protection of key ecosystems, such as the Pinhook Swamp, a corridor linkage between Northwest Florida's Osceola National Forest and Georgia's Okeefenokee National Wildlife Refuge. Slated to be acquired and managed by the Forest Service, the linkage would complete a large, regionally significant conservation area providing a stronghold for wide-ranging species such as the Florida black bear and habitat for the federally endangered Florida panther, woodstork, and red-cockaded woodpecker.

*National Wildlife Refuge System (NWRS) Operations and Maintenance.*—The 92 million acre NWRS is the only federal lands network dedicated primarily to fish and wildlife conservation, serving as an anchor for protection of our nation's magnificent biodiversity. While the primary purpose of the Refuge System is conservation, it also serves more than 28 million recreationists yearly, engaging in compatible activities such as wildlife observation, hiking, and fishing, generating hundreds of millions in economic benefits to local communities.

Unfortunately, the NWRS continues to be a jewel in the rough, crippled for years by severe funding shortfalls resulting in a current Maintenance backlog of approximately $428 million and Operations needs of approximately $300 million. The National Fish and Wildlife Foundation's fiscal year 1997 Fisheries and Wildlife Assessment highlighted the Refuge O&M funding shortfall as a key policy issue for DOI, pointing out that the Refuge System receives the lowest per-acre funding of all federal land management agencies.

As a proactive member of the Cooperative Alliance for Refuge Enhancement (CARE), a diverse coalition of more than 15 environmental, hunting, fishing and recreation groups formed in 1995 to address the severe Refuge funding problems, Defenders fully endorses testimony presented on behalf of CARE by Dr. Rollin

Sparrowe. CARE is currently finalizing a proposal which would recommend increases of approximately $50 million per year for the next six years, to bring the Refuge System to two-thirds of its capacity by the year 2003. For fiscal year 1998, we are requesting $220 million, $28 million more than the President's request and have worked with the FWS to identify a list of specific projects totalling $35 million that will not be funded even if the President's budget is allocated, such as: National Key Deer Refuge (FL), population survey of backcountry islands for the endangered key deer and completion of GIS mapping to assist in key deer management; Lower Suwannee NWR (FL), aerial surveys for the endangered manatee; Alligator River NWR (NC), hiring of a full-time law enforcement officer. We appreciate the Subcommittee's fiscal year 1997 funding increase and urge allocation of CARE's recommended $220 million for fiscal year 1998.

*USDA Forest Service (FS)*—The 192 million acre National Forest System (NFS) supports the greatest diversity of plant and animal species on any public lands systems nationwide—more than 3000 species of wildlife and 10,000 species of plants, of which 33 percent are federally listed species and 2,500 identified as sensitive. Viewing of wildlife is the fastest growing use on the NFS, generating 33 million activity days and supporting 55,000 jobs valued at $1.6 billion (Resources Planning Act 1995 Draft Program). To support these important uses, the PLFI recommends funding increases for NFS Fish and Wildlife, Ecosystem Research, Recreation, and Trails.

Defenders is particularly concerned about funding for NFS Fish and Wildlife Habitat Management and recommends at minimum the President's request of an $11 million increase (still lower than fiscal year 1991–95 levels), including a $5.45 million increase for Threatened, Endangered, and Sensitive Species (TES). Moreover, the FS has identified $68 million in opportunities for TES, more than twice the requested funding level, including projects such as improved protection for the endangered Hualapai Mexican vole on the Prescott National Forest and for grizzly bear, wolverine, and North American lynx on Washington's Okanogan National Forest. While Defenders is working aggressively to support an increase in the Subcommittee's 602(b) allocations to fund needs for programs of concern, we also support efforts by the Green Scissors Coalition and the Western Ancient Forest Campaign to examine and restore Forest Service accountability—called into question by the GAO and the White House Council of Economic Advisors—as a way of generating at least some offsets for necessary increases. To this end, we recommend reform or abolishment of permanent funds such as Salvage and K–V and elimination of below-cost timber sales. As a first step in addressing below-cost sales, we are pleased with the Administration's proposal to end the Purchaser Credit Program (PCP) but are concerned that 84 percent of the funds used to support the PCP and Purchaser Elect Program are still included in the President's budget. In addition, Defenders believes that any funding for road-building in roadless areas should be eliminated. The Administration has also proposed creation of a new Forest Ecosystem Restoration and Maintenance Fund. While we support the goals of this fund, we are awaiting details and are concerned about the creation of any new off-budget FS fund as well as some of the activities currently proposed for the fund that could create new incentives for FS managers to log to raise revenue.

*Bureau of Land Management (BLM)*.—While the NFS supports the largest diversity of species, according to BLM the 264 million acres of public domain lands support the most ecologically varied land base. Based on agency information, fish and wildlife are the most important economic resources on these lands, generating 66 million visitor days and $2.5 billion in economic benefits. The PLFI supports increased funding for BLM Wildlife and Fisheries, Wilderness, Cultural Resources, Recreation, and Riparian Restoration and Protection. A priority for Defenders is Wildlife and Fisheries, especially Threatened and Endangered (T/E) species and we recommend increases over the virtual level funding recommended in the President's budget for both of these accounts. The number of threatened and endangered species on BLM lands has increased in recent years at the rate of about 20 per year. Even though BLM lands will provide habitat in fiscal year 1998 for more than 300 listed or proposed plants and animals, fiscal year 1998 requested funding would support actions for just a little more than half of these species. Based on this figure the T/E level should be almost doubled to about $30 million.

*National Park System (NPS)*.—As a member of the Everglades Coalition, Defenders supports the President's budget request of $100 million for the Everglades Restoration Fund. This fund is critically needed for land acquisition, modified water delivery and research to reverse damages inflicted over the past 100 years to the South Florida Ecosystem. This magnificent area is home to 6 million people and 68 listed species and provides wintering habitat for more than 129 bird species and breeding habitat for an additional 132 bird species.

SCIENTIFIC RESEARCH

*USGS Biological Resources Division (BRD).*—The continued existence and well-being of our nation's vast array of biological resources is dependent on informed and considered conservation and management. Rigorous scientific research of a long-term nature is absolutely critical to developing effective conservation strategies, determining the best available management plans, and reducing conflict over dwindling resources. The relocation of DOI's biological science capabilities to USGS offers significant potential for a truly interdisciplinary science agency capable of providing this type of integrated research. While we understand that the land management agencies have voiced concerns that their research needs are not being adequately addressed by BRD, we suggest that to the extent this is the case, a significant factor may be the funding cuts inflicted on these activities over the last two years—more than 15 percent below fiscal year 1995 levels for both fiscal year 1996 and fiscal year 1997. We urge, at the very least, full funding of the President's request ($145 million), but note this amount would still leave the Division with almost a 14 percent funding reduction below fiscal year 1995 levels. Defenders is a member of a new group of organizations (BRD Watchers) which supports enhancement of DOI's biological research programs.

Defenders maintains its support for the Gap Analysis Program (GAP), a collaborative effort involving 40 states and more than 400 business, non-profit, local, and Federal agency organizations to map our nation's biological diversity and areas currently managed for its protection. We also continue to believe that insufficient resources have been made available for efficient transfer of GAP data to users and integration into on-the-ground conservation planning. We recommend that specific funding be earmarked for GAP product development and pilot projects using GAP for statewide and bioregional conservation planning. Thank you, Mr. Chairman.

---

PREPARED STATEMENT OF JOHN E. EBEL, DIRECTOR, THE WESTON OBSERVATORY OF BOSTON COLLEGE

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to submit testimony regarding the importance of the National Earthquake Hazard Reduction Program (NEHRP) in the United States. As the Director of the Weston Observatory of Boston College, I want to bring to your attention how NEHRP funding has positively impacted Weston Observatory's efforts to stimulate earthquake hazard reduction activity in the northeastern United States and how future funding is vital if such efforts are to be successfully continued.

Let me say up front that increased NEHRP funding is essential if efforts to mitigate the effects of future earthquakes in the northeastern U.S., as well as in the earthquake prone areas in the rest of the country, are to be successful. NEHRP funding for the U.S. Geological Survey (USGS) needs to be increased to $52 million for fiscal year 1998. Of this almost $4 million increase over the USGS fiscal year 1997 appropriation, I urge that $2 million of the increase be dedicated to improving the earthquake monitoring capabilities across the U.S. As I will explain below, prolonged level funding and recent budget cuts are severely hampering the current ability of scientists to collect data on earthquake occurrences and their effects. NEHRP cuts also are adversely impacting the ability of USGS and university scientists to analyze these data and to translate their research results into public mitigation efforts. In my remarks, I will focus on efforts and results of earthquake research in New England and vicinity. However, I know from discussions that my colleagues from throughout the U.S. are facing the same problems that I face here in the northeast.

From the days of the Pilgrims right to the present, earthquakes have been a part of life in New England. While many strong earthquakes in the past have caused damage in the region, in modern times New England so far has been lucky that none of its major cities has taken a direct hit from a strong earthquake. However, just in the northeastern U.S. itself earthquakes in the past few years near Boston, Providence, Hartford, New York City and Philadelphia are evidence that at some time in the future any of these cities could experience a catastrophe similar to that in Northridge, California in 1994. Earthquake awareness in this region is slowly increasing, as have mitigation efforts. During the past few years, for instance, New York City adopted a seismic provision in its building code, and Massachusetts began requiring older buildings be refurbished to earthquake resistant standards. Other New England states have begun adopting the recommended seismic provisions for new buildings from the national building code organizations. However, too many members of the general public view these requirements as legal impediments to be avoided rather than safety issues that must be undertaken. This is especially true

for those who own the older buildings that are most prone to damage in earthquake shaking. I hope someday to see those who design, construct and refurbish buildings take earthquake design as seriously as they take fire safety design. Unfortunately we still have a long way to go to get there.

It is my firm belief that earthquake monitoring and research is a key aspect necessary to motivate the public to take the earthquake threat seriously. Scientists of all disciplines know that publicity surrounding new research discoveries and observations can be a prime force motivating people to take action. This has certainly been true in such areas as cancer studies, global climate change research and environmental impacts on the earth's ozone layer. It is also quite true in earthquake studies. For example, during the spring of 1996 several small earthquakes were felt in eastern Massachusetts. Not only did people want to know from the Weston Observatory staff the magnitudes and locations of these events, but also they wanted to know if these shocks meant that a stronger earthquake could occur. We at Weston Observatory responded that we could not predict the occurrences of future earthquakes but that small earthquakes do indicate places where stronger events could be centered in the future. I have had many people thank me for studying these earthquakes and express the hope that the studies would lead to new discoveries in the future.

Other work by Weston Observatory researchers have added to the understanding of the earthquake threat in the northeast. For example, some of my research indicated that in 1638 an earthquake of Richter magnitude 6.5 to 7.0 (probably comparable to those recently at Loma Prieta, California in 1989, Northridge, California in 1994, and Kobe, Japan in 1995) took place in New England, with the most likely place for the epicenter being central New Hampshire. Today, central New Hampshire is the most seismically active zone in New England. In 1996, I and two other Weston Observatory researchers released the first seismic hazard study of the state of Vermont. Research by Prof. Alan Kafka of Boston College has shown that the persistent earthquake activity in the New York City area is similar to that in other areas where strong earthquakes can occur. We are still looking to identify which are the active faults throughout the region, but recent earthquake monitoring has allowed us to guess which geologic faults bear further study.

Unfortunately, if current funding trends continue, it will be difficult to maintain this level of research activity in the future. NEHRP funding to the USGS has decreased in the past two years after several years of level funding. This has translated into cuts in the funding that Weston Observatory receives for earthquake monitoring in New England. We have responded to these cuts by paring down the staff operating the seismic network and by delaying installation and maintenance of our 15 seismic stations spread strategically across the six New England states. Under the current-year funding for Weston Observatory, later this year I will no longer be able to afford my part-time seismologist who is the one who carries out the routine analysis on the earthquake data we record. By the end of 1997 Weston Observatory could be in a situation where it is recording earthquake data but has no one to analyze it on a routine basis. Not only does this represent a loss of vital scientific data, but it also severely hampers our efforts to increase the speed and improve the quality of the earthquake information that we deliver to the public.

I know that other seismic networks across our country are faced with this same kind of staffing problem due to budget cuts. It is for this reason that I call for $2 million additional funding for earthquake monitoring throughout the U.S. That amount of money, spread across the 15 or so earthquake networks across the country, would go a long way alleviating the current crisis in the operation of our national earthquake monitoring infrastructure. Over the longer term, Congress should consider special appropriations of a few million dollars to improve earthquake monitoring all throughout the country. Such an investment is necessary if regional seismic networks are to deliver earthquake epicenters, magnitudes, ground motions, and estimates of damage within seconds or minutes of the occurrence of an earthquake. It is also necessary if such proposals as earthquake early warning systems are to be developed.

I believe that increased NEHRP funding to the USGS for basic earthquake research can have a number of benefits for earthquake hazard reduction efforts, both within New England and nationally. I list some of the most important research benefits here:

(1) Improve our understanding of the causes, effects and probabilities of strong earthquakes. Earthquakes are a natural hazard that arise from deep inside the earth, a place that can only be studied by instrumentation placed at the earth's surface. While research over the past two decades has revealed why many strong earthquakes have occurred, many other earthquakes have been surprises to scientists. All across the country, we still have much to learn about which faults are active, how

often damaging earthquakes may take place on those faults, and under what geologic conditions strong earthquakes can occur. For example, in New England all of the faults are geologically old (hundreds of millions of years old). Most are probably seismically dead, but some must be active because we have earthquake activity. Unfortunately, we do not have enough seismological and geological evidence to determine which of the local faults are seismically active. I feel certain that the identification of one or more active faults would catch the public's attention and spur earthquake mitigation measures.

(2) Improve the speed and quality of earthquake information to the public and to government officials. The tremendous increase in the availability and speed of communications during the past few years has raised the expectations of the public with regard to how fast they expect to receive information immediately following the occurrence of an earthquake. The delivery of emergency services and decisions about repairing or restoring vital lifelines rely heavily upon the speed and accuracy of the earthquake information available. The development of systems to rapidly deliver earthquake information, ideally during or even before the earthquake shaking is experienced, is a goal that demands new resources over those currently allocated for NEHRP research.

(3) Improve the understanding of those parts of our urban areas that are most prone to damaging earthquake shaking. Earthquakes such as those that affected Mexico City in 1985, San Francisco and Oakland in 1989, and Kobe in 1995 have driven home the point that landfill and other thick soil areas within cities are prone to amplify earthquake shaking and hence are most prone to earthquake damage. There should be a major research effort to identify such dangerous zones within all cities in our country that lie in areas with moderate or high seismic hazard. In New England, Boston, Providence, Hartford and Portland, Maine all qualify as cities that have local zones where earthquake ground shaking will probably be amplified.

(4) Develop programs to encourage industry to undertake earthquake mitigation efforts. In my opinion, industry needs to be encouraged to invest in earthquake hazard research and mitigation. With the recent trends to allow regional or national banks, utilities and communications, an earthquake catastrophe in one part of the country could inadvertently impact other parts of the country as well. Such widespread impacts often are not appreciated when mergers or takeovers take place. Studies to learn the national effects of damaging earthquakes in different parts of the country should be something in which both industry and government regulators take interest.

There is a tendency among some in public and private circles to dismiss basic research, especially long-term research, as not meeting the needs of the nation. In fact, I believe that just the opposite is true. The current success of earthquake hazard mitigation efforts stems in large part from the past basic research that has been funded by the federal government. This is especially true of seismic monitoring of small earthquakes. To the public, such monitoring indicates that the earthquake threat is real and should be taken seriously. To the scientist, such monitoring provides the basic information upon which new theories and discoveries must be based. We are still at the point where each earthquake provides a new piece of information to help us decipher the puzzle of where and when future strong earthquakes may occur. There is no doubt that future efforts by the public to take action to mitigate the effects of earthquakes will be directly related to the amount of basic research that takes place now and in the near future. This is true in New England and throughout the rest of the country as well.

---

## PREPARED STATEMENT OF THE INTERSTATE COUNCIL ON WATER POLICY

The Interstate Council on Water Policy (ICWP) represents state, regional and local water resource management agencies throughout the country. Since 1959, the Council has voiced the concerns of local and state managers regarding federal programs and activities. It is in this role that the Council wishes to express comments on the Administration's proposed budget for Federal fiscal year 1998 for the U.S. Geological Survey (USGS).

The Council is pleased to see the fiscal year 1998 budget for USGS remains at funding levels seen in fiscal year 1996 and 1997. The Water Resources Division comprises 26 percent of that budget and also sees an increase in funding over 1997. That increase stems from adaptation of the National Water Quality Assessment Program (NAWQA) to support President Clinton's "Water Quality Information (Kalamazoo) Initiative", providing water quality information on the major streams and aquifers in the Nation's 75 largest metropolitan areas, including the largest city in each of the 50 States.

This $9 million increase in NAWQA funding appears to require $1.9 million in new appropriation, with the balance coming from redirected funds of eliminated or reduced programs, such as the Acid Rain and the Water Resources Assessment Programs. The Council is concerned this new Initiative deviates from the original premise of Hydrologic Unit-based sampling which underlies the NAWQA approach and supports the ongoing implementation of the NAWQA Program. Directing investigations toward water resources in metropolitan areas appears to step away from the reigning philosophy of watershed oriented management and assessment which USGS has championed.

The Council believes much of the monitoring information sought by this new Initiative is already available from State and local water agencies and questions whether resources directed into the President's Water Quality Information Initiative comes at the expense of other endeavors which provide the States with useful and needed information, such as stream gaging stations and new NAWQA study units. An examination of the new directions of the NAWQA Program would seem warranted in order to ensure the most pertinent and valuable water quality data are collected.

The Council is extremely concerned by the disturbing effect that funding reductions and inflation are having on federal data collection efforts, under the heading of Water Data Collection and Management. We note that the portion of the stream gaging network supported by the federal funds was decreased by $1.1 million in fiscal year 1997 and that there is no restoration of these funds or compensation for inflation in the fiscal year 1998 budget. This combination of factors will result in a loss of more than 100 gaging stations, further accelerating the losing trend which began in 1990.

A similar situation arises in the Federal-State Cooperative Program, which stands to lose $1.2 million from 1997 funding levels. This decrease follows a $2.4 million increase in funding between 1996 and 1997, which offset inflationary costs of the existing program. The "roller-coaster" approach to funding directly influences non-federal agency decisions to provide matching funds to begin investigative studies and monitor additional streams.

This budgetary method provides no stability to maintaining a program which is the foundation of partnership between the federal government and state and local agencies. Under the requested level, an additional 120 gaging stations funded through the Federal-State Cooperative Water program will be discontinued, further diminishing our ability to monitor and assess the dynamic trends of our Nation's stream systems. Reductions in this program also negate opportunities for the federal government to leverage its investment with contributions from state and local users.

The ICWP and USGS have been engaged in a dialogue of trying to provide guidance on modification of the Nation's stream gaging network given limitations in future funding. The nationwide network comprises both the federal program and the Federal-State Cooperative Program. There are selection criteria to be considered when deciding the fate of a given station. These criteria include monitoring of unique hydrologic areas, monitoring compliance for interstate compacts and Supreme Court decrees and adequate coverage for National Weather Service flood forecasting. The ICWP and USGS are working toward consensus on those criteria, but the Council fears that adoption of the fiscal year 1998 budget will pre-emptany further discussion on the configuration of the Nation's streamflow monitoring network, as the Survey hastens to discontinue stations to meet its funding constraints.

The Council appreciates and supports the Administration's and Congress' need to reduce the Federal Budget. We are concerned that in the process of downsizing federal commitments for water resource data collection, the States shoulder the burden of compensating for the smaller network. Adjustments can be made by all levels of government, but it must be allowed to occur in an orderly process so that any necessary transitions in responsibility minimize disruption to the access of important information.

The Council reiterates that the collection of water resource data remains the highest priority and retains the highest value of our relationship with the USGS. Changes in emphasis from data collection to hydrologic analysis provide marginal value to the states in situations when resources are redirected from data programs to new initiatives. The cornerstone of a local-state-federal partnership in water remains the availability of reliable water resource data on which to base decisions and coordinate activities.

In that spirit, the Council requests Congress to minimize any reductions in the fiscal year 1998 appropriations to the federal Hydrologic Networks and Analysis and the Federal-State Cooperative Programs to maintain the delivery of useful hydrologic information and to allow ICWP and USGS to prepare a plan for a necessary yet smooth transition in data collection support efforts in fiscal year 1999.

PREPARED STATEMENT OF DR. THOMAS G. BAHR, PRESIDENT, THE NATIONAL INSTITUTES FOR WATER RESOURCES

Mr. Chairman: My name is Thomas G. Bahr. I am President of the National Institutes for Water Resources and Director of the New Mexico Water Resources Research Institute at New Mexico State University, Las Cruces, NM. I wish to thank you for the opportunity to provide testimony and express my appreciation for the strong support you have given the Water Resources Institute program. I have been directly associated with this program for over 20 years as a director of two different state institutes and also as the director of the federal agency which once administered this program during the first Reagan administration. This is a valuable program for America which recognizes the premise that states, not the federal government, are the managers of their water resources and that solutions to water problems are best solved at the state and local level. Water Resources Research Institutes are state entities, which through applied research, are ideally situated to tailor appropriate solutions to state water problems. States, in fact, put two dollars into the Institute program for every one federal dollar.

I am pleased to report that the Water Resources Research Act was reauthorized by the Congress and signed into law on May 24, 1996. This Act (42 USC 10301 et seq.) continues the important state-based program originally authorized in 1964. As my colleague, Dr. Leland Mink, points out in his testimony, the Act has been broadened to include emphasis on long-range water resources planning and the study of effective management of agricultural and natural resources systems. This adds important new dimensions to the program making it an even more comprehensive and robust authorization. Its implementation, however, depends on adequate funding.

We have reviewed the USGS budget proposed by the Administration and we strongly support the research program of the Water Resources Division. Their work is widely recognized as first class among the scientific community. For the first time in several years, the Administration has now recommended at least some funding for the Water Resources Research Institute program and we greatly appreciate this as a step in the right direction. Over the many years of the Institute program, however, there has been a steady erosion in the ability of Institutes to maintain viable programs. Last year's funding level of $4.553 million is roughly the same amount as the first year appropriation for the program when it started over 30 years ago. Inflation over the past 30 years, however, has reduced the purchasing power of the research dollar by nearly 4-fold.

On behalf of the National Institutes for Water Resources we ask for your support for the following:

$7,000,000 to support activities authorized by Section 104(b) of the Water Resources Research Act, that section which authorizes the base institutional grants for the 54 state Water Resources Research Institutes.

$2,000,000 to support activities authorized by section 104(g) of the Water Resources Research Act, that section which authorizes regional, multi-state and interjurisdictional research.

$250,000 to support U.S. Geological Survey for administration of this program.

We recognize the serious federal budget constraints at this time and fully understand the need for the federal government to be more productive with limited resources. It is for this reason we feel the documented productivity of the Water Resources Research Institutes program, the importance of the program to the individual states and the modest federal appropriation, essential in maintaining the high degree of productivity, amply justifies our request.

SECTION 104(b)—INSTITUTIONAL GRANTS TO THE 54 INSTITUTES. WHAT ARE THE BENEFITS?

*The Institute program assures that all states maintain the capability and expertise needed to solve their own water resources problems*

The Water Resources Research Institutes use state scientists to conduct high priority state, regional and national research on water resources which can effectively reduce the size and cost of the federal role. The Institutes provide an existing research infrastructure by connecting and integrating the university-based water research capabilities. State agencies which are charged with direct management responsibilities need—but often do not have—such research capabilities. The Institute oversight and advisory committees, consisting of state and local of finials and members of the public, provide direction to each institute and serve at no cost to the federal government.

Federal support for the Institute program creates a national network among the states and between their land grant colleges and universities and other research institutions. The network links water investigators throughout the nation, thereby

eliminating research duplication and ensuring high priority topics are addressed. The federal support and interest in this program is an essential component in the Institute's ability to secure non-federal funds to support additional water research and technology transfer and educational activities. During the last fiscal year, Institutes leveraged 11 non-federal dollars for every 1 federal dollar appropriated to this program!

*Separation of governmental regulatory functions from the research process is essential*

Most federal water management agencies have regulatory responsibilities. "In-house" research among these agencies is more susceptible to political pressure to generate conclusions in support of an agency's position, than is independent scientific research and technology development conducted at our nation's universities.

*The federal water problem-solving role could be significantly reduced and transferred to the states*

Federal regulations and programs designed to solve water problems have their primary impact at the state and local level. State and local governments are in a far better position to tailor solutions to local water problems. Significant reductions of many "in-house" federal water research programs could be achieved, while at the same time preserving the capacity to conduct research, transfer information, and solve water problems through the Water Resources Research Institute program.

*The nation's future depends on a continuing stream of qualified engineers, scientists and policy makers, and requires that these people be trained to address more complex water issues*

Training of water resource professionals has been a hallmark of the programs conducted by the Institutes. Not only does this program provide an opportunity to expand the number of students trained, it will more importantly offer training that provides the kinds of skills needed by many future water resource professionals. Funding this program would help ensure that this country develops enough personnel to deal effectively with the more complex problems of water management and water quality in the future. Unlike federal research agencies, virtually every research dollar spent on this program has the important added benefit of supporting the training of new scientists and engineers.

SECTION 104(g) REGIONAL AND INTERJURISDICTIONAL RESEARCH—WHAT ARE THE BENEFITS?

By authorizing the Section 104(g) program, Congress recognizes that water resources management is undergoing changes in the United States and many serious water problems are regional and interjurisdictional in scope. The information necessary to solve these problems must be generated by knowledgeable organizations with a familiarity and understanding of these interjurisdictional dimensions. The nation's universities have the interdisciplinary expertise needed to help solve such complex problems without the addition of more federal employees.

*Federal funds are necessary to create a base of support for research on regional interjurisdictional problems*

Without federal support, there are virtually no sources of funds available to support the scale of interdisciplinary research and analysis necessary for assessing regional and interstate water resources problems. It is wholly appropriate for the federal government to provide the support base and serve as a catalyst for the type of solution-oriented, problem-solving research toward which this program would be directed through our nation's universities.

*The research and networking capabilities of the Water Resources Research Institutes are well-suited to lead multi-and interdisciplinary programs aimed at providing solutions to complex water issues*

The record of the Institute program in carrying out its mission under the Water Resources Research Act has been well documented and is further described in the 1997 Executive Summary of our program provided to your committee. The Institutes can provide not only the technical expertise needed to offer solutions, but can serve as the point of contact to recognize and bring together concerns of all the participating parties across the relevant jurisdictions.

REGIONAL COMPETITIVE PROGRAM AS CURRENTLY MANDATED

Guided by language in the fiscal year 1996 conference committee report (House Report 104–259, pp. 33–34) the USGS and Institutes implemented a different mech-

anism to allocate Section 104(b) institutional grant funds. Last year, a base grant of $20,000 was provided to each of the 54 Institutes and the balance of the funding was equally divided into four regional pools. Research priorities focusing on regional problems of each of the four regions were established and circulated among potential research investigators within each of the respective regions. Institutes within each of the regions then applied for research project funding on a competitive basis.

Having now gone through this new process one time, it is clear to us that it is not a very cost effective mechanism for allocating funding and it is extremely cumbersome to administer. Projects selected for funding were of very high quality, but no better than projects which had been selected under the former system of making competitive awards in each of the states. Of greater concern to us is that the regional competition process bypasses important state priorities established by state advisory boards who have, for many years, guided each of the state programs. States put far more money into the Institute program than the base funding provided by the USGS and state water managers now feel left "out of the loop" when it comes to providing input to funding decisions. Providing state dollars used to match projects which may not be of direct interest or benefit to the state does not make much sense to them. Use of Section 104(b) funds for the regional competition program is a significant departure from the state/federal partnership envisioned in the authorizing legislation. We feel the structure of conducting regional and national research would be best handled under the authorized 104(g) program, rather than under the state-based 104(b) program, as this language directs.

In conclusion, we believe that the productivity of the Institute Program and the evidence of increasing demand for the program speak convincingly to the need for continued funding for the Water Resources Research Program. The National Institutes for Water Resources are grateful for your continuing support of this important state-based program. Thank you very much.

---

PREPARED STATEMENT OF THE COACHELLA VALLEY MOUNTAINS CONSERVANCY

The Coachella Valley Mountains Conservancy appreciates this opportunity to seek the Subcommittee's support for a $1 million appropriation to BLM for acquisitions in the Santa Rosa Mountains National Scenic Area and for an appropriation to assist NCCP planning efforts in southern California.

The Santa Rosa Mountains National Scenic Area is the large mountain range that forms the backdrop of Palm Springs and Palm Desert, and is often featured in the Skins golf tournament. The mountains rise quite steeply from the desert floor to San Jacinto Peak at 10,800 feet, going through five life zones from Sonoran desert to alpine. They are home to the peninsular bighorn sheep and several other endangered species. There are dozens of palm oases dotting the canyons and mountainsides, including Palm Canyon where thousands of palms stretch for miles in the largest fan palm oasis in the United States. Cultural resources also abound, including Cahuilla Indian village sites along various creeks and oases, ancient trails leading from village to village and to food gathering locations, rock art, ceremonial sites, and cremation sites. Of great importance to the Coachella Valley's economy, hundreds of thousands of people who come to the desert each year for vacation enjoy our mountains, whether just the view from the fairway or their hotel room, or on a visit to the Indian Canyons Heritage Park, a paid jeep ride in Palm Canyon, a tram ride to the pine forests, a guided hiking tour, or the fastest growing set of uses: on foot, horseback, or mountain bike to enjoy the solitude and magnificence of the back country.

The mountains don't just define the valley geographically; they are truly the soul of the Coachella Valley. They define it visually and emotionally for the residents and visitors on whom our local economy depends. The mountains have brought together the cities and the people of the valley in a unique partnership with state and federal agencies. One expression of that partnership is the Conservancy's Governing Board, made up of representatives of seven city councils, the County Board of Supervisors, three citizens appointed by the Governor, the state Senate, and the state Assembly, the Bureau of Land Management, the U.S. Forest Service, the Agua Caliente Band of Cahuilla Indians, the California Resources Agency, the University of California, the Department of Fish and Game, the Wildlife Conservation Board, and the Department of Parks and Recreation. The Conservancy's primary mission is to protect the mountains surrounding the Coachella Valley, and our acquisitions to protect key areas are all done through partnerships. This past year our partnership completed an acquisition in which the state's Wildlife Conservation Board and the Bureau of Land Management both purchased portions of a 3,000 acre property which the Conservancy had been able to option from the owner.

This coming year we have two more partnership acquisitions lined up. The City of Palm Desert wants to cooperate with BLM to purchase a property which is proposed for development in the mountains overlooking our city. The property sits above Deep Canyon, a major University of California Biological Research Center, and is adjacent to the BLM's Santa Rosa Mountains National Scenic Area Visitors Center. The City has committed $1 million towards the acquisition if BLM will contribute some LWCF funds to work with it. The City's goal is to purchase this property in phases over the next several years.

At the other end of the valley is the Snow Creek area which is the scenic gateway to the Coachella Valley, and in particular the City of Palm Springs. The City has committed matching funds along with the Conservancy for a state grant which will enable us to initiate acquisitions here. The Conservancy has been working with local landowners and we already have more than 1,100 acres of land available to us to purchase. Between the city's and the conservancy's matching funds and the state grant we expect to receive, we have $500,000 to expend. We're looking for a BLM contribution from LWCF, and another state contribution from the Wildlife Conservation Board over the next two to three years to help acquire the balance of the land.

The Snow Creek land, like the Palm Desert land, is not important just for its scenic qualities, though these are unmatched anywhere. Both these areas also figure prominently in a Multiple Species Habitat Conservation Plan which covers the entire Coachella Valley and the surrounding mountains. The cities, the county, and all the state and federal agencies are actively involved in preparing this plan. BLM, for example, has committed a GIS person to the effort to work with Conservancy staff, and BLM biologists have helped with biological surveys. This is perhaps the most cooperative MSHCP effort anywhere. The Advisory Group for the effort includes groups as diverse as the Sierra Club and the Building Industry Association, and they are committed to working together in harmony. For a variety of reasons, not the least of which is our past history of success in these kinds of efforts going back to the mid 1980's when we developed the second habitat conservation plan in the nation for an endangered species, our valley has learned that all interest groups accomplish a great deal more by working together pragmatically and honestly rather than fighting and bickering.

Land and Water Conservation fund money has been well spent in the Santa Rosa Mountains Scenic Area because of these partnerships. The money is an investment in more than land. It's an investment in a model of local, state, and federal agencies working successfully together, and working cooperatively with diverse private sector groups.

Regarding the Multiple Species Habitat Conservation Plan effort, we recently became the first non-coastal sage scrub Natural Communities Conservation Plan effort in California. This means that we now qualify for some of the NCCP—or Natural Communities Conservation Plan—funding which Congress has appropriated in recent years. And just as we have with acquisition efforts, we bring a very real partnership to the MSHCP/NCCP funding effort. Since we began the planning effort two years ago, the funding for it has been almost exclusively local, from local grants, local mitigation fees, and local cash contributions from conservation groups and the Building Industry Association. BLM has contributed a small but very valuable amount of cash and several state and federal agencies have made in-kind contributions of staff time. Our eligibility for NCCP planning funds will help us complete the plan in the next two years. So in addition to seeking your support for LWCF acquisition funds to the BLM, the Conservancy also seeks your support for continued appropriations for NCCP planning funds. And with the number of successful NCCP efforts underway in five southern California counties (San Diego, Orange, Riverside, San Bernardino, and Los Angeles), it would help tremendously if the amount were increased from $2 million to $3 million.

The Conservancy appreciates your help in previous years, and very much hopes to have that same assistance this year to further the extremely successful partnerships in the Coachella Valley.

---

LETTER FROM TODD KELLSTROM, MAYOR, CITY OF KLAMATH FALLS, OR

KLAMATH FALLS, OR, *April 10, 1997.*

Hon. SLADE GORTON,
*Chairman, Senate Interior Appropriations Subcommittee,*
*Washington, DC.*

DEAR MR. CHAIRMAN AND MEMBERS OF THE SENATE INTERIOR APPROPRIATIONS SUBCOMMITTEE: The City of Klamath Falls is supporting the fiscal year 1998 appro-

priations request of the Upper Klamath Basin Working Group which was established by Senator Hatfield in the Oregon Resources Conservation Act of 1996. The City of Klamath Falls has been an active member of the organization since it was first established as the "Hatfield Klamath Basin Working Group" in early 1995.

The Senator's charge to the new Upper Klamath Basin Working Group was to review conservation and wetland issues in the basin and then recommend appropriate solutions and projects which would be supported by all group members and benefit the Upper Klamath basin. Original funding in fiscal year 1996–97 helped establish such programs as Tulana Farms Wetlands Restorations, BLM Wood River Wetlands Restoration and projects of the Ecosystem Restoration Office (ERG).

In March 1997, the Upper Klamath Basin Working Group identified a third set of restoration projects for implementation under the one million dollar ($1,000,000) authorization of the Oregon Resource Conservation Act of 1996. These projects include federal, state or local matches and are listed as follows:

1. Restoration of springs in the Sprague and Williamson River systems, proposed by the Klamath Tribes, $160,000.
2. Field trials for an integrated pest management plan on the Tulelake and Lower Klamath National Wildlife Refuges, proposed by New Horizons Technology, contractor to the U.S. Fish and Wildlife Service, $30,000.
3. Development of a Juniper management program, proposed by the Oregon Department of Fish and Wildlife, $100,000.
4. Riparian fencing and wetland restoration at various locations, proposed by Ducks Unlimited, Western Regional Office, Rancho Cordova, CA., $150,000.
5. Riparian protection and stream structures on three parcels of private lands, proposed by the Klamath Soil and Water Conservation District, $243,350.
6. Wetlands restoration of Sevenmile Creek, proposed by Water for Life, $200,000.
7. Support for a Geographic Information System center at Oregon Institute of Technology, $123,000.
8. Implement a Bull Trout restoration strategy, proposed by the Bull Trout Working Group, $50,000.
9. Install fish barriers to protect Bull Trout in Sun Creek, proposed by the Bull Trout Working Group, $20,000.

The Working Group also developed a consensus to recommend an additional budget request to fund:

1. The continuation of wetlands restoration work on the Wood River Ranch by BLM, $500,000. This is an on-going restoration project of 3,200 acres.
2. Implementation of "Sump Rotation" as a tool for wetlands management and development on the Tulelake National Wildlife Refuge, $1,220,000.

The Upper Klamath Basin Working Group continues to be supported by a wide range of differing interests, Klamath Tribes, Oregon Department of Fish and Wildlife, Agriculture, Grazing, Industries, City of Klamath Falls, Klamath County, Conservation Groups, Oregon Governor's Office, Federal agencies and private citizens. There is also coordination within the two state (Oregon and California) area with the Klamath Rivers Fisheries Task Force, the Klamath River Compact Commission, and the Trinity River Task Force. These groups work on developing support through consensus building so that all may agree and support the resulting actions and funds.

Therefore, the City of Klamath Falls respectfully requests that you appropriate the $1 million, as authorized under the Oregon Resources Conservation Act of 1996, for the nine restoration projects identified above for the Upper Klamath Basin in fiscal year 1998. In addition, supplemental funding to accomplish the Wood River Wetlands restoration and the "sump rotation" on the Tulelake National Wildlife Refuge. The total restoration effort will provide solutions that can lead to recovery of the endangered sucker, downstream salmonids, and potential future endangered species listings. These projects will also help the agriculture communities, the City and County, Native American tribes, as well as commercial interest on the Klamath River both in Oregon and California.

Respectfully submitted,

TODD KELLSTROM,
*Mayor.*

PREPARED STATEMENT OF COMMISSIONER JOE JUDD, ON BEHALF OF THE KANE COUNTY, UTAH COMMISSION

*Fiscal year 1998 Request: $820,000 for the "Partnership Demonstration" program with the Bureau of Land Management for the Grand Staircase-EscaLante National Monument*

Mr. Chairman, and members of the Subcommittee on Interior and Related Agencies; I would like to express my great appreciation to you, on behalf of the Commissioners and people of Kane County, for allowing us to testify regarding the Grand Staircase-Escalante National Monument—and the resulting impacts of the monument on both the land and residents of Kane County.

Let me begin by saying that our initial reaction to the surprise announcement by the President was one of great anger and frustration at being left out of the deliberations. However, despite our disappointment, we collectively decided to be included in any future deliberations and decisions that will so greatly affect our lives. We subsequently accepted an offer by the Secretary of the Interior to participate smith the Bureau of Land Management in the three-year assessment and planning process.

We signed a Cooperative Agreement with the Bureau which will provide up to $200,000 in fiscal year 1997 to "* * * facilitate the improvement of the economic, cultural, and other resources of the county and to facilitate the BLM's planning process for the Monument." Our first responsibility is to develop an analysis of county infrastructure requirements, law enforcement, transportation needs, search and rescue and other impacts due to the designation of the monument.

Through our initial assessments, we estimate that Kane County's funding requirement to continue in the planning process in fiscal year 1998 is $250,000. We are requesting that this agreement be established in the appropriations bill as a "Partnership Demonstration" line-item for the planning effort with the BLM.

Additionally, there will be a great increase in the demand for basic emergency services as a direct result of the monument designation and will require a minimum of $570,000 in fiscal year 1998.

This comes to a total of $820.000.

It is clear that we must quickly prepare for the consequences of putting this area on the tourist map. The character of the area is seductive and inviting, but very harsh and unforgiving on those who are unprepared. We anticipate a very sharp increase in persons getting lost in the area, or stranded, hurt or worse. Kane County, at this point, is simply unable to adequately carry out public safety services of search and rescue and related health, sanitation and law enforcement requirements that will be immediately essential.

Mr. Chairman, this is not a Kane County Monument, this is a National Monument. It was created by the President of the United States on behalf of the American people. The proclamation was widely and warmly supported by the American people. And, as far as I know, it has never been deliberate U.S. policy or practice to simply dump all of the responsibilities and costs of a National Monument off on the citizens who happen to live adjacent to the boundaries.

The costs to provide a suitable monument experience, both inside and outside of the boundaries will be significant. I doubt that there are few people, including the President, who have an appreciation for just how large and diverse these monument lands are. This was an enormous decision with enormous consequences. The area takes in about 2 million acres. That is 3,125 square miles. About 70 percent of this, about 2,590 square miles, is in Kane County. The monument is larger than Manhattan and Long Island combined—it is about the size of the state of Delaware. But it is much more than big. It is a very diverse topography that ranges from the very stark—without any vegetation—to the more familiar red cliffs and forests highlighted by the media.

We believe, as the President does, that it should be seen, and certain segments could provide an outstanding monument experience with sufficient care and with sufficient resources. Of course, large parts of the area are less accessible, and will be difficult to view, resulting in very low visitations. Some areas are very fragile and should be protected from visitations.

But whether we want people come to the monument or not, or if there is adequate access or not, it is too late. They are arriving already and will continue to come in larger and larger numbers. The President's proclamation has, in effect, changed the character of the area forever.

The infrastructure to support visitors (access roads, basic sanitation facilities, good accommodations and information, both in and beyond the boundaries of the monument) simply does not exist. That, of course, is the purpose of our planning process. And because the facilities and infrastructure adjacent to the monument are

as critical as those within, we believe our participation is not a privilege but an obligation on the part of the government; even a responsibility on our part.

But within the obligation, we have seen an opportunity—an opportunity for the Federal Government to establish a Partnership with Kane County. Not just some vague "input," but a separate and essential role in that partnership.

This is an opportunity to demonstrate to other, and very skeptical, local governments, throughout the United States, that the Federal Government is sincere when it states, as the President did, that this is "* * * the beginning of a unique three-year process during which the Bureau of Land Management will work with state and local governments * * *" to set up a land management process.

Fiscal year 1998 funding will allow us to continue in the direction we have already begun with the Cooperative Agreement. The agreement is a very "unique" beginning and it is working. We have begun a planning process that is based on cooperation, open communications, and fledgling trust. We have been persuaded to reach out to the government and say—"Okay we will give it a try. We will take a risk." But there are any number of people who are saying that we are crazy to trust the government.

Well, I hope not. So we are asking you, the Federal Government: Do not abandon us now that we have made a commitment.

I met with Secretary Babbitt and I was convinced of his sincerity when he said he wanted this process to work. And the BLM has said repeatedly that they believe a local partnership with full cooperation is a great benefit to them in managing the largest national monument in the lower 48 states.

As the members of the committee know, this is the first National Monument for the Bureau of Land Management. We support the decision by the President to retain management of the area with the Bureau. The President stated in his announcement at the Grand Canyon that the monument was to be continued in multiple-use management. That is a critical consideration both in the retention of the BLM and the inclusion of the local government's participation in planning, and where appropriate, decision making.

It is my understanding that the President's budget calls for an additional $5,000,000 for the monument. We think that is an important level of funding, but Kane County requires the additional amount of $820,000, at least for fiscal year 1998. It may be ultimately possible to discover or create the means for the monument to pay for itself through fees or other mechanisms. But for the immediate future a sufficient level of funding is critical to provide the basic services for these new visitors. Kane County simply does not have the money.

We have heard it said already, Mr. Chairman, that Kane County will experience an amazing and lucrative boom—a windfall—because of all the increased tourism that the monument will generate. The truth is, we fervently hope that the predicted flood of tourists does not occur—especially in the next year or two. For each tourist dollar brought in, it costs the county $1.25 to provide all of the needed services: law enforcement, visitor aid, indigent care, as well as other community resources to provide for fire protection, and water and sewer services.

Tourism on its own does not provide a stable economy. It is both seasonal and a second wage-earner employer. Kane County, is an area of 4,800 square miles, but the county has less than 7,000 permanent residents. Public lands comprise 95 percent of the county. There are very few families supported by primary jobs; for the most part our families are forced to survive on minimum wage jobs. This provides a very low tax base. And, because of the lack of primary jobs, young people are unable stay in the county. In Utah, persons in the 25–34 age group make up 25 percent of the population. But in Kane Co., it is 17 percent. When our young people graduate from college, we say, "Congratulations, and goodbye." We have a disproportionate share of 25–30 year old heads of households earning less than $15,000 per year. The poverty level for a family of five is $14,990 per year.

The hope for Kane County was to have been in the Smoky Hollow mine, an underground coal mine which was being reviewed through the EIS process as established by the Environmental Policy Act. The mine was to provide jobs—primary jobs—and provide desperately needed revenues for the schools and for basic county services. Our county's recreation and transportation special services district loses $500,000 per year and will continue to do so for a period beyond our life spans. Our county has an assessed tax base of $300 million. The Andalex facility would have added $90 million to our tax rolls.

Any prospect for the mine has apparently been eliminated. In fact, the President mentioned the mine by name in his declaration statement at the Grand Canyon. He said "I am concerned about a large coal mine proposed for the area * * *" and went on to say that he hoped that "Andalex" will find a way to pursue its mining oper-

ations elsewhere. He said "* * * we shouldn't have mines that threaten our national treasures."

Well, we did not agree with that assessment, but that is way beyond our ability to affect. All we can do now is look forward and try to build a future for our children. We can also help to build a monument. Together, we can provide a proper monument experience without degrading the environment or the quality of life of a people who have lived in harmony with the land for generations.

Mr. Chairman, we are hopeful that the cooperation between the Federal government and local government will continue to be supported. We are beginning to record the history of this partnership and at the same time create a video and other materials which will provide information to the public, and we welcome your participation.

We do not represent any narrow point of view or philosophy. We have a planning process that is open to all citizens and the very diverse citizen groups. All we ask of the Congress is the opportunity to continue to be a part of this new and unique opportunity to create a great monument that protects the landscape and provides a variety of multiple uses for the benefit of all people.

We do not have any money, we have very few votes, and no power. We do not come here today with threats—just a simple request that we not get brushed aside—discarded—as others rush in to command or make convenient and "low-cost" but short-sighted decisions that will foreclose the hopes and expectations of the American people who warmly supported the decision to create a new monument.

We invite you to come to Kane County—come see it for yourselves. The subcommittee staff have visited the area, but snow conditions decreased mobility even while increasing the aesthetic qualities of one of the most beautiful areas of the world.

Thank you again for the opportunity to testify on behalf of the county and I welcome whatever questions you may have.

---

PREPARED STATEMENT OF JACK A. BARNETT, EXECUTIVE DIRECTOR, COLORADO RIVER BASIN SALINITY CONTROL FORUM

This testimony is in support of funding for the Colorado River salinity control program. The Bureau of Land Management has chosen to reformulate its budgeting process so as to support ecosystems and watershed management. The activities needed to control salinity being contributed from the BLM lands are a part of ecosystem and watershed management. Because the budgeting process lumps all activities together, we can only presume that there is adequate dollars in the President's budget to move ahead with the water quality enhancement and protection programs needed in the Colorado River drainage to ensure that the salts in excess amounts are not contributed to the river system. Our analysis indicates that the Bureau of Land Management needs to specifically target the expenditure of funds in the amount of $4,500,000 to salinity control in fiscal year 1998.

OVERVIEW

The Colorado River Basin salinity control program was authorized by Congress in 1974. The Title I portion of the Colorado River Basin Salinity Control Act responded to commitments that the United States had made via a treaty with Mexico with respect to the quality of water being delivered to Mexico below Imperial Dam. Title II of the Act established a program to respond to salinity control needs of Colorado River water users in the United States and to comply with the mandates of the then newly legislated Clean Water Act. Initially, the Secretary of the Interior and the Bureau of Reclamation were given the lead Federal role by the Congress. This testimony is in support of funding for the Title II program.

After a decade of investigative effort, the Basin states concluded that the Salinity Control Act needed to be amended. Congress revised the Act in 1984. That revision, while keeping the Secretary of the Interior as lead coordinator for Colorado River Basin salinity control efforts, also gave new salinity control responsibilities to the Department of Agriculture, and to a sister agency of the Bureau of Reclamation—the Bureau of Land Management. Congress has charged the Administration with implementing the most cost-effective (dollars per ton of salt removed) program practicable. The Basin states are strongly supportive of that concept, as the Basin states cost share between 25 and 30 percent of these federal expenditures for the salinity control program, while in addition proceeding to implement their own salinity control efforts in the Colorado River system.

Since the congressional mandates of nearly two decades ago, much has been learned about the impact of salts in the Colorado River system. The Bureau of Rec-

lamation has recently completed studies on the economic impact of these salts. Reclamation recognizes that the damages to United States' water users alone may soon be approaching $1 billion per year.

The Colorado River Basin Salinity Control Forum (Forum) has become the seven-state coordinating body for interfacing with federal agencies and Congress to support the implementation of a program necessary to control the salinity of the river system. Forum members are appointed by the governors of the seven Colorado River Basin states. In close cooperation with the Environmental Protection Agency (EPA) and under requirements of the Clean Water Act, every three years the Forum prepares a formal report analyzing the salinity of the Colorado River, anticipated future salinity, and the program necessary to keep the salinities at or below the levels measured in the river system in 1972.

In setting water quality standards for the Colorado River system, the salinity levels measured at Imperial, Parker, and Hoover Dams in 1972 have been identified as the numeric criteria. The plan necessary for controlling salinity has been captioned the "plan of implementation." The 1993 Review of water quality standards includes an updated plan of implementation. The level of appropriation requested in this testimony is in keeping with the agreed to plan. If adequate funds are not appropriated, state and federal agencies involved are in agreement that the numeric criteria will be exceeded and damage from the high salt levels in the water will be widespread and very significant.

JUSTIFICATION

The BLM is, by far and away, the largest landowner in the Colorado River Basin. Much of the lands that are controlled and managed by the Bureau of Land Management are heavily laden with salt. Past management practices, which include the use of lands for recreation; for road building and transportation; for oil, gas, and mineral exploration; and most importantly, for grazing, have led to man-induced and accelerated erosional processes. When soil and rocks heavily laden with salt erode, the silt is carried along for some distance and ultimately settles in the streambed or flood plain. The salts, however, are dissolved and remain in the river system causing water quality problems downstream.

The Forum believes that the federal government has a major and important responsibility with respect to controlling pick-up of salt from public lands. Congress charged the federal agencies with proceeding with programs to control the salinity of the Colorado River, with a strong mandate to seek out the most cost-effective options. It has been determined that BLM's rangeland improvement programs can lead to some of the most cost-effective salinity control measures available. These salinity control measures are more cost-effective than some now being implemented by the Bureau of Reclamation and by the Department of Agriculture. They are more environmentally acceptable, as they will prevent erosion, increase grazing opportunities, increase dependable stream runoffs, and enhance wildlife habitats.

Through studying hundreds of watersheds in the States of Utah, Colorado, and Wyoming, the BLM has selected several watersheds where very cost-effective salinity control efforts could be implemented immediately. In keeping with the Congressional mandate to maximize the cost-effectiveness of salinity control, the Forum is requesting that out of the overall requested and authorized budget the Congress appropriate and the administration allocate adequate funds to support the Bureau of Land Management's portion of the Colorado River salinity control program as set forth in the adopted plan of implementation.

DETAILS CONCERNING THE REQUESTED APPROPRIATION

After conferring with BLM officials, the Forum believes there needs to be spent in fiscal year 1998, by the Bureau of Land Management, $4,500,000 for salinity control. We are particularly concerned that the line-item titled Management of Lands and Renewal Resources is adequately funded.

The Forum believes that although it is commendable for the administration to formulate a budget that focuses on ecosystems and watershed management, it is essential that funds be targeted on specific sub-activities and the results of those expenditures reported; this is necessary for accountability and for the effectiveness of the use of the funds. The Forum requests that the Committee require accounting by the Bureau of Land Management in such a way that the results of their activities in connection with the expenditures the funds can be reviewed and measured.

PREPARED STATEMENT OF CYRUS M. JOLLIVETTE, VICE PRESIDENT FOR GOVERNMENT RELATIONS, ON BEHALF OF THE UNIVERSITY OF MIAMI

Mr. Chairman and Members of the Subcommittee: I appreciate the opportunity to present testimony on behalf of the University of Miami. The University is seeking your continued support for a major environmental initiative within your purview, the South Florida Ecosystem Restoration Prediction and Modeling Program (SFERPM).

Florida Bay is a triangularly shaped body of water about 2200 sq. km in area. Over 80 percent of the Bay lies within Everglades National Park. The Bay is bounded by the Florida Everglades on the north and the Florida Keys on the southeast. In the Bay over 200 small islands or "keys" occur, many of which are rimmed with mangroves and have interior, irregularly flooded, "flats" with calcareous algal mats. The Bay is shallow, often hyper-saline, and, until recently, was characterized by clear waters, and lush sea grass meadows covering a mosaic of shallow water banks and numerous relatively deeper water basins or "lakes". Deep narrow channels connect neighboring basins. Hard bottom habitats in southwestern Florida Bay support sponge and hard and soft coral communities.

Florida Bay is known as the principal inshore nursery for the offshore Tortugas pink shrimp fishery, for providing critical habitat for juvenile spiny lobster, stone crab, and many important finfish species. While the Bay is the site of an extensive sport fishery, it is also important as a nursery area for many recreationally important finfish in the Florida Keys National Marine Sanctuary. Moreover, the Bay supports numerous protected species included the bottlenosed dolphin, several species of sea turtles, manatees, and the American crocodile.

There are many indications that the environmental health of Florida Bay has deteriorated. Fishing success has declined for many of the species that depend upon the Bay as a juvenile nursery habitat. Atypical algal blooms, attributing to sponge and manatee dieoffs, are occurring in the Bay and Florida Keys. Mangroves appear to be in decline. While the causes of the various problems and the relationships between them are not well understood, there is no question that, like the sawgrass habitat of the Everglades, the coastal marine ecosystem of Florida Bay is in jeopardy.

The objective of the South Florida Ecosystem Restoration Prediction and Modeling Project is to provide decision-makers who are working to restore and maintain a healthy South Florida coastal ecosystem with reliable scientific information. At present there is insufficient knowledge to predict with confidence the consequences of alterations in freshwater input to Florida Bay.

Since no one can turn back the clock and South Florida's rapid development will almost certainly continue, a series of compromises and tradeoffs will have to be made in restoring and maintaining a healthy South Florida coastal ecosystem including Florida Bay. It is essential that decisions be made based on reliable scientific information. That is the objective of the South Florida Ecosystem Restoration Prediction and Modeling program. Which is collaboratively managed and conducted by the National Oceanographic Atmospheric Administration's Atlantic Oceanographic and Meteorological Laboratory and the National Marine Fisheries Service Miami Laboratory and the Rosenstiel School of Marine and Atmospheric Science.

My colleagues at the Rosenstiel School of Marine and Atmospheric Science urge you, Mr. Chairman, to provide $6 million in dedicated funding for SFERPM. This project is a multi-agency activity in which more than 80 Florida entities are at work seeking solutions to these critical issues.

Mr. Chairman, my colleagues and I know what a difficult appropriations year you face. However, again, we respectfully request that you give very serious consideration to providing dedicated support for the South Florida Ecosystem Restoration Prediction and Modeling program so that sufficient information is available upon which to base decisions for maintaining a healthy South Florida coastal ecosystem including Florida Bay.

---

LETTER FROM B. SHARON MEEKER, CHAIRPERSON, LAMPREY RIVER ADVISORY COMMITTEE

NEW MARKET, VA, *March 17, 1997.*

Hon. SLADE GORTON,
*Chair, U.S. Senate, Interior Appropriations Subcommittee,*
*Washington, DC.*

DEAR SENATOR GORTON: The Lamprey River Advisory Committee is writing request your support of appropriations for two National Parks Service programs: The

Wild and Scenic River Coordinator Program; and the Watershed implementation Program, under the Rivers and Trails Conservation Assistance Program.

A. WILD AND SCENIC RIVER COORDINATION PROGRAM

The Lamprey River was designated into the National Wild and Scenic Rivers System in November of 1996. Our local River Management Advisory Committee has successfully developed a River Management Plan with the invaluable assistance of the National Parks Service. To foster the implementation of this Plan, our Committee hopes to have the continued support of the Parks Service in coordinating efforts between us and appropriate state and federal agencies—an often daunting role for local citizens

While our goals have been defined and accepted by our towns, our Committee frequently relies upon the knowledge and experience of Parks Service staff to help us choose the best means for accomplishing those goals. We are in particular need of NPS technical advice in reviewing development proposals affecting the river and in designing future studies which will help us in our mission.

Some specific examples: First: a golf course on miles of river frontage has been proposed. The NPS has helped our Committee to contact the state and federal agencies able to help us evaluate and comment on the proposal. Second: in order to meet the River Management Plan goals of preserving important habitat, our Shoreland Conservation Subcommittee needs fieldwork done to identify key lands. The NPS helps to find those experts, oversees the studies, and connects us with public and private organizations which can offer landowners incentives for protecting those areas. Third: an early dam and mill site on the National Register of Historic Places, long neglected, has become a public safety hazard and was being closed off from the public. An NPS planner is working with neighbors and town officials to redevelop the area so it is a safe passive recreation and historic area with good access.

The Lamprey River Advisory Committee is counting on the continued help of the National Parks Service under this program to make the nation's newest Wild and Scenic River an asset to all.

B. WATERSHED PLAN IMPLEMENTATION

After achieving Wild and Scenic designation for the lower three towns in the Watershed, it has become obvious that achieving our Management Plan goals must involve the whop Lamprey Watershed. Based on surveys of riverfront landowners and data from State agencies, the Lamprey's Local River Advisory Committee has taken a particular interest in point- and nonpoint-source pollution originating both within and upstream of the Wild and Scenic designated river segment. We are also concerned about the need for river resource protection in some upstream towns.

With the help of the National Parks Service, the Lamprey River Management Advisory Committee has just initiated an outreach effort to support other conservation groups throughout the Watershed. Our goal is to coordinate more consisted protective land and water use policies and public education/public support efforts in the nine towns.

The Parks Service has helped us break the ice with upstream towns. Expanding our efforts to include another 30 miles of river and hundreds of square miles of watershed is a challenge, and we are relying heavily on NPS expertise. The Northeast Regional Office has proven invaluable in guiding our initial efforts, arranging for an intern from the Quebec-Labrador Foundation to help produce the first watershed-wide newsletter. This effort connected conservation-minded groups throughout the area in a common effort that is already bearing fruit.

As drought strikes the Northeast more frequently, we are also concerned-with water withdrawals from the river, especially coupled with wastewater treatment plant discharges into it. This must be addressed in a watershed-wide effort We are looking forward to Parks Service technical assistance in researching options and negotiating with the various interests involved.

In sum, the Lamprey River Management Advisory Committee is deeply appreciative of the support of the National Parks Service in providing guidance, technical assistance and coordination with public and private organizations in helping us reach our goals for the enhancement and protection of the Lamprey River. We ask that you support the appropriations for the Wild and Scenic River Coordination Program and the Watershed Plan Implementation program under the Rivers and Trails Conservation Assistance Program.

Sincerely,

B. SHARON MEEKER,
*Chair.*

## PREPARED STATEMENT OF ERIC HERTFELDER, EXECUTIVE DIRECTOR, ON BEHALF OF THE NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

### NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS REQUEST FOR FISCAL YEAR 1998 FROM THE HISTORIC PRESERVATION FUND [1]

| | |
|---|---|
| State Historic Preservation Programs | $31,000,000 |
| National Trust for Historic Preservation | 3,500,000 |
| Tribal grants/Tribal Preservation Offices | 2,750,000 |

### NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

The National Conference of State Historic Preservation Officers is the professional association of the State Historic Preservation Officers, the officials designated by each State's governor to act for the Secretary of the Interior in carrying out the National Historic Preservation Act (16 U.S.C. 470) within each State.

### HISTORIC PRESERVATION FUND: THE KEYSTONE OF HISTORIC PRESERVATION

The Nation's approach to historic preservation is based on team work. Beginning in the 1960's, the federal government defined a national approach to the preservation and productive use of our heritage and asked the States to do the work—and pay half the cost.

The Historic Preservation Fund provides the essential foundation for the national historic preservation program. The federal dollars attract the State, local and private match; the federal dollars provide the incentive for States to team up for preservation and run the nation's preservation program within their borders.

Without that federal investment, States lack the incentive and the ability to run the nation's program and would focus solely on State initiatives.

### WHERE THE HISTORIC PRESERVATION FUND GOES: THE STATES [2]

A. Survey: "Ground zero" for the national historic preservation program is historic sites survey: locating and recording places that are part of the nation's 13,000 year history. State Historic Preservation Offices maintain maps, photographs and written descriptions of the historic places within their borders.

B. National Register: The National Register of Historic Places is the national standard for defining historic significance, defining which properties should receive historic preservation treatments and, importantly, which will not.

C. Planning: State Historic Preservation Offices, working with the public, take a comprehensive look at their State, their State's historic resources, opportunities and needs and craft a set of priorities for historic preservation actions.

D. Local governments: Since 1980, local governments have had the option of becoming official partners with State Historic Preservation Of fires. Certified local governments' primary responsibility is participation in the National Register nomination process. However, States and certified local governments agree on other partnership activities. In Georgia, several certified local governments assume the State Historic Preservation Office's role in consultation with federal agencies.

E. Rehab tax credit: State Historic Preservation Offices' work with developers interested in investing in the rehabilitation of National Register-listed buildings.

F. Federal agency coordination and consulting: State Historic Preservation Offices assist federal agencies and applicants, on roughly 100,000 projects nationally each year, in avoiding harmful effects to historic places.

G. Monitoring past restoration grant easements: State Historic Preservation Offices continue to monitor the covenants placed on properties that received grants (Pre-1981).

H. Public education: Providing information and training on historic preservation is an on-going responsibility of State Historic Preservation Offices from monthly newsletters, to annual conferences, to local government training.

### WHAT THE FEDERAL INVESTMENT HAS EARNED

A. Construction generated through historic rehabilitation credits: [3] $757,000,000 for fiscal year 1996 from 509 projects rehabilitated following the Secretary of the Interior's Standards for Rehabilitation. State Historic Preservation Offices assisted developers in the three-part review process prior to the National Park Service staff re-review.

B. New housing units: 6,009 units of housing of which 3,513 are low/moderate income were created in fiscal year 1996 because of the rehab credits.

C. Interest in heritage: In the thirty years since the National Historic Preservation Act, historic preservation has entered the American vocabulary. The success of such magazines as Colonial Homes, and television programs as "This Old House," attests to the interest in historic preservation among the general public. Analysis of tourism statistics shows that visiting historic sites ranks high (second highest motivator for tourists—in Massachusetts, Virginia and Maryland) among the reasons for tourism. The spontaneous popularity of heritage areas across the country spans the nation from Tracks Across Wyoming, to Silos to Smokestacks in northeastern Iowa, to the Ohio and Erie Canal, to Essex County in Massachusetts.

D. Inventories are the foundation for heritage area development and cultural tourism:

1. The Alaska Gold Rush Centennial Task Force is co-chaired by the State Historic Preservation Officer and the State director of tourism and involves a decade-long program. 1996 projects included commemorative license plate, a Gold Rush Era Pioneers and Properties Recognition Program, a U.S. postage stamp and a historic signage project in cooperation with the State transportation department.

2. Pennsylvania heritage parks program started with research done by the Bureau of Historic Preservation from their inventories of historic sites. Currently the Pennsylvania Office is preparing a historic context on the anthracite coal industry making it easier to assess the significance of coal industry resources and providing information for interpretation of historic sites.

3. California State Historic Preservation Office is working with Mexico's National Institute of Anthropology and History on the El Camino Real Misionero de Las Califomias Heritage Corridor. The international agreement was signed on April 27, 1997. The New York Times on Sunday January 26, 1997, recognized the work of Mario Sanchez of the Texas State Historic Preservation Office on the Los Caminos del Reo heritage area.

4. The Alabama Historical Commission's long-time research historic places related to the civil rights movement set the foundation for the Federal Highway Designation of designation of U.S. 80 between Selma and Montgomery as an All American Highway and National Historic Trail.

E. Benefits from consultation with federal agencies on section 106:

1. The Section 106 process opened a dialog between the Alabama Historical Commission and federal agencies to prevent the demolition of the Montgomery Greyhound Bus Station, a major Civil Rights movement historic site, and led to its restoration as a museum and a long-distance learning center with connections to students across the nation.

F. Affordable housing:

1. The Ohio State Historic Preservation Office initiated discussions among federal, state and local agencies with housing responsibilities which resulted in a State task force on affordable housing and historic preservation to facilitate compliance with federal standards.

2. The Illinois State Historic Preservation architect working with a HUD-funded rehabilitation in Chicago showed the developer how the housing goals could be met within the Secretary of the Interiors Standards for Rehabilitation therefore making the National Register-eligible building eligible for historic rehabilitation tax credits.

3. The New Hampshire State Historic Preservation Office encouraged the Drewsville Mansion Affordable Housing and Head Start Project in Walpole to use the historic rehabilitation tax credit in addition to the low-income housing credit for the preservation aspects of the 1880's stick style building creating links between Southwestern Community Services, the New Hampshire Housing Finance Authority, the Office of State Planning, and the Preservation Office.

G. Historic Preservation and industry work together:

1. American Samoa Historic Preservation Office established a partnership with the American Samoa Power Authority to identify historic sites, prepare National Register nominations and expedite the construction of a sewer line.

2. The Georgia Power Company funded the reprinting of the Georgia State Historic Preservation Office's driving tour publication Preserving the Legacy: A Tour of African American Historic Resources in Georgia in time for the Olympics.

3. The First Hawaiian Bank funded the publication of the Hawaii State Historic Preservation Office's book On Bishop Street tracing a century of history of Honolulu's financial and corporate center.

H. Rural preservation: historic barns:

1. The Illinois State Historic Preservation Office's subgrant to Kane County, a certified local government, resulted in "That Darn Barn" calendar which has become a successful tool for promoting the significance of rural heritage as citizens face land use planning decisions.

2. The Ohio State Historic Preservation Office and the Ohio State University Extension Service conducted workshops for and provided notebooks to rural property owners on technical issues related to the continued use and preservation of barns.

3. The New York State Historic Preservation Office provided the Governor with ideas on the preservation of historic barns which resulted in legislation creating tax incentives for barn owners.

4. The Wisconsin State Historic Preservation Office's barn preservation program includes workshops on preservation techniques and a 14,000-entry publication to help owners understand the significance of their buildings, prepare National Register nominations and apply for federal rehabilitation tax credits.

VI. CONCLUSION

The State Historic Preservation Of fleers express their appreciation to the Subcommittee for its past support. The need to identify our nation's historic properties, and to find ways to preserve them is continuous, and is a responsibility borne by all levels of government as well as the private sector. The Historic Preservation Fund programs are key components of the federal government's contribution to this effort, and enable the intergovernmental partnership that has accomplished so much in the past 30 years.

Although directed toward appropriations from the Historic Preservation Fund, our testimony would not be complete without requesting continuing support for our key federal government partners the Advisory Council on Historic Preservation at $2.745 million and the National Park Service, National Recreation and Preservation, at $42.063 million.

END NOTES

1. NCSHPO request for federal preservation partners: Advisory Council on Historic Preservation: $2.745 million, National Park Service National Recreation and Preservation: $42.065 million.

2. The National Conference testimony addresses the State Historic Preservation Office programs, not the National Trust or tribal grants.

3. Source for figures on the rehabilitation tax credit: Heritage Preservation Services Program, National Park Service, "Federal Tax Incentives for Rehabilitating Historic Buildings, fiscal year 1996 Report and Analysis," Washington, DC, 1997.

---

## PREPARED STATEMENT OF SAMUEL N. PENNEY, CHAIRMAN, NEZ PERCE TRIBAL EXECUTIVE COMMITTEE

Mr. Chairman, members of the subcommittee, my name is Samuel Penney, and I appreciate the opportunity to submit testimony for the record. The Nez Perce Tribe appreciates your efforts to solicit our views and to stretch scarce federal dollars to meet our needs.

CADASTRAL SURVEY STATION

As the Committee knows, we have repeatedly sought an appropriation to the Bureau of Indian Affairs real property program to assist in the establishment of a Bureau of Land Management cadastral survey station on the Nez Perce Reservation. The survey is necessary for several reasons including the successful management of our natural resources. It is also necessary to help Indian and non-Indian residents of the reservation in the resolution of boundary disputes. Our reservation has been heavily checker boarded through the allotment process over the years. Because of the lack of accurate survey data, we are encountering a growing number of disputes that arise because of uncertainty of property boundaries. The boundary disputes create ill will among the residents of the reservation and lead to unnecessary expenditures of public and private funds.

We have recently executed an interagency agreement with the Bureau of Indian Affairs and the Bureau of Land Management to establish a cadastral survey station on the reservation, if funds are allocated. The agreement calls for a budget of $100,000 for fiscal year 1998, with an additional $450,000 to be spent over the following four years. Establishment of a survey station is a significant commitment by the Bureau of land Management and they have requested at least a three-year funding commitment. Currently, there are enough boundary disputes to require a survey station for at least three years. Given the recent experience in only two of these disputes that became highly controversial, we believe that the expenditure of funds on a cadastral survey is the most cost-effective use of federal funds.

WOLF RECOVERY PROGRAM

We have been proud to participate in the Wolf Recovery Program with the U.S. Fish and Wildlife Service. This is the only effort in the nation in which a tribe is leading the recovery effort for an endangered species. Through a contract with the Service, the Tribe has produced the recovery plan for wolves in Central Idaho and is implementing the plan, now approved by the Service.

However, the project is badly under funded. The funding shortfall threatens our ability to adequately monitor the new pairs, which are scattered throughout fifteen million acres, to determine whether they will produce litters this spring. The recovery standard for these wolves is reaching ten breeding pairs for three consecutive years. If sufficient funds are not available to determine how many pairs are breeding, we will be unable to determine when the recovery standard is met. We are very pleased with the progress the project has made over the last two years, but need additional funds to accurately assess the extent of its success. We are asking for a supplemental appropriation for fiscal year 1997 of $100,000 and for annual appropriations for fiscal year 1998 and following fiscal years of $250,000.

INDIAN HEALTH SERVICE CLINIC CONSTRUCTION FUNDS

The IHS clinic which serves the largest tribal community on the reservation is an antiquated, inadequate, hazardous facility. We are seeking congressional funding and support for an IHS joint venture authorization to replace it. The IHS architectural survey completed over two years ago calculated constructions costs for a 17,000 square foot facility at approximately 2.2 million dollars. Land has been identified on which this facility could be build. The need for a new clinic is urgent.

SNAKE RIVER BASIN ADJUDICATION NEGOTIATIONS FUNDING

Since 1987, the Nez Perce Tribe has been engaged in an adjudication of its water rights in the Snake River basin. This litigation commenced by the State of Idaho, is the largest water rights adjudication in the entire nation. We are represented in this proceeding by our own in-house counsel and by the Native American Rights Fund (NARF) in Boulder, Colorado. The litigation has been stayed for most of the last year. During this time the Tribe has worked intensively on negotiations of its water rights in four separate sets of negotiations, each relevant to a particular geographic area covered by the tribal claims. The parties, including the Tribe, the Departments of Justice and Interior, the State of Idaho, and the private water users in each area have been quite successful in narrowing issues. Currently, we are in a critical period of negotiations which may determine whether they can ultimately succeed. The trial court judge has made it very clear to all parties that he will not stay this litigation indefinitely. Therefore, our negotiations are increasingly intensive and our funding needs for the negotiations are that much more critical.

For fiscal year 1998, we are requesting $710,000 be made available in the BIA's Water Resources and Rights Protection account to NARF for its work on the Tribe's behalf. Of that amount, $520,000 would cover consultant contracts with experts assisting the Tribe and NARF in the negotiations. These would include experts in fisheries and engineering, an economist, and the tribal attorney assigned to the case. The remaining $190,000 would cover the NARF staff time and expenses for the two attorneys and an assistant assigned to the case.

This concludes our written testimony. Again, thank you for this opportunity to submit testimony before the Senate Interior Appropriations Interior Subcommittee. Please do not hesitate to contact me if I can provide further information regarding our requests on behalf of the Nez Perce Tribal Executive Committee.

---

LETTER FROM BOBBY WHITEFEATHER, CHAIRMAN, RED LAKE BAND OF CHIPPEWA INDIANS

RED LAKE, MN, *March 7, 1997.*

Hon. BILL FRIST,
*Public Health and Safety Subcommittee, Senate Labor and Human Resources Committee, Dirksen Senate Office Building, Washington, DC.*

DEAR SENATOR FRIST: I thank you for the opportunity to provide written testimony on behalf of the Red Lake Band of Chippewa Indians on the Indian Health Service Budget for fiscal year 1998.

The Indian Health Service (IHS) provides vital health care services to Red Lake Band members. Recent attempts by Congress to balance the federal budget, at the expense of the health care needs of the Red Lake people, has to stop. The continued

downsizing and streamlining of the Federal government should not be at the expense of the IHS or the tribes. We demand that the IHS be spared from future cuts to balance the federal budget. We recommend that a separate line of funding be established and/or that additional dollars be earmarked for IHS to fully fund the health care needs as identified by tribes. If Congress cannot fund IHS at 100 percent of actual need, then they should authorize the $2.4 billion for fiscal year 1998 as recommended by the National Indian Health Board.

The budget for the Indian Health Service continues to be identified as discretionary funding. We recommend that Congress acknowledge the IHS as a guaranteed annualized budget line item which is a result of treaties made between the United States Government and Indian Nations in which the federal government guaranteed health care to Indians in exchange for land, timber, minerals and other natural resources. Trust responsibility cannot be categorized as discretionary.

We support the concept of Congress designating IHS as their own Department, separate from the Department of Health and Human Services or legislation that would elevate the IHS to the Assistant Secretary level within Health and Human Services. Either concept would eliminate unnecessary bureaucracy and reductions in the IHS budget.

The concept of "means testing, or taking into account tribal income when making federal appropriations," should not be allowed. Language needs to be restored that prohibits the billing of an Indian for health care based on the Ability to pay and Congress cannot use gaming revenues against tribes when funding health care. The health care of Indian people is a trust responsibility of the federal government and cannot be based on means testing, gaming revenues or financial status.

The Indian Health Service receives funding for only 42 percent of the health care needs of Red Lake members. As a result, the Red Lake Indian Health Service Hospital and the Red Lake Tribe has had to rely on, and subsequently has become dependent on, collections from third party sources to provide health care for the Red Lake people. The majority of the Hospital's third party collections are from Medicaid, totaling almost $3.5 million dollars in fiscal year 1996. Third party collections now provide 25 percent of the operating budget at Red Lake. Medicaid collections should not be used as a means to reduce or not to increase the IHS budget. As Medicaid and welfare reform progress and third party collections decrease, we would expect the federal government to fund inevitable shortfalls. Medicaid reform proposals should include guarantees for full funding of Medicaid eligible Indians with a direct set aside for IHS and tribes that is not based on state caps.

The Red Lake IHS Hospital and the Red Lake Tribe have effectively used these third party dollars to provide needed health services for the Red Lake people. Medicaid recipients at Red Lake are able to seek additional health services at other health care facilities throughout Minnesota when needed. They do not have to wait until funds are available through the IHS to get their health care needs taken care of. When Medicare and Medicaid recipients are referred to other health facilities, there is very little cost to the IHS. The facility where the receipts are sent, bill Medicaid for the services that they provide. As the Medicaid and Welfare Reform develops many of these people may no longer qualify for this benefit and will have to use the IHS Contract Health Services dollars where the priority system is used to determine who needs care now and who can wait. This will increase the rationing of health care to the Red Lake people. We would also have to decrease direct health care services to the people.

One of the Red Lake Indian Health Service Hospital's major under funded cost of providing health care is Contract Health Services. This cost occurs when one of our tribal members is referred for additional medical services at off reservation private or public hospitals and health facilities. The Red Lake Hospital only receives $1 million dollars a year for this critical need. These dollars only last about six months of each fiscal year. The only reason the dollars last this long is that only life threatening emergencies are approved. Many of our Indian people are denied this service because their need to be referred to alternative and/or continued care is considered non-life threatening. They have to wait until the problem is life threatening and then it may be to late. Some of our members never get their health problem taken care of. It is outrageous and irresponsible of the federal government that Red Lake people needing alternative health care are frequently put on a waiting list, and only if their health problem is deemed life-threatening will IHS authorize services. One of the requirements when and before IHS authorize contract health services, Red Lake people, who are guaranteed health care, are frequently forced to apply for Medical Assistance in order to receive this service. This is an unnecessary burden and embarrassment for Indian people. Our Elders have dollars taken out of their small security checks to pay for their health care. They feel and we feel that this is wrong. Their health care was prepaid, they should not have to pay again.

If IHS wants Medicare as a form of third party collection for our elderly then they should pay the premiums.

According to the National Indian Health Board, IHS Contract Health Service needs are currently $20.6 million. We support the need for an increase in Contract Health Service dollars, Red Lake's request alone is an additional $5 million for fiscal year 1998. As Medicaid and Welfare Reform progress Contract Health Service dollars for Red Lake will increase up to $10 to $15 million dollars annually.

We implore Congress to restore $104 million for mandatory cost increases to pay for the mandated pay act increases and the growing cost of inflation. These pay act increases should be equally distributed between IHS and Tribal Health Services.

We need Congress to appropriate an additional 75 million for contract support costs. As we take over more functions of the federal government using Public Law 93–638, the Indian Health Service is informing Red Lake that there is no money for contact support. The Red Lake Band of Chippewa Indians should not have to bear the cost of administrating these services on behalf of the federal government.

We implore Congress to reauthorize Public Law 102–537, The Indian Healthcare Improvement Act and provide the full funding needed to carry out the intentions of the Act. This Act is critical to the continued success of the tribes and the IHS in providing healthcare. The major problem with the act is that not all programs and services identified in the Act were funded.

Congress needs to appropriate dollars for Indian Health Service to provide for elders needing short term and long term care in skilled nursing or extended care facilities. The authorization is in the Indian Healthcare Improvement Act for Indian Health Service to provide skilled nursing care, but, they say there was no dollars that were appropriated for this purpose. We have operated our own 47 bed Extended Care Facility since 1989. Our facility is added on the Red Lake IHS-PHS Hospital and was built on the premise that we would be 100 percent reimbursed by the federal government. This happened for about the first 8 months of operation, then Indian Health Service informed the State that in their opinion we were not a "facility of the service". Since that opinion we have not been able to collect the 100 percent reimbursement from the federal government.

The Red Lake Tribal Council, has worked extensively over the years to acquire funding for our unique and culturally sensitive programs that treat drug, alcohol and other forms of substance abuse. We need these services to continue and we do not want to have the dollars that we have used to operate these services reprogrammed by the federal government and given to the States for the general population. We need more dollars and a separate set-aside allocation specifically for tribes. Our share of the set aside could come directly to the Red Lake tribe as a federal block grant, or it could be administered by the IHS and come directly to tribes through our Public Law 93–638 Programs.

We direct your attention to the fact that our Red Lake Indian and Free Drug Program, which was established in 1973, continues to be funded as a direct block grant and that this is the only federal funded block grant in the United States that goes directly to an Indian tribe.

The Red Lake Chippewa Nation has given up land, minerals and other natural resources as a prepayment for health services. We refuse to be identified as part of the minority population or a special organization or people of color that receives health care. We are a Nation. We cannot support Federal or State Health Care Reforms if they threaten our sovereignty and ignores or relieves the federal government of its treaty obligations and trust responsibilities and the government-to-government relationship between the Red Lake Band of Chippewa Indians and the United States

Government or authorizes State's control over tribes in providing health care.

We need you to support the Tribes and fully fund the Indian Health Service budget, protect our prepaid health services and to remind those that feel that the IHS is a welfare program that it is not. Indian Health Care is based on the trust responsibility of the federal government and that Congress has the legal obligation to provide these benefits to Indian Nations, regardless of the tribes or individual American Indians financial status.

Respectfully Submitted,

BOBBY WHITEFEATHER,
*Chairman.*

PREPARED STATEMENT OF THE INDIGENOUS PEOPLE'S COUNCIL FOR MARINE MAMMALS

Mr. Chairman Gorton, Members of Interior and Related Agencies and the Senate Subcommittee of the Appropriations Committee. On behalf of the Alaska Native Community, the Indigenous People's Council for Marine Mammals (IPCoMM) is requesting the Senate Subcommittee of the Appropriations Committee to appropriate, for fiscal year 1998, $750,000 to the Secretary of Interior to implement Section 119 of Public Law 103–238, 1994 Amendments to the Marine Mammal Protection Act (MMPA). It is our understanding the Congressional add-on of $250,000 for fiscal year 1997 will be continuing appropriations to the Department of the Interior in future years. Section 119 authorizes the Secretary of Interior to * * * "enter into cooperative agreements with Alaska Native Organizations to conserve marine mammals and provide management of subsistence use by Alaska Natives." It also authorizes Congress to appropriate $1 Million annually for fiscal years 1994–99 to implement Section 119. The only funding provided since 1994 was a $250,000 congressional add-on to the Department of the Interior's fiscal year 1997 budget which allowed U.S. Fish and Wildlife Service (USFWS) to enter into co-management agreements with Alaska Native Organizations for conservation and subsistence use of walrus, polar bears and sea otters.

Despite the lack of funding, significant progress has been made in Alaska in terms of implementing Section 119 of the MMPA. The Alaska Native Community, represented by IPCoMM, the Alaska Federation of Natives (AFN), and the Alaska Inter-Tribal Council (AI-TC) recently completed negotiations on an umbrella "Memorandum of Agreement for Negotiation of Marine Mammal Protection Act Section 119 Agreements" to conserve marine mammals and provide co-management of subsistence use with the Department of the Interior—Fish and Wildlife Service. Final negotiations with the Department of Interior was completed on March 5, 1997. This umbrella agreement between IPCoMM and USFWS will provide the foundation and direction for how individual co-management agreements will be negotiated between the federal agencies and Alaska Native Organizations for the three (3) species under USFWS jurisdiction. The parties are in the process of planning a formal signing ceremony to commemorate the historic agreement which will enhance the conservation and utilization's of the marine mammal resources for subsistence uses consistent with the public policy embodied in Section 119 of MMPA. In addition, to the successful negotiations with NMFS and USFWS on the umbrella agreement, three Marine Mammal Commissions (Eskimo Walrus Commission, the Alaska Nanunq Commission and the Alaska Sea Otter Commission) recently signed individual co-management agreements with the USFWS for specific co-management agreement activities involving three species used for subsistence purposes in Alaska (walrus, polar bear and sea otters). These Agreements were made possible due to the $250,000 appropriation to the Department of the Interior for fiscal year 1997.

Although significant progress has been made in implementing Section 119 of the MMPA, it is imperative that Congress fully fund Section 119 of MMPA if this progress is to continue for the three (3) marine mammal species used by Alaska Natives. Congress has recognized that the best way to conserve and wisely utilize marine mammal resources used for subsistence purposes is to allow the full and equal participation by Alaska Natives in decisions affecting the management of marine mammals taken for subsistence. That can only happen if Congress provides adequate funding for co-management activities.

*Background.*—Early in the discussions leading to the 1994 reauthorization of the Marine Mammal Protection Act, a number of Alaska Native Marine Mammal groups banded together and formed the Indigenous People's Council for Marine Mammals (IPCoMM) to insure a united Native voice during the reauthorization process As a result, the Native exemption for taking of marine mammals for subsistence uses was retained, and language was added in Section 119 to authorize the Secretaries of the Department of Commerce and Interior to enter into co-management agreements with Alaska Natives Organizations for the conservation and co-management of subsistence uses of marine mammals

In the spring of 1994, Congress enacted Public Law 103–238, the 1994 amendments to the Marine Mammal Protection Act. In doing so, Congress expressed its intent that the Secretary of Commerce and the Secretary of the Interior extend full cooperation as partners to Alaska Native Organizations in the development and implementation of marine mammal management plans. In order to insure proper implementation of Section 119, the Alaska Native Community requested that NMFS and USFWS work with IPCoMM in the development of an "Umbrella" Agreement with specific language that the federal agencies would consider when developing individual co-management agreements with Alaska Native Tribes and organizations

pursuant to Section 119. The purpose of the umbrella agreement is to provide the direction and foundation for individual co-management Agreements. It will serve as a guide to the Fish and Wildlife Service (USFWS), National Marine Fisheries Service (NMFS) and Biological Resources Division, Geological Survey (USGS) when these federal agencies enter into individual agreements with Alaska Native Organizations or Alaska Native Tribes for the co-management of subsistence use of marine mammals.

At this time IPCoMM is concerned about all marine mammals which are utilized by Alaska Natives, however harvest limitations are allowed and discussions have taken place concerning three listed species for which we have grave concern; bowhead whale (endangered), North Pacific Fur Seal (threatened), Steller Sea Lion (threatened).

The Alaska Native Community stands ready to work with USFWS and NMFS in implementing Section 119 of Public Law 103–238 to its fullest extent. It has already made significant progress toward that end. While Section 119 provides an effective way for Alaska Natives to participate in decisions affecting the management of marine mammals taken for subsistence, full realization of that goal will not be possible unless Congress provides adequate funding for co-management agreements. For that reason, we urge this Committee to appropriate $750,000 to the Department of Interior to enable it to enter into individual co-management agreements pursuant to Section 119 of the MMPA. We trust that our request will be given due consideration during the deliberations of the Committee.

---

## PREPARED STATEMENT OF JOHN BLACKHAWK, CHAIRMAN, WINNEBAGO TRIBE OF NEBRASKA

This testimony addresses the fiscal year 1998 budget and appropriations for the Bureau of Indian Affairs and the Indian Health Service. The Tribe is concerned about funding for the Tribal Priority Allocation program and the Tribally Controlled Community Colleges program within the BIA and about funding needs at the IHS.

*The Tribe and Economic Development*.—The Winnebago Tribe of Nebraska is a federally recognized Indian Tribe organized pursuant to Section 16 of the Indian Reorganization Act of June 18, 1934. Our forefathers were forcibly relocated from lands in and near what is now the state of Wisconsin. Our Treaty of 1865 is the first in history to require that the United States provide health care services to tribal members. The Tribe's 120,000-acre reservation includes lands in both Iowa and Nebraska and only about 30,000 acres of land within the reservation is now tribally controlled. There are 3,780 enrolled members, of whom about 1,150 reside on the reservation.

The Winnebago Tribe of Nebraska is very active on the economic front. The Tribe operates several business enterprises, including the WinnaVegas Casino in Sloan, Iowa, and the Heritage food store and the Company A Convenience Mart, both in Winnebago, Nebraska. Additionally, the Tribe has developed a small strip mall located on the reservation; added tribal revenue is generated by leasing tribal land to outside agricultural interests. Ho-Chunk, Inc., a wholly-owned tribal development corporation, owns a Rodeway Inn in Sloan, Iowa, approximately 3 miles from the Tribe's casino. Ho-Chunk has also opened hotels in Omaha and Lincoln. Even with the economic contribution of these projects, tribal per capita income remains significantly below the poverty level at just over $5,000.

Unlike states, the tribes have little or no tax base or other revenue sources with which to operate tribal government programs. Gaming has given a jump start to our economy but those revenues are decreasing because of commercial competition. The Tribe still relies heavily on federal funds to provide even the most basic level of services to tribal members.

### BUREAU OF INDIAN AFFAIRS

*Tribal Priority Allocation (TPA) Program*.—Under the BIA's TPA program, the Tribe contracts to operate aid to tribal government, judicial services, employee assistance, higher education, credit, law enforcement communications, real estate services related to land management, and wildlife and parks. The total 1997 TPA master contract was $817,500, a decrease of $42,000 from the contract amount for 1996 which was $866,000; the Tribe supplemented this amount with $380,259 from tribal gaming revenues. In the 1998 budget, the Administration requests $889,000 for the Winnebago Tribe TPA, an increase of just $23,000 from 1996, and $71,500 from the current year level.

Aid to tribal government funds three positions, an intergovernmental liaison person and 2 receptionists to assist the Tribe's administrative functions. We have sig-

nificantly cut back on this function to make more money available for direct services which are sorely needed. For example, the judicial services program averages 500 cases a year; since October, 1996, our court has received 402 new civil, criminal, juvenile, family and traffic cases. The Tribe needs funds for court automation. Because we have only one probation officer for all adults and juveniles, we are unable to monitor compliance with court orders. We are also having difficulty in enforcing child support orders simply because we do not have the necessary staff. The Tribe needs at least another $55,000 for judicial services. The Tribe's Supreme Court which hears all appeals is funded entirely by the Tribe.

The Tribe uses the real estate services function to help locate homesites for tribal members, many of whom own fractional interests in larger pieces of land. The program is also responsible for ensuring that trust and fee land is managed in accordance with environmentally sound practices to guarantee a solid future for generations to come. The funds are sufficient to hire a program director and administrative assistant to assist the land consolidation process. The Tribe pays for a lease monitor for the Tribe's agricultural lands from tribal funds. The TPA-contracted social service program is also underfunded and pays for only one director and one caseworker to service all of the Tribe's welfare caseload. Children with behavioral and/or emotional problems are sent to a detention center off the reservation because we do not have services on the reservation for them. The center is about an hour away and, while the facility does allow the Tribe to provide services for tribal children, there are rarely sufficient funds to provide the kinds of services the children need. There is a significant need to enhance prevention programs aimed at this group. Most state and federal programs focus on treating symptoms, leaving the tribe responsible for funding and implementing prevention.

The Tribe is reorganizing the social service program to try to realize more benefit from the dollars expended. For example, people are often referred to different places for needed services. We are implementing a more holistic approach to stretch dollars by making sure that as a condition for income support, the individual enrolls in treatment, if needed, or job training, if needed, or both. In other words, we hope to consolidate all referrals so that money, time and energy will be saved. This is difficult to do as federal and state funds are extremely compartmentalized and laden with bureaucratic red tape.

The wildlife and parks program funds three conservation officers and one part-time biologist. Without them, there would be no law enforcement for hunting on the reservation. The Tribe has an agreement with the State of Nebraska whereby the Tribe monitors and manages the reservation wildlife. We must maintain at least the current level of funding for this vital governmental program.

The Tribe is very supportive of the increases shown in the President's budget request for the TPA account and strongly urges the Subcommittee to recommend these increases or even higher levels if possible. While these increases won't meet the full need, they will prevent us from slipping further behind. We cannot function at the most basic level of services if more cuts are made: in 1996 we lost 16 percent from 1995 levels, and in 1997, we lost over 5 percent from the 1996 level of $866,000. While the Tribe has been able to supplement TPA federal funding with gaming revenues, the opening of non-Indian competitive gaming has caused these revenues to decrease significantly. Given the dual hit caused by depletion of gaming revenues and reductions in federal funds, coupled with an increasing reservation population—more children and people living longer—we are in for some very hard times.

*Other BIA Contracts.*—For the Subcommittee's information, the Tribe has separate contracts for other programs, including Indian Child Welfare, Johnson-O'Malley, Social Services, and Water Resources. We supplement all but the ICWA program with $124,000 from gaming revenues. We also have a contract to maintain Bureau of Indian Affairs offices and employee quarters and receive road maintenance funds which the Tribe matches ($40,234).

*Tribally Controlled Community Colleges.*—The President's budget requests an increase of $3,000,000 for this vitally needed program. The Winnebago Tribe formerly participated as a member of a Nebraska Intertribal Consortium in establishing the Nebraska Indian College. Last year, for various good reasons, the Tribe elected to go its own way and is now operating Little Priest Tribal College. We are very pleased with the first year of operations and hope to become a candidate for accreditation in the very near future. This means that while we lost our eligibility for funding in the current year, in fiscal year 1998, the new College will probably be participating in the formula distribution of funds to tribal colleges based on Indian student count.

As the members of the Subcommittee are aware, the current distribution to colleges on the basis of per student count is less than $3,000. The authorized amount

if $5,820 per student. No other government funds its college on so low a per student basis. The average for public colleges is about $4,500.

INDIAN HEALTH SERVICE

The Tribe's community health programs, including CHRs, Public Health Nursing (PHN), National Child Health (NCH), Health Education, and the Diabetes and Podiatry programs, have positively impacted tribal preventive health efforts. For example, amputations have decreased, immunizations have increased, and infant mortality and morbidity rates are declining. The Tribe has proven its ability to plan, develop, and implement outreach programs but we desperately need trained staff to provide services.

The dental program has been extremely successful in educating and providing early treatment which is vital in a community plagued with diabetes. One dentist averages between 200–225 appointments per month.

The PHN program averages about 2,000 patient contacts per year and coordinates an additional 1,500 contacts for patient care. This level of service is provided by 2 RNs and 2 assistants. The Public Health Nurses provide Maternal Child Health outreach for over 200 clients each year—reaching 80 percent in the first trimester. This work has resulted in a significant reduction in fetal deaths and an increase in live births without serious complications. The Tribe's immunization clinics and outreach has exceeded our goal of reaching 60 percent of the eligible population by 8 percent (reaching 68 percent).

Mammography and cervical cancer screening programs were initiated in 1994, and tribal staff have worked hard to provide cost-free services to all eligible clients. This has significantly reduced the more costly treatment of advanced cancers and increased life expectancy for tribal members.

Health care for American Indian and Alaska Native (AI/AN) people must be guaranteed through an amendment to Title XIII (Medicare) of the Social Security Act. Treaties initiated by the federal government obligated this nation to provide health care, education, and protection services in exchange for the very lands upon which this nation now resides. The existing appropriation for AI/AN programs has never been adequate to meet the health care needs of our people. Historically, only 75 percent of IHS level of need has ever been funded. This has now eroded to 40 percent and is still dropping which is directly attributable to Tribal "compacting" under Public Law 100–713 (and its subsequent amendments) and NO program increases. There is a very real risk that decreased access to needed health care is imminent as well as a set-back for the advancements thus far made by IHS.

The legislation also mandated that there be "no adverse impact" for "non-compacting" Tribes, it also mandated a report be submitted on this critical issue. To date we have not seen that report! Even though not a single Tribe in the Aberdeen Area, who all have Treaties, has elected to compact, we have suffered cutbacks directly related to this legislative process. The Aberdeen Area is notorious for its high infant mortality rate: 18.5 percent per 1,000 live births versus the national level of 14.5 percent (it's a victory when a newborn lives beyond the age of three!), high morbidity rate, and high incidence of diabetes. These conditions will only worsen under the policies and practices of the current director of IHS. We understand that he succumbed to pressure by the "compacting" Tribes and authorized that they be funded at 100 percent of their level of need at a great sacrifice to the "non-compacting" Tribes as well as to IHS! We demand that this issue be investigated and that the IHS Director be held accountable for his abuse and neglect of duty and power, and that the mandated report on "adverse impact" to "non-compacting" Tribes be immediately undertaken.

Our Service Unit's budget supports only 71 positions out of an authorized 163. They are mandated to collect third party resources to augment operational costs. In fiscal year 1996 our local service unit collected $135,000 out of their mandated amount of $185,000. The national projection for third party resources was set at an unrealistic amount of $4 million. Although additional resources are used to augment critical operational shortfalls, this optimistic but deceptive methodology must be realistic and based on historical collections and data.

IHS's goal is to raise the health status of AI/AN people to the highest possible level. We quote from a recently published paper written by Everett Rhoades, MD, former director of IHS: "[A]t first glance (the goal) appears to be abstract and platitudinous. It has consistently proven otherwise. On the contrary, it includes the extremely important concept of community-oriented preventive, as well as curative, care. It is a concept that the country should immediately adopt as it struggles with new approaches to health care for the nation." Notwithstanding IHS's flaws, AI/ANs have long known this approach to be efficacious and cost effective. The Tribe strong-

ly suggests that the Congress use it as a prototype for the rest of the nation in your health care reform strategy, and that you call upon our cooperation and experience in developing your strategy.

We're curious about the GAO's 1995 study on "Issues Related to the Need for the Public Health Service's Commissioned Corps." We understand that substantial savings, estimated at roughly $1 billion, could potentially be realized by converting this quasi military group to civilian employees. The PHS Corps has the same benefits as the armed military without the risk. Even though they wear an officer's uniform, they are performing civilian jobs and will never see combat. They don't pay taxes on subsistence and housing allowances and are entitled to other types of tax exclusions; they don't keep track of hours on the job; and they don't pay for health care. Even without being privy to the GAO study, we recommend that the PHS Corps be converted to the work force of tax paying civilian employees, and that the savings be redirected to local IHS hospitals and clinics serving AI/AN country, Tribal "638" contractors, and especially to the Community Health Representative (CHR) program. Resources that now support one PHS Corps officer could support 3 to 5 CHRs who work at the grassroots level promoting health and preventing disease as well as support for their program operations. Thank you.

---

## PREPARED STATEMENT OF DAVID M. GIPP, PRESIDENT, AND RUSSELL "BUD" MASON, BOARD CHAIRMAN, UNITED TRIBES TECHNICAL COLLEGE

### SUMMARY OF REQUEST

United Tribes Technical College (UTTC)[1] and its board of directors submits this testimony regarding the fiscal year 1998 BIA appropriations for our institution. We want you to know of the success of UTTC in moving Indian families into self-sufficiency and why we deserve the continued support of this Subcommittee.

United Tribes Technical College, which is chartered by the five tribes in North Dakota, is a "full service" postsecondary vocational education institution—we provide vocational education services for adults, run a nursery, pre-school and elementary school for the children of our adult students, and operate a dormitory system and a health clinic. We believe that this community setting has a great deal to do with the success of our students—students who, by and large, come from impoverished homes and communities.

The UTTC fiscal year 1998 request is for a $728,000 increase over the fiscal year 1997 enacted level, consisting of the following: (1) $86,000 for personnel costs; (2) $250,000 to improve facilities for computer technology, (3) $200,000 to improve course offerings and student services, and (4) $192,000 for emergency maintenance and facilities. A $728,000 increase would bring the UTTC funding in the BIA budget to $2,538,000.

### FUNDING HISTORY/SHORTFALLS

BIA funding for UTTC has not even come close to meeting basic cost-of-living increases. From fiscal year 1990 through fiscal year 1997, BIA funding for UTTC has increased only 1.06 percent (from $1,708,000 in fiscal year 1990 to $1,810,000 in fiscal year 1997). The operating and purchasing strength of our budget has diminished by some 20 percent since 1991. As described the section of this testimony regarding our need for personnel funding, our faculty and staff receive salaries that are lower than even the lowest paid faculty in any state college system.

While our funding has remained flat since fiscal year 1990, our expenses have increased. The College has experienced a large increase in the cost of utilities, with electricity expenses rising about 20 percent per unit and the per unit gas cost increasing approximately 113 percent. Over the years the College has been able to partially offset utility rate increases by implementing stringent conservation measures such as improved weatherization and reductions in building temperatures. However, energy consumption cannot be further reduced because of the College's location and the harsh winters in the northern plains.

Lack of available resources has also meant a limitation on the repair and maintenance of physical facilities. The College occupies the old Fort Lincoln Army Post. Other than the more recently constructed skills center and part of the community center, UTTC's core facilities are 80 to 90 years old. Estimates for new facilities total over $12 million, according to a 1993 U.S. Department of Education report to Congress. Continuing a course of nonrepair will ultimately prove more costly as the repairs will be greater. This is especially true of the water and sewage systems on campus. Fire and safety reports document these needs. Neither UTTC nor other

tribal colleges are included in the BIA Facilities budget through the Office of Construction and Management.

Finally, the fixed and related costs approved under our annual Indirect Cost proposal to the U.S. Inspector General have decreased in recovery by over $100,000 annually (fiscal year 1996), with another possible loss of $110,000 for fiscal year 1997. We are in dire need of adequate recovery for this year, as well as prior years.

THE RECORD OF UTTC AND THE NEED FOR OUR SERVICES

At United Tribes Technical College most of all our students receive some form of public assistance. Yet we have a job placement rate of 80 percent—a record sustained over the past 10 years. This is well above the job placement rates required in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104–193). Our calculations show that a UTTC graduate pays back in taxes over a 6.4 year period the costs of receiving an education at our institution.

The enactment last August of welfare reform legislation makes the work of UTTC even more critical. We want to be a full partner in moving Indian families into jobs with living wages, but as it stands now we have to turn away students due to lack of institutional resources. We do no recruiting at UTTC, but yet we have a current waiting list of about 200 students who want to attend our institution. Some potential students do not apply, knowing of the waiting list.

Our 300+ students come from all over Indian country—some years we have students representing 45 tribes. A large proportion of our students are from the 14 tribes in North Dakota and South Dakota. Indian people in the Dakotas, as you know, have enormously high jobless rates. BIA Labor Force data reports unemployment rates among Indian people on and near reservations at 50 percent and 59 percent in North Dakota and South Dakota, respectively. Of Indian people on and near reservations in South Dakota who are employed, only 17 percent earn over $7,000. The comparable figure in North Dakota is 19 percent.

As far as we are concerned, we would be justified in asking for a very large budget increase—based our success rate, based on need, and based on the financial return which comes from an educated and employed population.

ADDITIONAL INFORMATION ON OUR BUDGET REQUEST

While we would like to ask for funding to meet our construction needs, we are realistic enough to know that such funding is simply not in the cards for fiscal year 1998. We are limiting our request for a $728,000 increase over the fiscal year 1997 level for a total of $2.5 million. The funding would be utilized for the following purposes, all of which have been identified through accreditation ageney visits and observations:

$86,000 for costs of staff and faculty ($44,000 over the BIA request). The request we make would provide a 4 percent salary and fringe benefit increase. Our staff and faculty work for considerably lower compensation compared to other similar institutions. We are at a critical juncture, and face an eminent risk of losing qualified, capable staff and faculty due to low salaries. The dedication of our staff cannot sustain them indefinitely.

North Dakota salaries for higher education faculty rank 50th—the lowest in the nation—but the average faculty salaries at UTTC are lower even than those in the North Dakota state system.[2] The average faculty salary at UTTC is $24,476, while the average faculty salary at the community colleges in North Dakota range from $29,900 to $32,800. This translates to our faculty receiving an average salary which ranges from $5,500 to $8,400 less than their peers at neighboring community colleges. Salaries for non-faculty staff would show a disparity at least as wide as that for faculty. Unlike most federal and private institutions which are able to provide salary increases to employees based on the length of service (unrelated to cost of living increases), UTTC does not have the financial ability to provide a guaranteed system of incremental salary increases based on length of employment.

$250,000 to improve facilities for computer technology, life science laboratories, and building trades.

$200,000 to improve course offerings and student services. This funding would allow hiring/training of faculty so that existing programs can be improved to meet new market demands. For example, we want to expand the allied health professions program and also to expand the business clerical program into the business administration area.

In the area of student services, we want to expand our diagnostic capabilities in tribal-specific areas and also in the areas of literacy and math-science deficiencies. This will allow us to provide better remidiation services to students. Finally, we want to make improvements in our student follow up, career development, and job

market research efforts. While $200,000 is inadequate to meet all these needs it would allow us to make progress in some of these areas.

$192,000 for emergency maintenance on both single and family student housing, instructional facilities, and support facilities. This amount will obviously not cover major renovations or new facilities.

UTTC SERVICES

United Tribes Technical College offers ten (10) Certificate and ten (10) Associate of Applied Science degree programs.[3] Entrepreneurship and new technology skills are being integrated into appropriate curricula. All programs are accredited through the North Central Association of Colleges and Schools at the certificate and two-year degree granting levels.

We also provide institutional services that are fundamental to the delivery of quality vocational education, including those related to its residential nature. These services include:

Adult education for students needing advanced basic education skills or who desire to pursue vocational programs requiring GEDs or high school diplomas;

Academic instruction which allows our graduates who wish to pursue additional college education a sufficient background;

Instructional supplies and equipment for all vocations;

Services including student housing, cafeteria, local student transportation, library, financial aid office, counseling and placement, facilities maintenance, and overall administrative and fixed costs for UTTC's 105 acre campus base;

Early childhood (nursery and pre-school) services for approximately 100 children, ages 8 weeks to five years. Nearly half of these children are under age two, and so the staff to child ratio of necessity is very high in order to provide proper supervision and to meet the North Dakota licensing requirements;

The Theodore Jamerson Elementary School (K–8th grades) serving over 100 Indian students;

Modest offering of cultural, athletic, and recreational activities to supplement student learning experiences and campus-based family services.

UTTC's enrollment now averages 300 students annually. Combined with family members and our pre-school and elementary students, the UTTC campus population exceeds 500. Our students represent as many as 45 different Indian Nations and 15 states. The majority of the students have never spent more than one continuous year away from their home reservations. They have also experienced chronic unemployment due to the extremely depressed local economy and to education limitations which are well below the national average.

Thus, UTTC is committed to not only its post-secondary mission, but to the economic, social, and cultural advancement of American Indian and Alaska Native people. The mission of UTTC is to provide an environment where students and staff can preserve and transmit knowledge, values, and wisdom to ensure the survival of native people and Indian Nations along with the vocational training and job placement of native students. There is no other post-secondary vocational education institution in the country that in a residential setting is Tribally-controlled, culturally-based, family-oriented, and focused on both Tribal economic needs and mainstream employment training.

Thank you for your consideration of our request. We need your assistance to ensure that the unique educational opportunities offered by United Tribes Technical College will be available for what we hope will be an increasing number of Indian and Alaska Native students and their families next year and in the future.

ENDNOTES

1. Established in 1969, United Tribes Technical College is a unique, inter-Tribal vocational technical education institution located on a 105 acre campus in Bismarck, North Dakota. The Tribal college is owned and operated by five federally-recognized Tribes situated wholly or in part in North Dakota. These Tribes are the Devils Lake Sioux Tribe, the Sisseton-Wahpeton Sioux Tribe, the Standing Rock Sioux Tribe, the Three Affiliated Tribes of the Fort Berthold Reservation, and the Turtle Mountain Band of Chippewa. Control of the institution is vested in a ten-member board of directors comprised of elected Tribal chairpersons and Tribal council members.

2. Source: Integrated Postsecondary Education Data Systems (IPEDS) Report of the U.S. Bureau of the Census and the Department of Education Office of Education Statistics.

3. The following Certificate Programs are offered: Administrative Office Support, Automotive Service Technician, Building Trades Technology with options in Carpentry, Electrical, Plumbing, and Welding; Early Childhood Education; Criminal Justice; Hospitality Management: Food & Beverage Specialization; Medical Secretary.

The following Associate of Applied Science (A.A.S.) degrees are offered: Arts/Marketing; Automotive Service Technology; Building Trades Technology with options in Carpentry, Electrical,

Plumbing, and Welding; Criminal Justice; Early Childhood Education; Health Information Technology; Hospitality Management: Food & Beverage Specialization; Office Technology with emphasis in Computer Applications or Accounting; Practical Nursing; Small Business Management.

---

## PREPARED STATEMENT OF THE NATIONAL INDIAN CHILD WELFARE ASSOCIATION

The National Indian Child Welfare Association[1] submits this statement on those portions of the fiscal year 1998 Bureau of Indian Affairs budget concerning the Indian Child Welfare Act programs—the Indian Child Welfare Act (ICWA), Title II grant program under the Tribal Priority Allocations (TPA) budget category and the ICWA, Off-Reservation program which was funded through fiscal year 1996, but is not identified in the Administration's request for fiscal year 1998.

Our organization is requesting that the Subcommittee:

(1) Recommend an increase to TPA similar to the Administration's fiscal year 1998 request so that additional funding would potentially available to assist tribal ICWA programs;

(2) Recommend an increase of $2 million in the Special Programs and Pooled Overhead category for the express purpose of restoring historic funding for the Off-reservation ICWA grant program; and

(3) Require the BIA to utilize additional data in developing its budget request regarding ICWA services and to provide this data to Congress. We have listed on page two of our statement the types of data we believe should be utilized in this process.

### THE BIA DOES NOT MEASURE TRIBAL CHILD WELFARE NEEDS

Under TPA tribes are essentially provided a block grant from which they must fund a broad variety of services. Under this system tribes must make decisions about which services they can fund and at what level. However, many times tribes encounter situations when they must transfer funding from one financially strapped service to another, even though both services are overwhelmed by the human need they face. The BIA looks at this transfer as a measure of decreased need, which they use when developing its budget request. This measure does not take into consideration any information on human need. Under this method, Congress and the Administration will never know what the actual need for any program under TPA is and how well funds being allocated are doing in trying to meet that need.

Data provided to Congress should accurately describe human need not just budget priorities. Amazingly, the BIA has been allowed to provide only superficial data to justify budget requests and evaluate their performance in the area of human services. To our understanding, no other federal agency that administers human services funding is allowed to provide such incomplete information to Congress. The BIA should be held to no less of a standard.

Another important factor in determining the need for ICWA program funding is tribal access to other program services and funding. Of the top four federal sources of child welfare funding guaranteed to states under the Social Security Act, tribes only have guaranteed access to one, Title IV-B Child Welfare Services, and the amounts of funding available from this source for tribes are extremely limited (approximately $5.0 million projected for fiscal year 1998). This situation combined with dwindling state resources, lack of expertise, and states reluctance to provide community-based services in Indian communities based on financial and jurisdictional issues, has created a serious crisis for tribes in their efforts to protect their children and establish permanency and stability for those children who need help. Funding from the ICWA, Title II grant program is the only viable, ongoing source of child welfare funding for all tribes. Without strong ICWA programs tribes have few options available to them to protect their children from child abuse and help them secure a safe, permanent home.

---

[1] The National Indian Child Welfare Association is based in Portland, Oregon and provides a broad range of services to its constituents. These services include, (1) professional training for tribal and urban Indian child welfare professionals; (2) consultation on social service program development; (3) facilitating by request child abuse prevention efforts in reservation communities; and (4) analysis and dissemination of policy information that impacts Indian children and families. Our constituents consist of tribal governments and urban Indian child welfare programs throughout the United States. Our organization works closely with the Affiliated Tribes of Northwest Indians and National Congress of American Indians, as well as having members on the Indian Child Welfare Committees of both organizations. This will be our fifth year in providing written testimony to this Subcommittee.

TRIBAL ICWA, TITLE II GRANTS

Until fiscal year 1995 with the revised Final Rule for the Indian Child Welfare Act, Title II grant program taking effect, Tribes have been forced compete for child welfare funding from year to year. This competitive process has been extremely disruptive and in most years only allowed approximately 50 percent of the tribes nationwide to receive any ICWA funding. Improvements in the grants process and increases to funding have enhanced tribal access to this resource, but there is still a need to continue the effort to make ICWA funds more available and reflective of tribal needs. These efforts must include:

A more careful analysis of the child welfare needs for tribes by the BIA for the purposes of budgetary recommendations. This analysis should be based on more than just population figures and how tribes are able to prioritize their limited Tribal Priority Allocation funds. Data should be provided on: types of services provided; number of children and families to whom services were provided; number of out-of-home placements of children; average length of time children are in out-of-home care; numbers of children who are able to receive permanence through reunification, guardianship kinship care, or adoption.

Funding increases for the tribal portion of ICWA, Title II that reflect need as identified through careful analysis of several factors, such as access to other child welfare funding, relative costs of providing basic child welfare services on tribal lands, and needs data identified in the paragraph above. This is data that is routinely used with other federal child welfare programs and provides Congress with meaningful data that can define need.

Current estimates provide a picture of need that is clearly as high as that of any ethnic group for these services. The most recent research on risk assessment of child abuse for Indian children indicates that 34.4 percent of Indian children are at risk for being abused (1993 National Indian Justice Center study on Indian child maltreatment funded by the Indian Health Service). In 1986, the most current year for which data is available, it was reported that Indian children were placed in substitute care at a rate that is 3.6 times that of non-Indian children (1988 study entitled, "Indian Child Welfare: A Status Report." Funded by the Departments of Health and Human Services and Interior). Many other documented indicators of the need for these services are also highly visible in many Indian communities such as extreme poverty and high rates of substance abuse.

OFF-RESERVATION ICWA, TITLE II GRANTS

Off-reservation programs can provide a number of important services to tribes, states, and individual Indian children and families. The ICWA does not make a distinction between who should benefit from the Act, and is designed to protect Indian children and families everywhere. These off-reservation programs, where they have been able to exist, can provide key linkages to tribes when their members become involved in state child welfare systems, all of which are designed to meet the purpose of the Indian Child Welfare Act. Common services that these programs can provide include:

Monitoring compliance with the Indian Child Welfare Act in urban areas;

At the request of tribes, provide case advocacy or other services such as foster care to tribal children who do not live on the reservation and whose tribe may not even be in the state;

Provide training to state administrators, child welfare workers, and court personnel on how to improve compliance with the Indian Child Welfare Act and provide more cost-effective services;

Recruiting and licensing Indian foster and adoptive families, an activity that states often do not have resources for and at which they are not successful.

Off-reservation programs have suffered from the instability of inadequate funds and a competitive grants process. Historically, funding levels for off-reservation ICWA programs have been between $1.5 to $2.0 million. This has enabled the BIA to minimally fund about 40 programs a year that serve the 65 percent of the Indian population that lives in primarily urban settings. These programs have also tried to access private foundation funding and state contracts to supplement their ICWA grants. However, these funds have been increasingly difficult to secure, especially in light of increased competition for these resources due to reductions in state and federal funding.

We also know that many of these children may be served by state child welfare agencies at some point. Because of the small number of off-reservation ICWA programs operating in the United States, many of these children in urban areas are at great risk for not being given the protections of the Indian Child Welfare Act. This seems especially relevant when you consider the budgetary problems that

states are experiencing that result in minimal resources for staff training and services in general.

CONCLUSION

The ICWA, Title II program is a resource that has shown to be extremely effective in protecting Indian children and helping Indian families stay together. A study in 1988 commissioned by the Department of Health and Human Services and Department of Interior entitled, "Indian Child Welfare: A Status Report", revealed that tribal ICWA programs outperformed the BIA and state child welfare programs, notwithstanding the limited funding available to tribes. Specifically, Indian children in substitute care had shorter stays in foster care and higher rates of permanency when served by tribal programs. In 1994 the Office of Inspector General issued a report entitled, "Opportunities for ACE to Improve Child Welfare Services and Protections for Native American Children", which clearly showed that most states were either not willing or able to share federal funds for child welfare services with tribes. This clearly demonstrates that tribes, when provided the opportunity, are able providers of child welfare services, while currently not being able to depend on other funding sources or services outside of the ICWA, Title II grant program.

We must also take into consideration other factors which impact the ability of tribes and off-reservation programs to protect their children and give them a sense of permanence. The new welfare reform law provides tribes with an opportunity to operate their own welfare programs, but does not provide the additional resources that will be needed to achieve full self-sufficiency for Indian families. States will have additional pressures under the new law to target their resources carefully. This will most likely mean that states historic reluctance to provide services on tribal lands will continue and possibly get worse. In addition, Congress and the Administration have set out to increase adoptions and permanence for children in this country. If tribes are not given the resources to help achieve this goal, then Indian children will likely continue to be the most unprotected class of children in this country with the least access to services that help provide permanency.

Please consider our request carefully and help tribal governments and off-reservation ICWA programs continue to offer proven, locally designed and controlled programs for Indian children and families.

---

PREPARED STATEMENT OF HARRY WILDE, CO-CHAIR, LOWER YUKON; AND GILBERT HUNTINGTON, CO-CHAIR, UPPER YUKON OF THE YUKON RIVER DRAINAGE FISHERIES ASSOCIATION

RESOLUTION 97–8

In support of Federal appropriations to implement the Interim Agreement on Yukon River Salmon and the Yukon River Salmon Act of 1995

Whereas the Yukon River Drainage Fisheries Association (YRDFA) represents commercial, subsistence and sport users of salmon and other fish within the Alaska portion of the Yukon drainage;

Whereas the Interim Agreement on Yukon River Salmon, affirmed by Congress in the Yukon River Salmon Act of 1995, necessitates effective management and research programs for both U.S. and Canadian spawning stocks;

Whereas the Interim Agreement also established a Yukon River Panel and said Panel requires significant administrative and operational support to assure effective user and agency participation in the implementing the Agreement as well as continued negotiations towards a long-term treaty;

Be it *Resolved* That the YRDFA hereby requests the U.S. Congress to fully fund the following items necessary to implement the U.S./Canada Interim Agreement on Yukon River Salmon and the Yukon River Salmon Act of 1995; $1,062,100 for Yukon River research and management by the Alaska Department of Fish & Game, funded via the U.S. Department of Commerce; $400,000 deposit to the Yukon River Restoration & Enhancement Fund; $200,000 for Panel operations and administration; $210,000 for additional USF&WS programs in the Yukon drainage; $713,000 for NMFS to conduct salmon radio telemetery studies; $100,000 to USGS/BAD for chum salmon ecology studies; $1,000,000 to the Bering Sea Fishermen's Association, from the Bureau of Indian Affairs Western Alaska Salmon Investigations.

Copies of this resolution to be sent to the Alaska Congressional delegation and to the members of the U.S. House and Senate Appropriations Committee.

Approved unanimously this 13th day of February 1997 by the Board members and Delegates of YRDFA assembled at their Seventh Annual Meeting held in Mountain Village, Alaska.

Certified:

HARRY WILDE,
*Co-Chair, Lower Yukon.*
GILBERT HUNTINGTON,
*Co-Chair, Upper Yukon.*

Attest:

DAN SENECAL-ALBRECHT,
*Executive Director.*

---

PREPARED STATEMENT OF GORDON JAMES, CHAIRMAN, SKOKOMISH INDIAN TRIBE

ABSTRACT

CONSTRUCTIVE RESOLUTION OF SKOKOMISH RIVER FISHERIES AND WATER CONFLICTS
[$400,000]

The Tribe requests that Congress direct the Bureau of Indian Affairs to provide the Tribe $400,000 in fiscal year 1998 for technical and legal assistance required to achieve constructive resolution of fisheries and water conflicts associated with the Cushman hydroelectric project on the Skokomish River in western Washington.

Congressional funding during the last four fiscal years for essential technical and legal assistance has allowed the Tribe to make substantial progress in developing and building consensus for a pragmatic and equitable settlement of Cushman Project related issues. Absent a negotiated settlement, a cascade of costly and divisive litigation and political conflict is imminent.

It is apparent that further conflict can be avoided and all parties' reasonable interests can be accommodated through a creative, pragmatic negotiated settlement of all Cushman Project related issues. However the window of opportunity for a settlement is rapidly narrowing. This is it—there will not be another opportunity to constructively resolve Cushman Project issues.

The Tribe asks that Congress support continued funding for necessary technical and legal assistance in this pivotal year. This will allow the Tribe to capitalize on progress to date—and on Congressman Norm Dicks' settlement initiative—to secure the enormous public benefits of a negotiated settlement.

CONSTRUCTIVE RESOLUTION OF SKOKOMISH RIVER FISHERIES AND WATER CONFLICTS
[$400,000]

The Tribe requests that Congress direct the Bureau of Indian Affairs to provide the Tribe $400,000 in fiscal year 1998 for technical and legal assistance required to achieve constructive resolution of fisheries and water conflicts associated with the Cushman hydroelectric project on the Skokomish River in western Washington.

The Skokomish Tribe is committed to achieve a constructive, win-win settlement of Cushman hydroelectric project issues that will produce enormous public benefits and avert an imminent cascade of costly and divisive litigation and political conflict.

Congressional funding during the last four fiscal years for essential technical and legal assistance has allowed the Tribe to make substantial progress in developing and building consensus for a pragmatic and equitable solution to Cushman Project-related issues.

The Tribe asks that Congress support continuation of funding in this pivotal year, so that progress achieved to date can be converted into a constructive settlement. This long and arduous process is now coming to a conclusion, aided by settlement initiatives from Congressman Norm Dicks. There will not be another opportunity to constructively resolve Cushman Project issues.

For nearly 70 years, the heretofore unlicensed Cushman hydroelectric project has diverted the North Fork Skokomish River out of its watershed. This has severely disrupted the Skokomish River watershed/ecosystem and wreaked environmental, social, economic and cultural havoc on the Skokomish Tribe and general public.

Working collaboratively with local, state and federal agencies, Skokomish Valley residents and a host of public-interest groups, the Tribe has achieved substantial consensus on a plan for future Cushman Project operation that would restore damaged salmon runs, reverse degradation of the largest estuary on Hood Canal, and reduce the Cushman Project's contribution to flooding problems on the main stem Skokomish River.

The Tribe's collaborative approach has also achieved unprecedented consensus with Mason County on a Skokomish River flood plan. The flood plan, Cushman Project plan, and South Fork forest plan are being folded together into an overall plan to reduce public costs and increase public benefits from the Skokomish River watershed.

The Federal Energy Regulatory Commission's final licensing proposal for the Cushman Project would perpetuate tens of millions of dollars in annual damages to the Tribe and general public. It would satisfy no one and set off an uncontrollable chain reaction of legal conflict and political turmoil with far reaching consequences, if allowed to stand.

The Tribe believes strongly that further conflict can be avoided and all parties' reasonable interests can be accommodated through a creative, pragmatic negotiated settlement of all Cushman Project related issues. Continued funding in fiscal year 1998 will allow the Tribe to build on substantial progress to date—and on Congressman Norm Dicks' recent settlement initiative—to secure the enormous public benefits of a negotiated settlement.

*Proposed budget*

| | |
|---|---|
| Legal consultants | $90,000 |
| Technical consultants | 300,000 |
| Meeting and travel expenses | 10,000 |
| Total costs | 400,000 |

Technical Consultants: Negotiation and implementation of a global settlement for Cushman Project related issues by the Tribe, City of Tacoma, and Federal Government requires that the Tribe have the assistance of highly skilled, specialized professionals. Consultants will include a project manager/coordinator; planner/negotiation advisor; tribal negotiating team members; and specialized technical consultants including engineers, economists, anthropologists, biologists, geophysicists, hydrologists.

Legal Consultants: Legal advice and representation will be required to assist in finalizing a negotiated settlement of Cushman Project issues among the City of Tacoma, the Tribe and Federal Government.

Meeting and Travel Expenses: Cost of meeting space, meals and travel for tribal advisory committee and negotiating team members.

---

## PREPARED STATEMENT OF BRISTOL BAY AREA HEALTH CORP.

The Bristol Bay Area Health Corporation ("BBAHC") is a private, non-profit corporation organized in June, 1973, by the Alaska Native villages of the region. BBAHC provides a wide variety of health services, including hospital services, family medicine, and other preventive and community health services. BBAHC serves more than 7,000 year-round residents and 32 villages within the Bristol Bay and Calista regions, two of the twelve regions into which Alaska was divided under the Alaska Native Claims Settlement Act of 1971. In 1980, BBAHC became the first tribal organization in the United States to take over the operation of a hospital from the Indian Health Service ("IHS") under the authority of the Indian Self-Determination and Education Assistance Act ("ISDEA"). In 1994, BBAHC entered into the Alaska Tribal Health Compact and, since that time, has been administering its health programs under Title III of the ISDEA. Since 1973, the Kanakanak Hospital in Dillingham has been accredited by the Joint Commission on the Accreditation of Healthcare Organizations.

BBAHC Priority Budget Items. Focusing specifically on fiscal year 1998 IHS budget items which are of highest priority in our region (as well as in other regions within the state of Alaska) we respectfully ask the Subcommittee to: fund mandatory cost increases—$80 million above the administration's request; fully fund contract support costs; provide requested $90 million for IHS Sanitation Facilities Account; provide $5 million in recurring funds for patient travel costs; provide the Administration's requested amount for the Community Health Aide Program in Alaska; increase authority and funding for the Alaska Area Office so that 10 additional leases may be funded under the clinic-built village leasing program and provide additional funds for improving existing clinics; provide BBAHC $1.5 million to support Phase I of Kanakanak Hospital building rehabilitation plan, including roof replacement; and reinstate the statutory prohibition on charging a co-payment to any IHS beneficiaries or to means testing beneficiaries.

*Mandatory Cost Increases*.—BBAHC respectfully requests the Subcommittee to appropriate sufficient funds in fiscal year 1998 to cover all mandatory cost increases incurred by the IHS and tribal health care providers, including medical inflation, mandatory payroll increases, and population growth. The fiscal year 1997 funding level for IHS included a less than one percent increase for inflation and no adjustment for population growth. Consequently, tribal and IHS health programs had to absorb over 50 percent of mandatory cost increases in fiscal year 1997. The fiscal year 1998 budget would require absorption of 90 percent or $80 million in mandatory cost increases.

Underfunding of IHS mandatory cost increases is particularly inequitable when compared to other federally-funded health care programs. In fiscal year 1997, while IHS received less than a one percent funding increase for inflation—far below the actual inflation rate, which exceeded 10 percent in some areas—the Medicare and Medicaid programs received a 7 percent funding increase for inflation. In addition, the IHS, which provides services to over 1.4 million patients residing primarily in rural areas, is limited in its ability to realize the same kinds of cost savings which other federally-funded health care programs have been able to achieve through managed care programs In urban areas.

*Contract Support Costs*.—Contract Support Costs ("CSCs") is an area of the IHS budget that is chronically underfunded. While we are pleased that the Administration has requested a $12 million increase in fiscal year 1998 over the fiscal year 1997 level, it still is not sufficient to cover anticipated shortfalls in funding for CSCs. If the $12 million request is fully funded, the shortfall for the Indian Self-Determination Fund alone is still estimated by IHS to be $39 million. The National Indian Health Board estimates the unmet need for contract support for existing contracts at $12 million and the projected need for new contracts at $60 million.

We urge the Committee to work with the Department of Health and Human Services to assure that sufficient funds are included in the fiscal year 1998 budget to meet the contract support requirements set forth in section 106(a)(2) of the Indian Self-Determination Act ("the Act"). Furthermore, we urge that reporting requirements be changed so that the IHS is required to provide the Congress with information on every contract or compact which is in the negotiation process and which will require funding from the contract support fund. Presently, the IHS is only required to report a shortage of Contract Support funding for the current and previous year.

*Sanitation Facilities*.—We appreciate efforts by Congress and the Administration to systematically address the need for sanitation facilities. As pointed out in the Administration's fiscal year 1998 budget request, there is a direct link between improved sanitation conditions and improved health. The IHS, as required by the Indian Health Care Amendments of 1988, has prepared a 10-year plan to address sanitation facility deficiencies and also prepares an annual report to Congress to identify the current inventory of deficiencies. The Administration's request for fiscal year 1998 for construction of sanitation facilities nationwide is $90 million, $2.2 million above the fiscal year 1997 enacted amount of $87.9 million. The IHS has estimated that annual appropriations of $146.5 million would be required to meet the 10-year plan by the year 2000 to serve existing Indian homes.

Even with full funding of the IHS 10-year plan, however, Alaska would still be seriously deficient in sanitation facilities. In Alaska, alone, there is an unmet sanitation need exceeding $1 billion. Much of rural Alaska lives without an adequate supply of safe drinking water and without essential sanitation facilities. It should also be noted that the calculation of need for the 10-year plan only includes the estimated cost of so-called "economically feasible" projects. We believe the IHS should also include on this list those projects which they consider "not economically feasible." Many of the villages in Alaska, which have very high construction costs due to climatic and geologic conditions, were not even considered in this cost estimate. Therefore, even if the 10-year plan were fully-funded, a number of Alaskan villages would still have inadequate sanitation facilities.

*Patient Travel*.—A special concern for BBAHC, and rural Alaska, generally, is the high cost of patient travel. BBAHC serves a 45,000 square mile area—an area larger than the state of Ohio. Therefore, we depend on local air taxi services to assist with medical evacuations from our 32 villages. The difficult nature of travel within BBAHC's service area, and the need to transport patients to the Alaska Native Medical Center in Anchorage for health care which cannot be provided in Dillingham make adequate funding of patient travel imperative. In past years, patient travel has been seriously underfunded. One result of inadequate funding for patient travel is that many patients are forced to forego or postpone care until an easily treatable condition has become a full-blown emergency. Thus, underfunding patient travel in fiscal year 1998 will actually cost more and will force BBAHC to choose between funding patient travel, an absolute necessity for providing access to services in Alas-

ka, and paying for actual patient care. BBAHC fully supports the Alaska Native Health Board's request for a separate appropriation in the IHS budget of $5 million for travel costs.

*The Community Health Aide Program in Alaska*.—The Community Health Aide Program ("CHAP") is the primary health care delivery system for approximately 171 rural Alaskan villages and is a very cost-effective program. We appreciate the funding that was provided in fiscal year 1997 to update the Community Health Aide/Practitioners Manual which we understand is currently underway. We urge the Subcommittee to support the President's request for fiscal year 1998 which maintains the fiscal year 1997 level of funding of $43.9 million.

*Village Built Clinic Leasing Program*.—BBAHC strongly urges that the leasing authority of the Alaska Area Native Health Service ("AANHS") under the Village Built Clinic leasing program ("leasing program") be increased from the current level of 170 to 180, and that a commensurate increase in funding be appropriated for the ten additional leases. BBAHC has two outstanding requests for clinic leases under the leasing program, one for a clinic at Portage Creek and the other for a clinic at South Shore Aleknagik. According to the AANHS, it has already funded 169 out of the 170 leases it is authorized to fund and the remaining lease will go to another tribally-operated clinic in the Alaska Area which is not within the BBAHC service area. Part of the problem for BBAHC is that, under the leasing program, we need four additional health aides (two per clinic) to meet eligibility requirements for the two requested leases, amounting to a total estimated cost of $150,000. An additional $50,000 would be required for training of these individuals, thus amounting to a total cost of $200,000 per year for staffing of the two new clinics.

We would also like to request additional funds for making upgrades, modifications and additions to existing village-built clinics and where appropriate, replace existing clinics. These much-needed improvements, which could be funded through a new program similar to the Maintenance and Improvements (M&I) Program, are above and beyond the realm of the current leasing program.

*Kanakanak Hospital*.—BBAHC has recently concluded a long range facility plan for upgrade and expansion of the existing Kanakanak Hospital in Dillingham to accommodate changing and growing, health care and housing needs. BBAHC requests $1.5 million to support Phase I of the planned $20 million overall project which would be used for expansion of the Hospital Emergency Room. The long range facility plan addresses a number of existing facility needs, including replacement of the hospital roof which is in danger of collapsing. The flat roof is designed to withstand a snow load of only 40 pounds per square foot in an area where the minimal design load for buildings is 70 pounds per square foot. At least nine similar flat roofs have collapsed in other southwest Alaska facilities, including a roof of a local Dillingham school. The estimated cost of replacing the roof alone is $1.6 million.

*Renew the statutory prohibition on charging a co-payment to IHS beneficiaries*.—On behalf of the Alaska Native patients we serve, BBAHC urges Congress to reinstate appropriations language which would prohibit the Indian Health Service from establishing means-testing for IHS beneficiaries, or charging a co-payment fee for any IHS program or service. The provision of Indian health care is one of several responsibilities the United States took on in return for land and other resources relinquished by tribes. We believe that this responsibility should not be diminished and respectfully request that the statutory prohibition language which was removed from the fiscal year 1997 appropriations bill be reinstated.

We appreciate the opportunity to voice our concerns in connection with the proposed IHS budget for fiscal year 1998 and would be happy to provide any additional information concerning our testimony to the Committee.

---

PREPARED STATEMENT OF MARGIE MEJIA, CHAIRPERSON, LYTTON RANCERIA/LYTTON BAND OF POMO INDIANS OF CALIFORNIA

The Lytton Rancheria/Lytton Band of Pomo Indians wishes to submit this testimony for the record regarding the fiscal year 1998 budget for programs in the Bureau of Indian Affairs. Specifically, we express our support for the requested $4 Million increase for the Small and Needy Tribes Program, for a proposed fiscal year 1998 total of $8 Million.

Located in Sonoma County, California, Lytton Rancheria is a newly restored/recognized Tribe [*Scotts Valley Band of Porno Indians, et al* v. *United States of America et al.* USDC No. Civ. No. C–86–3660–WWS; Sept. 6, 1991]. The Tribe has been removed from federal services for the past thirty years—the efforts to restore our status as a Tribe spans a period of ten years, five of which were spent in legislation. During this time the ill effects of termination have continued to take their toll on

our people in terms of loss of property; education and health benefits; increased poverty; high unemployment; disruption of families; death of Tribal members due to alcohol and related illnesses or accidents; and the destruction of hope.

The Tribe is currently landless, comprised of approximately 200 Tribal members, and governed by a Council consisting of seven Tribal Officers, elected on May 14, 1995. Mrs. Margie Mejia is the current Chairperson and representative of the Tribe. The Tribal membership is 47 percent male and 53 percent female, of these 40 percent are adults and 60 percent are children under 18. Tribal member residences are primarily in Sonoma County (57 percent), followed by Del Norte County (27 percent), with the remainder scattered throughout the State of California and the continental United States (16 percent).

The Tribe plans to empower its constituents through education and training. The general membership approved a constitution on January 20,1996, to establish laws that the Tribal members have agreed to live and abide by. Other empowering documentation which has recently been developed and is currently being utilized include: Enrollment Manual, Election, Enrollment and Voting Procedures Code, Tribal Government Tribal members have agreed to live and abide by. Other empowering documentation which has recently been developed and is currently being utilized include: Enrollment Manual, Election, Enrollment and Voting Procedures Code, Tribal Government Operations Manual, Tribal Court Procedures and related codes. The Tribe is willing to devote its time, energy and resources in order to become self-sufficient.

Currently, the Tribe operates under several grant programs sponsored and overseen by the BIA, IHS, HHS, ANA, EPA, etc. A Library Services Grant provides publication materials needed for education and advancement. A Health Services Grant provides for the position of a Community Health/Alcohol Abuse Prevention Worker, which the Tribe only recently hired and expects to have a fully operational program running within three months. Other programs educate and support our leadership (ANA, ATG), tend to the health needs of members (SCIHP, CRIHB), our children (ICWA) and empower us with the ability to create our own economic development project(s) to ensure our future self-sufficiency and self-sovereignty (ANA, ATG, BIA Multi-Year). Since we are a landless Tribe with critical needs in the area of land acquisition and housing development, I would recommend that funding for the Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104–350) be increased to $850 Million for funding an Tribes. In addition, I would like to have monies set aside within the bill for small and needy Tribes funding.

Without continued funding, especially in the crucial formative years for new Tribes, our membership will stagnate and revert back to the downward spiral of life quality experienced by so many Native Americans for so many years.

---

## PREPARED STATEMENT OF JAIME PINKHAM, PRESIDENT, INTERTRIBAL TIMBER COUNCIL

### SUMMARY

Mr. Chairman, I am Jaime Pinkham, President of the Intertribal Timber Council. I hereby submit the following summary and comments regarding the Bureau of Indian Affairs Forestry program and its proposed fiscal year 1998 budget: Add $300,000 to Area Forestry for four adrenal foresters, and add $150,000 to Central Office Forestry for two additional foresters; add $1 million to Forest Management Inventory arid Planning; add $500,000 to Woodlands Management, and add $3 million for a new I.R.M.P. line item.

### INTERTRIBAL TIMBER COUNCIL BACKGROUND

The Intertribal Timber Council (I.T.C.) is a twenty one year old organization of sixty forest owning tribes and Alaska native organizations that collectively possess more than 90 percent of the 7.3 million forest acres—and a substantial portion of the 8.6 million woodland acres—that are under B.I.A. trust management. These lands are vitally important to their tribes. They provide habitat, watershed, cultural and spiritual sites, recreation and subsistence uses, and through commercial forestry, income for the tribes and jobs for their members. In Alaska, the forests of Native corporations and thousands of individual allotments are equally important to their owners. To all our membership, our forests are essential to our physical, cultural and economic well-being, and assuring their proper management is our foremost concern.

OVERVIEW OF DECLINING BIA FOREST MANAGEMENT PLANNING

Mr. Chairman, the Intertribal Timber Council's fiscal year 1998 testimony focuses, for the third year in a row, on the growing deficiency of the B.I.A.'s forest planning capability. Mr. Chairman, it is an unfortunate truth that the Bureau, despite its legal obligations as trustee, has never fully provided current and appropriate management plans for the forest and woodland resources it holds in trust for tribes across the country. Prior to 1985, B.I.A. records document that only 21 percent of the nation's Indian forestlands were managed under approved forest management plans. To help redress this appalling state of affairs, Congress instituted a separate $1.2 million program in fiscal year 1985 for forest management inventory and planning (FMI&P). That, along with increased levels of Forestry staffing at the B.I.A. Area and Central Offices, enabled the status of Native American forest planning to begin to improve. With continued vigilance by Congress and consequent attention from senior Bureau officials, along with an fiscal year 1991 funding increase to FMI&P of $300,000, the volume of trust forestland acres in compliance with planning requirements rose to above 80 percent in 1993.

However, since then, that figure has steadily declined. According to the B.I.A.'s most recent Status of Forest Management Inventories and Planning report, dated September 30, 1995, the volume of trust forestland acres covered with current management plans has declined to 62 percent. But even that figure does not present the true scope of B.I.A. forest management planning shortcomings. Most of the acreage with current plans is concentrated among a relatively few reservations with large forests whose comparatively large staffs can develop forest management plans on their own. On a reservation-by-reservation basis, only 36 percent of forested reservations had current plans in place as of 1995.

Since 1995, although we are not aware of any updated tables or records, we are certain the situation has continued to decline, most likely at an accelerated rate. Because, since 1995, funding for B.I.A. forest management inventory and planning, while remaining flat, has effectively been further eroded by both inflation and the increasing complex requirements of forest management planning. Moreover, since 1995, B.I.A. Forestry personnel at the Area and Central Office levels, who provide the planning expertise for the great majority of smaller forested reservations, has been roughly cut in half.

This is intolerable. With increasingly insufficient funds for FMI&P activities, and with sharply reduced manpower needed to oversee those activities, interpret data, and develop the actual plans, it is quite possible that soon only 25 percent or less of reservation forests will have current management plans. A forest without a current management plan is, in effect, out of control. For even the most basic commercial forest activity, timber harvest, the managers have little certainty they are harvesting too many trees or the right trees. The consequences are nothing more than guesswork, and given the long term production cycles of forests, the cumulative effects could easily be the severe damaging of a tribe's forest resource, if not its outright destruction.

To assure that the most basic rudiments of forest planning can be provided tribal forestlands, we request that $300,000 be added to the Area Office Forestry budget for four additional professional foresters, that $150,000 be added to the Central Office Forestry budget for two additional professional foresters, and that $1 million be added to Forest Management Inventory and Planning.

In addition, we request that Woodlands Management be increased by $500,000, and that $3 million be added for integrated resource management planning.

Each of these four requests are discussed in further detail below.

ADD $300,000 TO AREA FORESTRY AND $150,000 TO CENTRAL OFFICE FORESTRY FOR ADDITIONAL PROFESSIONAL FORESTER CAPABILITY

Between fiscal year 1995 and today, B.I.A. Area Office Forestry personnel have been reduced from about 25 to about 15. In the same time, Central Office Forestry personnel have been reduced from about 19 to about 8. Although reduced by roughly half from fiscal year 1995 levels, these personnel are called upon to try to provide the professional and scientific expertise required for the successful trust planning and management of 7.3 million forest acres and 8.6 million woodland acres on more than eighty reservations throughout the entire United States. They are trying to do this at a time when forestlands are being recognized as never before for their biological significance and when forestlands are being intensely scrutinized and challenged on many aspects of their management, and particularly on any commercial utilization. Yet, with or without current plans, many tribes have little choice but to rely on the commercial use of their forest for at least some portion of essential tribal revenues.

Of the 83 reservations with economically viable timberlands, many with smaller forests have no resident professional forestry personnel. And the great majority of the 83 reservations do not have personnel with the specialized expertise necessary for the development of a forest management plan. So those tasks, by necessity, fall upon the 15 Area Forestry personnel spread throughout the B.I.A.'s twelve Area Offices, and upon the four technicians in the Central Office's Branch of Forest Resources Planning. It is, quite simply, well beyond any realistic expectation that such limited manpower can develop, review, and oversee implementation of management plans required by law for the 83 reservations. In fact, the Branch of Forest Resources Planning has been forced by staff reductions to eliminate any forest planning capability, and today principally provides only inventory analysis.

Today's request for six additional personnel is an exceptionally modest plea to begin the restoration of the B.I.A. forest planning capability, because tribal forests, without plans, are open targets for mismanagement or legal challenge, either of which would diminish or interrupt what for many tribes is a critical source of essential operating revenue.

ADD $1 MILLION TO FOREST MANAGEMENT INVENTORY AND PLANNING

The Forest Management Inventory and Planning budget covers the special one time costs associated with the periodic development of forest management plans. These funds are scheduled for application to various tribal forestlands as they renew their management plans. The funds are supposed to cover the costs of planning activities not provided in a reservation's regular, on-going forestry budget, such as remote sensing, mapping, inventory, management and implementation planning, and environmental assessments. These funds are particularly needed for those smaller tribal forests where there are few or no forestry personnel. But since fiscal year 1985, when the program was funded at $1.2 million, these funds have not kept pace with either inflation or the expanding requirements of forest planning and management.

One particular example where additional FMI&P funding is needed is N.E.P.A. compliance. As of the end of fiscal year 1995, which is the most current data available, approximately 30 percent of Category 1 forests (a major forested reservation with more than 10,000 acres of trust commercial timberland or an annual allowable cut of more than one million board feet) were without current environmental assessments, rendering them technically out of compliance with the National Environmental Protection Act and so subject to possible challenge and shut down. One of the larger tribal forests, that of the Navajo Nation has been shut down for several years because of challenge to planning and N.E.P.A. assessments.

For the smaller Category 2 forests, the shortcomings are even more appalling. Only about 39 percent have accepted annual allowable cuts or a current plan. Less than a quarter of them have environmental assessments.

To correct these deficiencies, the I.T.C. requests that the program be increased by $1 million for fiscal year 1998. While B.I.A. documents indicate a needed FMI&P increase of $5.1 million a year, the I.T.C. is seeking a $1 million increase in hopes that a more modest sum may be more achievable and provide at least a modicum of desperately needed improvement in the Bureau's planning capability.

ADD $500,000 FOR WOODLANDS MANAGEMENT

We also request an increase of $500,000 for B.I.A. Woodlands Management, a doubling of the requested level. Mr. Chairman, in 1988, the B.I.A. Division of Forestry was formally assigned responsibility over the 8.6 million acres of tribal woodlands, including 4 million acres with commercial capability. At that time, B.I.A. data indicated $3 million was needed to properly initiate trust management of woodlands. $500,000 was provided, and has essentially stayed at that level ever since. Today, those funds cover the costs of woodlands managers at three Area Offices in the Southwest and the costs of on-the-round projects. None of these woodlands have formal management plans, and only a few have rudimentary inventories. With little or no firm data, the three Area Woodlands Managers are essentially flying by the seat of their pants in trying to cover the millions of acres within their responsibility. Yet woodlands are intensively used across a wide range of activities, particularly for subsistence and small economic undertakings. An additional $500,000 would allow a greater degree of inventory and planning, a few additional personnel for increased oversight, and the implementation of an increased percentage of the annual backlog of submitted projects.

ADD $3 MILLION FOR FUNDS FOR A NEW I.R.M.P. LINE ITEM

Finally, Mr. Chairman, I would like to request that $3 million be added as a new line item for Integrated Resources Management Planning in Non-Recurring Natural Resources Management.

Mr. Chairman, it is generally accepted today that forestlands are vital, complex ecosystems, and that the harsh "cut and plant" approach of the past is grossly inadequate for the perpetuation of a healthy forest resource. Everywhere you look, whether it is the forest industry, state forestry, or federal forestry on B.L.M. and U.S. Forest Service lands, you see a new focus on comprehensive ecosystem management. Tribes are gratified by the growing understanding that our natural resources are precious and must be nurtured. Yet it is also frustrating to tribes that our Federal trustee, while heaping attention on comprehensive land management in other agencies, is turning a blind eye on its land management obligations to tribes. Other than one person in the B.I.A. Division of Forestry, the Bureau has no funds dedicated to comprehensive ecosystem management planning, also referred to as integrated resource management planning. Yet, among all Federal agencies, I.R.M.P.s are most appropriate, and needed, for tribal trust lands.

Mr. Chairman, the Indian people live on and from their land. While our population is rapidly expanding, our land base is generally static. As a result, our land base is under increasing pressure. As noted in the 1994 report of the Indian Forest Management Assessment Team, tribes are progressive, dedicated stewards of our land, but the severely limited planning resources available to us are precluding options and flexibility. Moreover, should I.R.M.P.s not be available for tribal lands, reservations will become management blank spots in the broader fabric of surrounding land.

B.I.A. has recently estimated an annual need of $15 million for ten years to develop I.R.M.P.s for all tribes. And on Indian forestlands alone, the I.F.M.A.T. report noted that $94 million is needed annually to bring B.I.A. other-than-direct timber production management activities up to parity with the U.S. Forest Service. Yet, B.I.A. has next to nothing. Accordingly, we request the establishment of a new I.R.M.P. line item, and that it be funded at $3 million to begin to address these shortcomings.

Mr. Chairman, that concludes my testimony. Thank you.

---

PREPARED STATEMENT OF STEPHEN A. JANGER, PRESIDENT, CLOSE UP FOUNDATION

Mr. Chairman, distinguished members of this Subcommittee, my name is Stephen A. Janger and I am President of the Close Up Foundation. It is a privilege for me to submit this testimony regarding Close Up's efforts to provide citizenship education opportunities for American Indian and Alaska Native students and educators.

Before I begin to discuss Close Up's funding request for fiscal year 1998, I want to thank the Subcommittee for its past support. The civic education of thousands of American Indian and Alaska Native students has been enhanced by funds this Subcommittee made available through the Bureau of Indian Affairs (BIA). Unfortunately, no funds were made available for current Close Up programs in the fiscal year 1997 Appropriations Act. Through this testimony, I hope to convince this Subcommittee that Close Up's work with American Indian and Alaska Native students and educators is a very worthwhile expenditure of scarce federal funds. In this regard, we respectfully request $300,000 in fiscal year 1998 funding.

OVERVIEW

American Indian students hold a unique place in American society as citizens of both the United States and their Indian Nation, yet there are few opportunities in school to examine the implications of this "dual citizenship."

Nearly a half million American Indian and Alaska Native students are enrolled in schools across the nation, and there are many indications that their education is not comprehensive and needs enhancements to enable these students to be competitive. In 1991, the Indian Nations At Risk Task Force established a set of education goals to guide the improvement of all federal, tribal, private and public schools that serve American Indians and Alaska Natives and their communities. These goals call for all Native American students to "demonstrate civic, social, creative and critical thinking skills necessary for ethical, moral and responsible citizenship and important in modern tribal, national and world societies." Simply, native students must understand the implication of their dual citizenship to be actively involved in both tribal governments and the democratic process.

Close Up's Washington High School Program responds to the need for educational tools for Native students and their teachers. The Close Up Washington program uses a hands-on approach to civic learning that picks up where traditional textbooks leave off. Close Up participants don't just listen to lectures, they take part in debates, role-play activities, simulation exercises, group work, cooperative learning situations, and directed discussions. They are challenged to apply what they learn to real world scenarios.

Close Up participants meet with the people who make government work. In seminars, students discuss the process of government with leading decisionmakers, policy experts, diplomats, and journalists. They also have the opportunity to hear their leaders' views first-hand, and share their opinions and concerns directly with their elected officials. These opportunities serve to de-mystify U.S. government and its elected members, making the system of government accessible and engaging to young people.

Based on the unique relationship between the federal government and the tribes, it is especially important that Native American students understand the process.

THE NEED FOR CIVIC EDUCATION

In February 1997, the Washington Post Magazine featured an article on Native American issues that included statistics outlining the status of Native Americans in society. While not new, the statistics reflected an alarming reality: of any ethnic group in America, Indians have the highest rates of poverty, unemployment, and disease. In his article, Peter Carlson asserted that "Native Americans remain at the bottom in almost every measurable economic category." With Indians making up less than 1 percent of the population in the United States, it is vital that Native students learn to be leaders on behalf of their tribes if these statistics are to ever change for future generations.

The Native American people of the United States are embarking on a new course in their relationship with the federal government. As federal funding decreases each year, those living on federally recognized Indian reservations will require educated, skilled leaders who can be vocal advocates for the needs of their tribes. Senator John McCain, former chairman of the Senate Indian Affairs Committee, confirmed this need when he stated that few legislators know "* * * about the clause in the Constitution that says Congress has a special responsibility in dealing with Native Americans." Without appropriate education, American Indian struggles will continue with nominal support from voters and politicians who could have an impact on the lives of American Indian people.

But balancing these worlds and their role in them can be very difficult for young people. Close Up's American Indian and Alaska Native program provides Native students with an opportunity to study what it means to have a foot in two cultures, or "two worlds." For Native students, traditional values taught at home often conflict with what is taught in school. Through their Close Up experience, students start to see a circle being woven: They learn to respect tribal elders for their roles in the tribal council; They realize if they want to protect their sovereign rights as American Indian citizens, they need to obtain a comprehensive knowledge of government at all levels, federal, state, and tribal; and by sharing their life experiences with students from completely different backgrounds, Native students develop more pride in, and recognize the value of, their own culture.

This increased pride enables students to begin looking at their culture from other perspectives. By visiting their nation's capital, students have the opportunity to see first-hand how vital it is for them to take a role in preserving their sovereign rights. They observe first-hand how their tribal leaders represent the tribe to the federal government. Students also study the process of working directly with the federal government. This information is particularly relevant to Native American students who may one day use this familiarity with the government as a vehicle to preserving their rights as both American citizens and members of their tribe.

This is perhaps best enunciated by a social studies teacher at Santa Fe Indian School who wrote, "Our young people are living in two worlds, and in the non-Native world they need to learn to be just as competitive as everyone else. Our tribal leaders and elders always tell our young people that they'll be the future leaders, but no one's doing anything to prepare them. That's what this program is all about."

Close Up's message of informed participation is not limited to the federal government. The Foundation encourages educators to develop civic education programs at the local level. We know that we have inspired Native American educators to conduct local programs, one example is the local program held annually at the Santa Fe Indian School. The 1995/96 topic, "Unity and Sovereignty/Empowerment of Youth," involved student participants most of whom were enrolled members of one

of the New Mexico Pueblos. The goal of this two-day program conducted for New Mexican Native American youth, tribal leaders, community leaders, and educators was to train youth to become responsible and knowledgeable in the areas of sovereignty, Indian law, tribal government systems, cultural awareness, leadership, and citizenship.

Another example is a program established by Marilyn King-Johnson (Navajo), the project manager for the Navajo Nation Youth Incentive Program. Ms. King-Johnson said her interest in establishing a local program came to her while attending the Close Up Washington program. "I kept thinking 'why can't we do this at home'? We tell our youth to learn about the state and national government, but we don't teach about the Navajo Nation. I wanted to teach the young people something not taught in school."

The enthusiasm generated by attending the Close Up Washington program multiplies the reach of expanded civic learning many times over. Teachers and students return home with newfound knowledge, teaching methodologies, and self-esteem, and they are anxious to share all of this with their community. Without federal funding, however, this program and its contribution to Native American students and their teachers will cease to be available to most of them.

AMERICAN INDIAN AND ALASKA NATIVE PARTICIPATION

For more than twenty-five years, the Close Up Foundation has promoted responsible participation in the democratic process through educational programs in government and citizenship. With the help of this Subcommittee, Close Up has developed and tried to sustain an outreach policy to act on the belief that civic education is important to all students regardless of their families' financial status. This outreach policy, supported by fellowships to assist students with financial need, has ensured that a diverse student body is able participate in the Close Up program.

During the last year that Close Up received federal support (1995–96 program year), we had 248 students and teachers from 38 BIA high schools, and 103 Alaska Native students from remote villages, rural settings, and urban areas participate in the Close Up Washington High School Program. The vast majority of these students received fellowship support. We now find that without federal fellowship support we are losing the participation of many schools, and our forecast is that we will lose many more schools next year.

Most of the schools no longer able to participate are exactly the schools you want to reach with a program like Close Up. These are schools in the most remote and isolated regions of the country, schools that have few, if any, outside educational opportunities, and, generally speaking, schools with a student population that would receive the greatest benefit from our program. Although Native students, as they have in the past nine years, are conducting fundraising drives to try to raise at least some of the money themselves, the desperate financial situation of many of these students and their communities makes it impossible for them to raise the necessary funds. The lack of a financial base within the community that could sustain a student fundraising effort makes the need for federal support all that more urgent.

Despite all of the challenges these communities face, Close Up enjoys strong support in the Native American community. One example is at their January 1997 conference the National Congress of American Indians adopted a resolution of support for the Close Up program. We are very proud to have received such an endorsement.

Mr. Chairman, the glaring need for civic education opportunities for American Indian and Alaska Native students has been clearly demonstrated by many educators and experts. The past support of this Subcommittee has made it possible for the Close Up Foundation to try to address this need. We are very proud of what we have been able to accomplish. Without federal support, however, we cannot continue our work with the multiplier effect that leads to important learning productivity. Therefore, we respectfully request $300,000 from the fiscal year 1998 Interior and Related Agencies Appropriations bill for our programs for American Indians and Alaska Natives. We would be glad to respond to any questions and to provide any additional programmatic or budgetary detail. Thank you very much.

---

PREPARED STATEMENT OF VIRGIL J. MURPHY, CHAIRMAN, STOCKBRIDGE-MUNSEE COMMUNITY BAND OF MOHICAN INDIANS

The Stockbridge-Munsee Tribe appreciates this opportunity to present our requests for funding in fiscal year 1998 for the Indian Health Service. We request that this Subcommittee provide fiscal year 1998 funding for our two priority projects: $3.6 million for a new wastewater treatment facility for the Stockbridge-Munsee

Community, and $2.8 million for a new health clinic for the Stockbridge-Munsee Community.

The Stockbridge-Munsee Tribe was once located in what is now the northeastern United States. However, in the early 1800's, we were removed from our ancestral lands to Indiana, and later relocated to what became the State of Wisconsin. Since 1856, our homeland has been a 46,000-acre reservation in central Wisconsin. The Mohican Nation has nearly 1,600 tribal members, over 800 of whom live on the reservation. The Tribe's major economic opportunity has been our small but successful casino and bingo operation. In 1996, the Mohican North Star casino employed some 550 people, about one-third of whom are tribal members. As a result of gaming, we are now the largest employer in Shawano County, WI. The Community uses gaming proceeds to supplement funding for such tribal governmental programs as Elderly Assistance, Higher Education and Vocational Training, Housing Assistance, and Economic Development. In addition, we have built two homeless shelters and made numerous donations for assistance for needy tribal members from our gaming proceeds. The Tribal Council has two funding requests we have determined to be of highest importance, and we submit them for this Subcommittee's consideration.

WASTEWATER TREATMENT FACILITY AND SEWAGE COLLECTION SYSTEM

The fiscal year 1998 budget request for the Indian Health Service's Sanitation Facilities Construction account proposes a modest increase of $2.2 million over the fiscal year 1997 enacted level. While we support this requested increase, we note that the age of deficit reduction is evident here, because in the fiscal year 1997 budget request, the Administration requested an increase of $43 million over the previous year's funding level for sanitation facilities construction. Clearly, the Administration, Congress and tribes are forced to struggle to determine priority programs which will receive funding as efforts to balance the federal budget continue.

As this Subcommittee knows, over the last several years, roughly one-half of the Sanitation Facilities Construction account has been used to address the backlog of sanitation facilities deficiencies in Indian communities which are included in the congressionally-directed 10-year funding plan. The total need in Indian communities for water and sewer facilities is currently some $1.8 billion. Using the Administration's fiscal year 1998 budget request as a starting point, unless Congress appropriates additional funding over the budget request for Sanitation Facilities, only some $40–50 million of the requested $90 million will go toward the backlog. At this rate, Indian country is looking at 40 years before the existing backlog of water and sanitation—something most Americans take for granted—is addressed.

The Stockbridge-Munsee Community itself is in the Bemidji IHS Service Area, which serves Wisconsin, Michigan, Minnesota and Indiana. The total level of need in our Service Area last year was more than $27 million. The amount provided, by allocation to the Bemidji Area, was slightly over $1 million.

With this in mind, the Stockbridge-Munsee Tribe is in desperate need of a wastewater treatment facility and sewage collection system. The Tribe currently does not have a regional treatment facility, but uses a three-cell lagoon system community water and wastewater system. Concerns about the health and safety risks associated with an outdated and inefficient wastewater system—including some seepage of wastewater out of the lagoon cells during drought years, and groundwater seepage into the cells during wet years—led to the Tribe receiving joint funding in fiscal year 1996 through IHS and HUD to repair and upgrade the existing lagoon system.

The Tribe is grateful that fiscal year 1996 funding was provided to upgrade our existing system, which services our main housing development area. However, that area is made up of only 30 households. Even the upgraded lagoon system is not able to meet all current community sanitation needs. The Tribe's Planning Department projects that the Tribe will need to build 50 to 60 new homes for our members in the course of the next 10 years. Although several existing residential units on the reservation utilize individual septic tanks, due to the soil types on the reservation, it is very unlikely that these new homes will be able to utilize individual septic tanks. According to data stored on the Geographical Information System, almost 93 percent of the soil types located on the Tribe's trust lands have severe septic limitations. The remaining 7 percent of the land has moderate limitations. These limitations make it is very difficult to find suitable areas on which to build housing for our members. As a result, the Tribe is seeking funding to construct a master wastewater treatment facility which will enable us to construct these homes on lands that would otherwise be unsuitable because of the septic limitations.

The proposed wastewater treatment facility would service an existing 80 residential dwellings within the regional service area, tribal offices, our health clinic, and

the casino. In addition, the new facility would service the contemplated new housing development and other commercial development, including a planned hotel. It would also be able to handle future increases in wastewater flow.

The IHS Field Engineer has estimated that the cost of the new master wastewater treatment facility and collection system will be $3.6 million. The need for such a system has been documented and submitted to the Indian Health Service for inclusion on the Sanitation Deficiency System (SDS) Listing. But, as this Subcommittee well knows, there are many tribal projects currently on the SDS list.

Without adequate funding to the IHS, necessary and essential projects like the Stockbridge-Munsee's wastewater treatment facility and sewage collection system will not be constructed. We ask that the Subcommittee support the Administration's requested increase of $2.2 million to the Sanitation Facilities Construction account, and provide the necessary $3.6 million to the IHS to fund our Tribe's very needed project.

NEW HEALTH CLINIC AND WELLNESS CENTER

For the IHS Facilities account, the President's fiscal year 1998 budget request proposes an increase of $39 million over the fiscal year 1997 enacted level for construction of two replacement health facilities in Arizona. The Stockbridge-Munsee Community strongly supports this request, and urges the Subcommittee to support it. We know from our Tribe's own experience that many tribes throughout the country share our great and urgent need of a new health facility.

The Tribe has a small health clinic on our reservation which was built in 1973. It is only 14,000 square feet, while the Facilities Management Office of the IHS recommends a facility between 17,000 and 20,000 square feet in size. In addition to being severely limited in space, the clinic is in poor condition, with existing structural problems such as leaking roofs. After a point, further additions to the clinic—and there have already been two—are not economically efficient.

During a typical month, the clinic provides medical services to over 1,200 patients, dental care to 200 patients, and fills over 1,000 prescriptions at the pharmacy. Annually, the current staff of 35 full-time and 14 part-time employees and 6 full-or part-time physicians and dentists provides necessary and essential medical treatment to over 2,300 people—Mohican tribal members and Indians who are members of other tribes but live on our reservation, and numerous non-Indians who live within the original boundaries of the reservation.

The severe space limitations and poor condition of the clinic make providing necessary medical services very difficult. As a result, in 1996, the Tribe applied for and received a Community Development Block Grant from the Department of Housing and Urban Development. A grant of $300,000 was provided in fiscal year 1997 to design a new health clinic and wellness center. Currently, the Tribal Council is preparing a Request for Proposals for the purpose of contracting with an architectural firm to prepare the final construction and design of the new facility. The Tribe is seeking fiscal year 1998 construction funding in the amount of $2.8 million through the Indian Health Service.

We are very proud of the services we provide our people and members of the surrounding community. We appreciate this Subcommittee's consideration of providing us with additional resources in fiscal year 1998 through the Indian Health Service to improve our programs and services. Thank you very much.

---

## PREPARED STATEMENT OF FRANCES G. CHARLES, CHAIRWOMAN, LOWER ELWHA KLALLAM TRIBE

SUMMARY

Lower Elwha Klallam Tribal requests:

Support the Administration's request for an additional $76.4 million in Tribal Priority Allocations.

Continuation of Elwha River Restoration funding through the Tribe's BIA Self Governance Annual Funding Agreement: from the Water Management and Development account or Water Rights Negotiation Litigation account.

Support National Park Service funding of $25 million toward the dam acquisition cost pursuant to Elwha River Restoration, Public Law 102–495. And, authorization for $83.3 million to complete dam removal.

$405,000 to implement initial phases of the Elwha chum salmon recovery program, as outlined in the Elwha River Restoration Environmental Impact Statement; and, $100,000 for salmon habitat improvements building upon the work begun in 1996.

Increase in treaty shellfish implementation, management and enforcement, to $350,000 (as part of Point No Point Treaty Tribes' request for $1,400,000 for shellfish implementation).

Full Contract Support (indirect cost) funding for BIA compact and IHS contract amounts for fiscal year 1998.

LOWER ELWHA KLALLAM TRIBE: ELWHA RIVER RESTORATION

The Lower Elwha Klallam Tribe has been involved as one of the principal participants in examining the full restoration of the Elwha River through the removal of the Elwha and Glines Canyon Dams on the Olympic Peninsula in Washington State. Since 1989, the Tribe's involvement has been supported through the Bureau of Indian Affairs—usually through the Water Rights Negotiation/Litigation account. Funding for the Tribe's efforts has decreased from a steady funding level of $470,000. The fiscal year 1995 amount was reduced to $375,000 and in fiscal year 1996 the grant to the Tribe was only $94,000. The Tribe requests the assistance of the Committee in restoring the funding for the Lower Elwha Klallam Tribe. Since the 104th Congress amended the Elwha Act to include the State of Washington in the process, the Tribe is facing brand new challenges with regard to treaty rights protection.

The Administration has requested $25 million for acquisition of the dams. The Tribe requests $405,000 for the initial phases of the chum salmon recovery program, including enhancement of the tribal hatchery to achieve the production of the fish needed to restore the fisheries. The Tribe also supports the Administration's request for authorization of $83.3 million in additional funds toward the removal of the dams.

FISHERIES PROGRAM

The specific needs in the fisheries services program are: Shellfish implementation, management and enforcement funding increase to $1,400,000 for the Point No Point Treaty Tribes ($350,000 for each of the four Tribes).

Continuation of Jobs for the Environment program. The Tribe has done restoration work on the Little Hoko River in which several miles of river were rehabilitated and are once again suitable for salmon spawning. This project has provided three years of employment for five displaced timber workers, both Tribal and non-Indian.

Support continued funding for US/Canada Pacific salmon negotiations to resolve the current impasse in the development of fishing regulations, as well as to continue management of fisheries under US/Canada jurisdiction.

Continuation of Wild Stock Initiative funds for the Tribes and State of Washington.

INDIAN HEALTH SERVICE

The Administration has requested a small increase from clinical services and contract support. We ask the Committee to support these requests: they are funds which go directly to the tribes for health care delivery.

---

PREPARED STATEMENT OF THE SAULT STE. MARIE TRIBE OF CHIPPEWA INDIANS

Mr. Chairman and members of the Committee. On behalf of the Sault Ste. Marie Tribe of Chippewa Indians, I want to thank you for this opportunity to appear before you to discuss our fiscal year 1998 appropriations concerns.

The Sault Ste. Marie Tribe of Chippewa Indians is the largest federally recognized tribe in Michigan. The Tribe is dedicated to achieving true self-determination and self-governance. Over the past few years we have opened schools, built health centers, established a tribal court system and worked to restore and enhance our economy and our land base. While much has been done, considerably more is needed to enable us to fulfill the promise of the self-determination policy. We urge this Committee and Congress to reaffirm its commitment to providing funding sufficient to enable tribes to maintain basic core services funded through the BIA and IHS.

INDIAN HEALTH SERVICE

One key to a brighter tribal future is ensuring that adequate health care services are provided to our people. Along these lines, we strongly urge the Committee, at a minimum, to support the Administration's request for funding levels for all IHS programs. In particular, we stress that many health care services for our people must be provided through contract health care—a program that has been chronically and severely underfunded. In this time of growing Indian populations and ris-

ing health care needs and costs, it is vitally important to provide a significant increase in funding for contract health services.

The Tribe is a strong supporter of Self-Governance. We firmly believe that the best way to provide governmental services is to administer programs at the tribal level—tailored to the needs of our people. We entered a Self-Governance compact with the Indian Health Service on October 14, 1994, to maximize our ability to manage our own health care delivery systems and programs. While we see Self-Governance as the proper federal policy for government to government relations between the United States and our Tribe, we also have experienced some frustrations regarding how IHS implements Self-Governance. For example, while we have been an IHS Self-Governance Tribe for well over two years, we have not yet received any contract support costs regarding the administration of our tribal shares. These are funds which were negotiated as part of our annual funding agreement. They are critical to the success of Self-Governance. But the IHS continues to indicate that it does not have the funds to pay these key contract support costs.

We also have found that another key promise of Self-Governance—the reduction of the federal bureaucracy and the transfer of resources to the tribes—has been painfully slow to take place. We urge the Committee to take additional steps to assure that Self-Governance leads to appropriate downsizing of the IHS, and a corresponding increase in the transfer of those savings to the tribes.

BUREAU OF INDIAN AFFAIRS

The programs funded by Tribal Priority Allocations within the BIA are at the heart and soul of tribal governments. They include police protection, education, social services, tribal courts and other government functions necessary to protect the well being of our people. TPA is vitally important to Indian people and communities—and cuts in TPA would have devastating impacts on crime, education and tribal justice systems. We urge the Committee to increase funding for TPA, supporting at least the Administration's modest requested increase.

The Sault Ste. Marie Tribe has recently entered into a Self-Governance compact with the BIA. Here again, we are concerned that full funding for Self-Governance is not being provided. With respect to the BIA, no Central Office tribal shares are being made available, as was required by language included in this year's Appropriations Act. We ask the Committee to revisit this issue, and to require that BIA Self-Governance compacts include Central Office tribal shares.

OFFICE OF THE SPECIAL TRUSTEE

The Office of the Special Trustee for American Indians was established by Congress to examine the longstanding and well documented mismanagement of trust assets by the BIA, and to recommend the reforms needed to correct these broad ranging problems. The Special Trustee has recently issued a draft "Strategic Plan" outlining his recommendations in this regard. Among other things, the Special Trustee calls for the consolidation of trust resource management, trust funds management and land title and records management in a new agency—the American Indian Trust and Development Administration. The thrust of the proposal is that the United States must dramatically change the manner in which it manages its trust responsibility to American Indians, and that the regulatory standards and best practices of private sector bank trust departments must be incorporated into the federal management of Indian trust assets.

The work of the Special Trustee is long overdue. For too long, the mismanagement of trust assets by the BIA has been well documented—but no comprehensive solutions were advanced. Now, the Special Trustee is proposing a major overhaul of this key area. The proposal of the Special Trustee has significant implications for the future of federal/tribal relations and the trust responsibility. Accordingly, it is vitally important that the work of the Special Trustee be fully funded—both to enable his work to advance, and to provide an appropriate level of guidance and consultation from the Tribes. We urge the Committee to concur with the Administration's recommendation of providing $37.5 million (a $5 million increase) for the Office of the Special Trustee. We must not repeat the mistakes of history by failing to provide the resources necessary for the government to fulfill its responsibilities regarding the management of Indian trust assets.

POLICY INITIATIVES

The trust responsibility—as well as elementary notions of fairness—require that tribes have an opportunity to express their views to Congress before any significant changes in federal Indian policy are undertaken. Nevertheless, over the last couple of years there have been a number of major legislative initiatives that, if enacted,

would have had a major impact on Indian tribes and their members—but which were advanced in a manner that limited tribal participation in the process. These included provisions to waive tribal immunity from suit, to prohibit land from being taken into trust without a tribal-state tax agreement, to prohibit new gaming compacts and prevent the Secretary of the Interior from issuing gaming procedures, and to reformulate the manner in which the BIA provides funding to tribes, among others. These were advanced within the context of the appropriations process—as riders to the Interior appropriations bill—without any hearings from the Committees with jurisdiction over Indian affairs, and without any prior opportunity for tribes to have input in the process.

We urge the Committee to resist any such efforts this year, and in the future. Congress must not enact legislation that fundamentally alters the rights of tribes, without at least hearing from the tribes themselves. If there is a view that changes in Indian policy are needed, let them be considered and debated through the normal legislative process, in the light of day, with the full participation of the tribes. The appropriations process is simply not a proper vehicle for overhauling key elements of the relationship between the United States and the tribes.

CONCLUSION

We thank you for this opportunity to address the Committee on behalf of the Sault Ste. Marie Tribe of Chippewa Indians.

---

## PREPARED STATEMENT OF THE ASSINIBOINE AND SIOUX TRIBES OF THE FORT PECK INDIAN RESERVATION

Mr. Chairman and members of the Committee, I am Caleb Shields, Chairman of the Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, in Montana. It is an honor to appear before you today to present the Tribes' fiscal year 1998 appropriations testimony. While our concerns are many, we would like to focus on certain areas regarding BIA and INS appropriations. We attach a list describing all of our needs in the BIA and IHS.

TRIBAL PRIORITY ALLOCATIONS

The Tribal Priority Allocations system is intended to give tribes an additional measure of flexibility in determining how to use available funds to best meet local needs. The Administration has requested an increase of $46 million for programs under TPA. This request would essentially restore overall funding for TPA to fiscal year 1995 levels. While we support this restoration it would still fall far short of allowing the Fort Peck Tribes to meet the needs of our people in key areas including law enforcement, education, welfare assistance and housing. We urge the Committee to do all it can to increase TPA above the level requested by the President.

*Law enforcement*

The President's budget requests $79 million for BIA/tribal law enforcement nationwide. This is an $8.2 million increase over last year's level, but is about $1 million less than was provided in fiscal year 1995. This modest funding must meet the needs of 200 Indian Reservations with 198 BIA and tribal law enforcement agencies covering approximately 100,000 square miles. At Fort Peck alone, we have a $1.3 million shortfall in our law enforcement department. Our Reservation covers 6,000 square miles. We have a population of 13,000 living on the Reservation. We only have a police force of 18. We need a minimum of 25 police of fleers to safely patrol the Reservation. Although our of ricers are well trained and dedicated, there are simply not enough of them to meet the day to day law enforcement needs of my community.

In addition, our law enforcement department is in desperate need of equipment. We have only 8 aging police cars, to patrol the entire Reservation. Our Department also needs additional criminal equipment such as car radios, bulletproof vests, roll bars and protective shields. Several recent incidents of violent crime have plagued our Reservation. The community is currently working to understand the causes of these crimes and to develop mechanisms to lessen the risk of such crimes in the future. While there will undoubtedly be many parts to any solution, it is clear that one fundamental component is a strong police presence. This will send a strong message that violent crimes will not go unpunished in our community. It is critical that this Committee endorse the Administration's full request for law enforcement.

*Education*

The President's budget requests $30 million for scholarships for Indian students to accredited post-secondary schools, an increase of $3 million. We support this request. Encouraging our people to take the step to attend post secondary school is one of the Tribes' top priorities. Attending college—particularly for those individuals from families that have not previously sent anyone to college—takes courage and often considerable personal sacrifice. We believe it is our responsibility to support the efforts of our people to attend college. Unfortunately, current funding provides scholarships to only 60 percent of the people who applied for assistance. This means that 40 percent of our eligible people who wish to further their education are shut out. This is tragic, as it diminishes the number of educated Tribal members who would return to our communities to work with our youth, our elders and otherwise enhance the well-being of the Tribes.

*Welfare assistance*

We strongly support the Administration's requested increase for welfare assistance. However, this request is still $7 million less than what was provided for this program in fiscal year 1995. Since 1995, the caseload for assistance under this program has increased substantially. The BIA and the tribes expect the caseloads to rise significantly, particularly during the initial stages of the implementation of the welfare reform law. As Indians are denied assistance under state plans, they will increasingly turn to the tribes.

In communities like mine with an unemployment rates as high as 59 percent, welfare assistance ensures that at least some of our people will not go without the most basic needs in life. Currently, we need an additional $600,000 for welfare assistance. Because of the significant shortfall, we can provide assistance to only 66 percent of the people who apply. The other 34 percent must do without. The Administration's requested increase will not even meet the existing needs for this program, let alone the expected increases. While we support the increase as a minimum, we urge this Committee to restore funding to this critical program to at least the fiscal year 1995 level.

The Fort Peck Tribes are very concerned that the Administration has failed to request any money for programs under the Indian Child Protection and Family Violence Prevention Act. The Administration budget includes a new funding line item, but that tiny step does not provide any services to prevent child abuse, or help its victims. I cannot accept the Administration's statement that neither the BIA nor the entire Department of the Interior could "secure resources to begin operation of these programs." These programs should be a priority for all of us who choose to work for the people of our communities and the Nation. Congress recognized the significance of this problem when it enacted the Act. This Act must be funded. I urge this Committee to provide $10 million to begin the operation of these programs.

TRIBAL SCHOOL ($102,200)

In the fall of 1995, the Fort Peck Tribes authorized the operation of the Fort Peck Tribal School, an alternative school to meet the educational needs of our children who have problems that prevented them from continuing in the public schools. The Fort Peck Tribes realized that unless we stepped in and took on the responsibility to educate these children, they would not be able to complete their education and would likely be lost to us forever. The Tribes were able to open the tribal school with a small grant from the Walmart Corporation and in kind contributions by the Tribal College and our parents. The school now has an enrollment of fourteen children. These are children who were expelled from public school for behavioral or other reasons and had no hope of completing their public education. Because of a lack of space and personnel, we have had to turn away ten additional children. We are now asking this Committee for $102,200 to continue this important initiative.

The school provides a full day of instruction. Academic classes include instruction not only in math, biology, and history, but also in the languages of my people. We are proud of our children in this school and the progress that they have made in improving their lives. We understand that there is a freeze on adding schools to the BIA system, but if we do not try to address the needs of these at risk children through education programs, we will almost certainly be forced to meet their needs through our juvenile justice programs, our substance abuse programs and our welfare programs. Our innovative approach to alternative education must be explored and rewarded. I am confident that it will prove to be an investment that not only helps students, but saves the government money in the long run.

DETENTION FACILITY RENOVATIONS ($2.4 MILLION)

In June 1995, the BIA completed a needs assessment of the Fort Peck Detention Facility, the only adult detention facility on our Reservation. The needs assessment found that the facility was in need of several repairs to address structural deficiencies that would result in violations of both building codes and BIA standards for detention facilities. As the report makes clear, the facility needs additional inmate housing. It also needs new fire alarms and monitoring systems and a new intake/booking area with holding cells. The estimated cost of these items is $2.4 million dollars. We request this Committee to include this amount in the BIA's construction budget.

TRIBAL COLLEGES

We support the Administration's $30 million request for tribal colleges. This request is consistent with the President's Executive Order on Tribal Colleges, which supported enhancing federal support to tribal colleges and universities nationwide. The twenty-four tribal colleges are important institutions to remote tribal communities. On the Fort Peck Reservation, we operate the Fort Peck Tribal College, a fully accredited institution, offering Associate Degrees in arts, science and applied sciences. We also offer a vocational certificate for our students. We have a current enrollment of 366 students. Last year twenty-eight of our students graduated. Of these twenty-eight who graduated, 7 went on to continue their education in a four-year institution.

INDIAN HEALTH

We strongly support the Administration's requested increase for contract health care, which provides valuable assistance on Reservations like mine where there is no IHS hospital. On the Fort Peck Reservation, we have a shortfall of $1.1 million in contract health care. The Administration's request of $374 million for contract health care will certainly not enable us to meet all of the health care needs of our people, but it will allow us to provide services to additional people. We urge the Committee to provide additional funds for contract health care.

---

PREPARED STATEMENT OF TOM MAULSON, TRIBAL CHAIRMAN, LAC DU FAMBEAU BAND OF LAKE SUPERIOR CHIPPEWA INDIANS

Mr. Chairman and members of the Committee. My name is Tom Maulson and I am the Tribal Chairman of the Lac du Flambeau Band of Lake Superior Chippewa Indians, located in Wisconsin. I am here to testify on behalf of my people, to discuss their issues, concerns and needs.

The message from my people is that the United States must keep its obligations to the Lac du Flambeau Band. The United States is obligated by Treaty to provide critically needed social, education, health and governmental services to the Band and its members in exchange for the land and peace provided by our forefathers. This is the heart of the federal government's trust responsibility to the Band. And, this trust responsibility is very much on the minds of my people—who know how much we gave up in exchange for the promises of the federal government. We urge you to keep this in mind as well, as you consider funding for Indian programs.

I turn now to some specific funding issues arising out of the President's fiscal year 1998 Budget.

HEALTH CARE

Health care on the reservation remains a major concern of our tribal members. Currently, the IHS Budget for our service unit funds only about 60 percent of the Band's need for health care services. The overall IHS Budget of $2.12 billion must serve a rapidly expanding Indian population, now in excess of 2 million people, in a time of rising health care costs. The impact of the shortfalls is seen most dramatically at the Reservation level. At Lac du Flambeau, most of the health care for our people is provided through the IHS contract health care system. Funding for contract health care meets less than half of our need. We are forced to undertake a terrible rationing of health care—addressing only emergencies. If a child requires an MRI or CT scan, we cannot provide these services—unless a life is in imminent danger. We cannot provide eyeglasses or hearing aids for our elderly. In many ways, current funding levels are leaving our people without funds for health care which, by any humane view, should be provided. We urge the Committee to provide an in-

crease of 10 percent (about $36 million) for contract health services to enable tribes to provide an appropriate and decent range of health care services to our people.

INDIAN EDUCATION

I was glad to note that the President has set education as one of his fundamental priorities. I urge the Committee, and Congress, to join with the President in providing the resources and programs necessary to improve the educational opportunities throughout the United States. At the same time, I urge the Committee to work with the tribes to find ways to target the particular educational needs that arise in Indian country.

For example, the BIA Higher Education Program provides desperately needed scholarship funds to tribal members. But, while we strongly support this program, it does not meet a critical need of many of our members—payment for child care and transportation expenses to enable them to attend college.

We currently have 41 students participating the Higher Education Program. Most of these are older students, who have families and did not pursue higher education immediately after high school. The average age of these students is 29. Our Reservation is in a remote area of northern Wisconsin, with the nearest 4 year college located 90 miles away. Transportation to and from school is a major burden for many. Likewise, child care is very expensive in our area. In many cases, the costs of transportation and child care create insurmountable barriers for qualified students who wish to remain in school. Currently, most financial aid programs, including those for individuals with very low incomes, do not cover child care and transportation costs. The Band urges the Committee to provide funding for needed child care and transportation within the BIA Higher Education Program—to enable more of our students to be able to stay in school and pursue their dreams.

NATURAL RESOURCES

The natural resources of the Lac du Flambeau Band are our most valuable and significant asset—apart from our children. Our natural resources provide my people with cultural, spiritual, subsistence, social and economic opportunities. The Reservation is located in the heart of Wisconsin's tourism and sportfishing region. Tourism and related industries provide livelihoods for Indians and non-Indians alike. The land, the water, the air and all the animals and plants that live along with us on this Reservation, help make us what we are as a people. We need funding to assure that we can fulfill our responsibilities to keep these resources clean and available for the generations to come.

The Lac du Flambeau Band has developed considerable expertise in the management of our natural resources. We have a fish hatchery that is a central element of our overall natural resources program. Our activities also include conservation law enforcement, development of tribal management codes, fish population studies and habitat improvement. Unfortunately, there are growing stresses on our natural resources from increased local development. We have a dedicated staff of 20 in our Natural Resources Department. But funding for our staff and these critical programs has not increased since 1990, a period which saw our costs escalate rapidly. Unless there is an increase in funds, we will either have to reduce services, or lose some of our qualified staff. We urge the Committee to increase our Tribal Management and Development funds by $125,000 to enable us to maintain our critical natural resource programs.

We strongly support full funding for the Circle of Flight program (also known as the Wetlands and Waterfowl Management program). This program addresses the critical problem of the decreasing number of waterfowl and the deterioration of our wetlands. The program emphasizes locally developed tribal programs, involving wetlands restoration, refuge creation, waterfowl nesting site development and others. Under this program, tribes are contributing needed wetlands and some of the best waterfowl areas in the Nation. We urge the Committee to provide a total of $1 million (an increase of about $400,000) to promote worthy Circle of Flight programs.

The Band is responsible for managing 55,000 acres of forest land on our Reservation. We must handle broad needs including tree planting, prescribed burning, timber road design and maintenance, timber sale administration, and integration with wildlife management. In addition, our Forestry program is responsible for cultural resource surveys under section 106 of the National Historic Preservation Act, although we receive no funds for that labor intensive and important responsibility. We request an additional $40,000 to enable our Forestry program to undertake the necessary activities in managing our forest lands.

LAW ENFORCEMENT

Police protection is a major government function in every community. At Lac du Flambeau, our tribal police have cross-deputization responsibilities—which require that they obtain a full measure of federal and state law enforcement training and certification. Moreover, because the local Vilas County Sheriff's Department in our area has reduced patrols on the Reservation, increased law enforcement presence by the Band is necessary. To provide the required services, we need 10 law enforcement officers. We need an additional $224,000 to assure the safety of residents of our communities.

TRIBAL PRIORITY ALLOCATIONS

At Lac du Flambeau, our education, law enforcement, forestry and other key programs are included within Tribal Priority Allocations. The TPA system allows the Band to move funds from one TPA program to another, in line with the priorities set by the Band. But, particularly for the last two years, TPA programs have been insufficiently funded across the board, and have not met the needs of the tribes. This has forced tribes to "rob Peter to pay Paul"—even though neither Peter nor Paul had enough in the first place. For fiscal year 1998, the President has called for an increase of $53.3 million. While this is a good start, it falls short of the actual needs in Indian country. We urge the Committee to increase TPA by an additional $50 million, above the Administration's request.

Thank you.

---

PREPARED STATEMENT OF THE FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA

Mr. Chairman, Members of the Committee, the Fond du Lac Band of Lake Superior Chippewa would like to thank you for this opportunity to present our testimony on fiscal year 1998 appropriations for the Department of Interior and Related Agencies. We urge the Committee's continued support for tribal programs, which are so important to the lives of our people. In particular, we seek your support for our natural resources and forestry initiatives, which are essential to protect the resources on which our people depend. We also seek your support for our Fond du Lac Ojibwe School which is needed to provide a safe setting in which we can educate our children.

The Fond du Lac Reservation is one of six Chippewa Bands in the Minnesota Chippewa Tribe. The Reservation was established by Treaty with the United States on September 30, 1854. The Reservation encompasses approximately 100,000 acres. There are currently about 3,350 members of the Fond du Lac Band.

Our message to the Committee is this: There continues to be substantial unmet needs in health, education, and the protection/management of our natural resources. Any reductions in funding, no matter how small, for Indian programs would have severe, adverse impacts on our people. While the BIA may not be as efficient or accountable as it should be, that is no reason to reduce federal funding in ways that will harm Indian people. The relatively small amount of federal funds that actually reaches the Tribes and serves the needs of Indian people must be preserved.

*On-Reservation Needs*.—The waters, wildlife, wild rice, and forest resources of our Reservation are vitally important to the members of the Band, as these resources provide the foundation of our culture, subsistence, employment, and recreation. The Fond du Lac Reservation includes some 3,200 acres of lakes, 1,900 acres of wild rice lakes and associated wetlands, 66 miles of cool water streams, and 17,500 acres of forest. Unfortunately, our resources are under great stress. The loss of wild rice lakes and wildlife habitat, and the decline of forest biodiversity are of great concern to the Band. Therefore, we are seeking an additional $240,000 for our natural resources and forestry program to enable us to address the challenges we face in this critical area. The main area of concern is the Aquatic Resource Protection and Restoration. It is imperative that we continue to protect these resources for the future generations on Fond du Lac by the implementation of anti-degradation monitoring program with emphasis on mitigation of contaminants.

Likewise, it is essential that we provide proper management of our forests, to assure that those resources are properly managed and remain productive over time. Our original white pine forests were largely destroyed by uncontrolled cutting early in the century. We need to mange our remaining forests with selective cuts, extended rotations and smaller staged cuts, to conserve the resource. Our goals are to increase our harvest from 130 acres to 350 acres per year, to enhance the forest wildlife habitat [particularly for game species], and to increase biodiversity. We will accomplish these objectives through our Integrated Resource Management Plan,

with the cooperation of state, county, and private forest and wildlife managers. We also feel it is important to support the funding of the BIA's Forest Development, and Inventory and Management Planning add-on funds.

A third component of our natural resources initiative involves our waterfowl and related wetlands resources. The Band has been a participant in the "Circle of Flight" program, by which a number of tribes have had a high level of success with local initiatives in wetlands and waterfowl habitat restoration. We urge the Committee's continued support for this critical program.

*Ceded Territory Needs*.—The Fond du Lac Band has had its rights re-affirmed in the 1837 Ceded Territory. This means the Band is responsible for an approximate 3,000,000 acres of land and must implement a system similar to the one used in the 1854 ceded territory to protect the exercise of treaty reserved rights. We are seeking an additional $186,551 to be added to the Bureau of Indian Affairs base budget and earmarked for Fond du Lac and the 1837 ceded territory. We also ask that you to support the joint request of the 1854 Authority and Fond du Lac to increase the base budget of the 1854 Authority by an additional $255,507. This request is important to continue the enforcement, monitoring and assessment activities in the 1854 Ceded Territory.

*Fond du Lac Ojibwe School*.—Our top priority is education. Our greatest concern in this area is that our children are currently forced to attend a school that is unsafe. Four years ago a BIA report examined our existing grant school, and concluded that "The building poses a clear and immediate danger to its occupants. Any attempt to continue to use this facility on other than a short-term, interim basis, is imprudent." 1992 BIA Construction Validation Report. As this conclusion reflects, our current school, which serves students from kindergarten through 12th grade, is in a decrepit and unsafe condition. The building does not meet building codes or BIA space guidelines. We are concerned that the physical plant of our school leaves our children in serious jeopardy, and places them at a significant disadvantage in terms of education opportunity. Children can not be properly educated in an inadequate and deteriorating school.

In 1992, the Fond du Lac Reservation submitted an application to the Bureau of Indian Affairs for New School Construction. Following an October 1992 Construction Validation Study, the Fond du Lac Ojibwe School was ranked 14 on the "Education Facilities Construction Priority List of fiscal year 1993." In 1996, Fond du Lac received a Public Law 100–297 Grant in the amount of $578,989 for the planning and design phase of the school project. Planning and Design will be completed by July 1, 1997. It would be expedient if construction funding were appropriated at this time rather than fiscal year 2000 or later as the BIA has projected.

We urge the Committee to provide additional funding in the amount of $12 million for a new school on the Fond du Lac Reservation.

*Additional Education Program Needs*.—The Band strongly supports the Administration's request for Indian Education programs including: $296 million for the Indian School Equalization Program (ISEP); $34 million for Student Transportation; $74 million for Facilities Operation and Maintenance; $44 million for Administrative Cost Grants; and $5.4 million for Early Childhood Development. Funding should also be continued for flow through programs serving tribes including: Title I; Individuals with Disabilities Act (IDEA); Substance Abuse and Title IX. We are however very concerned that the Administration has requested only $17.2 million for the Johnson-O'Malley program. This is a $1 million cut from last year's level. A number of our youth go to public schools and the Johnson-O'Malley program is critical to their success in the public school system. I urge this Committee to reject this cut.

We support the Administration's $30 million request for tribally controlled Community Colleges. However, it is clear that this amount of funding is not sufficient to meet the growing need of tribal colleges. The Fond du Lac Tribal and Community College is unique in the United States as it is jointly a tribal college and a member of the Arrowhead Community College Region in Minnesota. Continued financial support for American Indian students and educational programs at this Tribal College is vitally important. Tribal Colleges provide an important and unique educational opportunity for many of our students. These institutions must be strongly supported.

CONCLUSION

The needs at Fond du Lac and on other Reservations throughout the country remain massive. We appreciate the Committee's consideration of our appropriations request and we urge the Committee to do all it can to preserve funding for Indian programs.

Attachment.

## SUPPLEMENTAL INFORMATION ON FOND DU LAC OJIBWE SCHOOL CONSTRUCTION PROPOSAL

The Fond du Lac Band of Lake Superior Chippewa proposes to construct and equip a new facility for its tribally-controlled school, the Ojibwe School, in order to replace its present, run-down facility.

The existing Ojibwe School is a grant school under the Tribally Controlled Schools Act of 1988 (Public Law 100–297, Title V, Part B.; the "Tribally Controlled Schools Act") serving approximately 210 children in grades K–12. The facility is old and decrepit. It utilizes four temporary portable buildings to house its Middle School (Grades 6–8) and library. It is not large enough to handle existing enrollment. The facility is in violation both of applicable building codes and BIA space guidelines. The 1992 BIA Construction Validation Report stated that, "The building poses a clear and immediate danger to its occupants. To not replace the facility could be construed as negligence in the even a fire occurred. Any attempt to continue to use this facility on other than a short-term interim basis, is imprudent."

Notwithstanding these facility handicaps, the school has been able to provide high quality education to the students it is able to admit. The Fond du Lac Community, School Board, Reservation Business Committee, Education Administration and Staff have continually sought to improve Indian Education since the inception of the Ojibwe School. The involvement of the community has been instrumental to the existence of the school. With the help of tribal, state and federal programs, the Ojibwe School has evolved into a leader in tribal education. The school has been in operation since 1980 with a current annual operating budget of $3.3 million.

The school operates as a pre-K–12 optional school by North Central Association (NCA) of Accreditation. As an accredited school, the program is required to satisfy all the components established by the NCA. In 1996, the Ojibwe School was second-warned for violation of Standard XII, School Facilities. A school may be dropped from NCA membership if steps are not taken to correct the cause for warning. In the meantime, serious health and safety problems, outlined by annual BIA and Indian Health Service surveys, continue at the Fond du Lac Ojibwe School.

### NEW SCHOOL

The new 90,000 square foot school proposed by Fond du Lac, to be built at an estimated cost of $12 million, would serve approximately 365 students in grades K–12. It would be built on the Reservation, near the existing school in accordance with BIA educational space guidelines, North Central Accreditation Standards and educational space recommendations of the Minnesota Department of Education.

---

## PREPARED STATEMENT OF JOHN WILMER, SR., CHAIRMAN, THE BAD RIVER BAND OF LAKE SUPERIOR CHIPPEWA INDIANS

Mr. Chairman and members of the Committee. I am John Wilmer, Sr., Chairman of the Bad River Band of Lake Superior Chippewa Indians, of Wisconsin. I appreciate this opportunity to provide the Committee with the Band's testimony on fiscal year 1998 appropriations.

### HEALTH CARE

*A. Contract health services*.—The need for health care services has risen dramatically at Bad River—with our user population increasing from about 1100 in 1991 to about 2500 today. But funding has failed to keep pace. The shortfall is particularly critical with respect to contract health services—which is the major source of funding for most of our health care needs. As a result of funding limitations, contract care must be limited to emergency care only. (We urge the Committee to increase funding for contract health care.)

*B. Dental services*.—Our dental program is able to pay only for emergency dental work for adults. With a current budget of $104,000 our dental program has a list of 221 adults waiting for dental services, for which no funds are available. Of these, 33 are elders. Often, the inability to obtain needed dental work for elders makes it difficult for them to eat—which in turn leads to further medical problems. We need an additional $200,000 to provide services to those now waiting for needed dental care.

*C. Diabetes*.—As the Committee is well aware, diabetes is a major problem in Indian Country. At Bad River, we have 215 diabetes patients. Among these patients, we have witnessed a tragic increase in the number of amputations in the past year. To help address this, our diabetes patients need education and counseling on a range of nutrition issues. We request $50,000 for nutrition services for our diabetes

patients. In addition, our diabetes patients need preventative and acute foot care. We seek $18,000 to contract with a podiatrist to promote healthy foot care among our diabetes patients.

EDUCATION

*A. Johnson-O'Malley program*.—A key to the success of many of our students in the public school system is the Johnson-O'Malley program. Our JOM program provides needed counseling and support services—and study skills training—to about 475 students. There is no question that the personal attention provided by JOM staff has helped innumerable students complete high school and go on to higher education. But, over the past four years, funding for our JOM program has been seriously cut, diminishing our ability to provide the level of personal care that our students need and deserve. This year, the President is proposing to cut JOM again—this time by $1.1 million. We urge Congress to reject such a cut, and restore full funding for the JOM program.

*B. Mashkisibi School*.—Over the years, we have learned at Bad River that not all of our students thrive in a typical public school environment. Some students—particularly those with a history of difficulties in the public schools as a result of emotional or other problems—need an alternative environment. At Bad River, we have taken the initiative to address the needs of these children—by establishing the Mashkisibi School, an alternative school for grades 9–12. The School, established in 1995, serves 12 to 15 students each year. These are students who would drop out if public school was their only option. The Mashkisibi School seeks to engage these students by integrating Ojibway language and culture into all aspects of the curriculum, and by focusing on the practical impact of all areas of learning. The School also provides a higher teacher/student ratio than the public schools, and seeks to provide a more personalized approach to learning. The School has demonstrated considerable success, keeping these children in school, and helping them to thrive.

We have had no federal funds supporting this worthwhile endeavor. While we have been able to begin the School on a shoestring, to be able to survive in the long term, we will need federal support. To operate the school—providing salary to our fine staff—we need $82,000 for fiscal year 1998. And, to have a proper facility for our School, we need $200,000. We recognize that there is currently a moratorium on new BIA funded schools. But, in this case, where the Band has stepped in to educate a segment of the student population that was not otherwise receiving the services needed to keep them in school, an exception should be made.

NATURAL RESOURCES

Our natural resources are key to our cultural and economic survival as a people. Wild rice, deer and walleye are central to our lives, and subsistence use of these resources is widespread and increasing. The population on our Reservation has grown sharply over the past few years, as our members return from urban areas. Unfortunately, employment has not kept pace. With greater numbers of tribal members and too few jobs on the Reservation, more stress is placed on our finite natural resources. Proper management and enforcement efforts are more critical than ever to preserve the integrity of our Treaty rights and resources for members of the Band.

In 1995, the Band entered a cooperative agreement with the State of Wisconsin regarding subsistence and commercial fishing in Lake Superior. This agreement enhanced the practical opportunities for tribal members to exercise their Treaty rights in Lake Superior. At the same time, it has increased the Band's regulatory and monitoring responsibilities. Among other things, the Band is required to perform onboard monitoring and patrol activities. This requires the allocation of trained staff. Beyond the increased costs involved in these cooperative activities on Lake Superior, our overall fish and game program costs (cost of living, insurance, equipment, fuel, supplies, etc.) have been spiraling. We request an additional $50,000 to enable us to meet our responsibilities under the Tribal-State agreement and to protect our resources for future generations.

We also support full funding for the Circle of Flight program and BIA Fish Hatchery Maintenance, and the restoration of funding for BIA Fish Hatchery Rehabilitation.

INDIAN CHILD WELFARE

Our Indian Child Welfare staff works with the victims of child abuse and neglect, and with families at risk of child abuse and neglect. They investigate incidents, provide on-call services for crisis situations, and serve as advocates for children in the

court systems. They provide educational services to families to prevent abuse and neglect.The program is also involved in the placement of

Indian children. The staff undertakes home studies for foster care and adoptive care placements. They seek Indian adoptive homes for Indian children—to assure continuity within our tribal community. And, they protect the interests of Indian children and the Tribe, by seeing that the terms of the Indian Child Welfare Act are met. All of these critically needed services are being provided with a staff of 3 and federal funds of a meager $55,000. We urge you to provide additional funds for Indian Child Welfare programs—to help us limit child abuse and neglect, and to find suitable Indian families for our Indian children.

WHITE PINE MINE

The people and resources of Bad River face a significant threat from a proposed mining project at White Pine, Michigan. This project would involve injecting massive quantities of sulfuric acid into a copper mine in an effort to leach copper from the rocks. In preparation for mining activities, railroad cars filled with sulfuric acid have repeatedly crossed our Reservation on their way to the mine. Both the mining, and the transportation of the sulfuric acid, present terrible risks to our Reservation and our tribal members. Among other things, a spill of sulfuric acid would be a major catastrophe.

Unfortunately, the proposal to undertake this mining is advancing rapidly. The owner of the mine, Copper Range Company, is seeking a permit from EPA to begin the solution mining activities. It is also seeking a permit to construct a smelter adjacent to the mine. And, EPA is currently undertaking an environmental analysis (EAn) to examine a broad range of issues associated with the proposed mine and related transportation.

The Band needs resources to enable it to adequately participate in the permitting and EAn processes—to address the potential adverse impact of the mine and transportation activities on the Band, its resources and its members. We need expertise in the following areas (1) a transportation engineer, to evaluate the risk of a spill, (2) a mining engineer, to study safety issues relating to the mining activities, (3) an hydrologist, to study the potential movement of fluids in the groundwater, (4) an environmental toxicologist, to determine the adverse impacts of a potential discharge on plants, animals and humans, (5) a geochemist, to examine the interaction of the sulfuric acid and rocks, to determine if containment is possible, and (6) an economist, to determine the feasibility of the proposal to pump and treat fluids in the mine site forever.

The Band requests $200,000 from the BIA for a mining assessment program to enable us to obtain baseline data and analysis and to be full participants in the permitting and EAn process. This participation is vitally important to the future of the Band, as a wrong decision on this mining proposal could jeopardize the health of our people and the integrity of our Reservation homeland.

CONCLUSION

We emphasize to the Committee that your work affects the lives of my people, and urge you to preserve adequate funding for Indian programs.

---

PREPARED STATEMENT OF LEONARD LORETTO, GOVERNOR OF THE PUEBLO OF JEMEZ

Mr. Chairman and members of the Committee, I am Leonard Loretto, Governor of the Pueblo of Jemez in New Mexico. Thank you for the opportunity to testify before the Committee today concerning the Pueblo of Jemez.

JEMEZ IRRIGATION PROJECT PHASE III ($3.0 MILLION)

Farming is a fundamental part of the Pueblo's culture. We have grown corn and chili since prehistoric times. These products are not only a vital food source, but also necessary to our religious ceremonies. Our goal in this area is to maintain our culture and tradition and improve our economy by expanding our agricultural base.

We need to complete the work on our irrigation system that is in the last phase of completion. We thank the Committee for its support for the first two phases. The first two phases have already resulted in a significant improvement in our farming capabilities due to the concrete lining of the main canals. This permits us to save water that was previously being lost through seepage. However, we still have more than 27 miles of lateral ditches that must be lined.

As the Committee knows, the BIA priority list for theses types of projects results in only the large projects being funded. Last year, one irrigation project—the Navajo

Irrigation Project—received more than $20 million in funding. While projects like Jemez's that is only one phase away from completion was left unfunded. We request the Committee to complete this work, by directing the BIA to provide enough money to complete Jemez's irrigation project. The benefits that this will produce for our People will be well worth the investment.

WALATOWA CULTURAL CENTER ($700,000)

The Pueblo of Jemez wishes to enhance our tourism and outdoor recreation programs: (1) through the establishment of a Walatowa Cultural Center; and (2) by implementing the infrastructure required to accommodate outdoor enthusiasts who frequent the Holy Ghost and Dragon Fly fishing lakes. We are requesting $500,000 in support of construction of Phase 2, Walatowa Cultural Center, which is a 4,600 square foot facility. We are further requesting and additional $200,000 in support of infrastructure development for our fishing lakes.

The establishment of the Walatowa Cultural Center for the Pueblo of Jemez will expand economic development potential through tourism by: (1) offering quality tourism attractions to the visiting public; (2) providing information which will facilitate a safe and enjoyable recreational learning experience; and (3) generating a higher expenditure per visitor, thus creating new revenue for the Pueblo. The establishment of the Cultural Center will support the preservation of tribal traditions, cultural values, arts and crafts and beliefs among new generations of Towa people.

BUREAU OF INDIAN AFFAIRS

*Tribal priority allocations*

We strongly support the President's request for Tribal Priority Allocations. TPA funds the core services of every tribal government. It includes funding for education, welfare, roads and tribal courts, which are necessary for any sovereign to prosper. While, we strongly support the President's budget request, we echo the Senate Committee on Indian Affairs' concern that the funding for Indian programs has steadily declined since 1978. Thus, tribes are continuously forced to do more with less.

*Social service funding ($126,000)*

In 1993, the Pueblo working with the Department of Justice developed a pilot project to address issues surrounding juvenile justice and delinquency. This project enabled the Tribe to work with its youth in a traditional counseling program. In addition, through the program we were able to assess the many factors that affect the life, styles and behaviors of our youth and develop solutions to the problems experienced by them.

Since this program was initially only a three-year pilot project, DOJ did not renew the funding. When this project ended in 1996, the Pueblo was left without a specific program designated for youth. The Pueblo believes that this pilot program was a success and must be supported. We request an earmark of $126,000, to continue this valuable program. We are also concerned that while the BIA has created a line item for programs authorized under the Indian Child Protection and Family Violence Prevention Act, the BIA failed to request any funding for these programs. After several years, the BIA has finally completed the regulations for this Act. It is now time to fund the programs under this Act.

*Detention facility*

We are pleased that the Administration recognizes the critical need for additional detention facilities in Indian country. We support the requests for the Ute Mountain and Gila River facilities. Even with these two facilities going on line, there continues to be a tremendous need for detention facilities in Indian country. In the Albuquerque Area, there are 19 tribes, yet there is no tribal detention facility to serve the needs of these tribes. As a result, our law enforcement agencies must contract with non-Indian agencies at a significant cost. This cost is shared 50/50 between the tribes and the BIA. Thus, contracting is not only costly to the BIA, but to the tribes as well.

We would like to know the cost of contracting with outside detention facilities. While we are not certain, we believe that building a new facility may, in fact, be a more cost effective way to meet the detention needs in Indian country. We believe it would be helpful if this Committee requested such a report from the BIA.

*Aboulselman case—water rights negotiation ($300,000)*

The Pueblo is a party in the *United States* v. *Abousleman* Stream Adjudication. This case, which involves the precious water resources of the arid Rio Jemez Basin, has been in litigation for well over ten years. Litigation is time-consuming, expensive and focuses on only reallocation of water supplies to parties to the litigation.

The United States has already committed a water rights settlement negotiation team to help the Pueblo with these negotiations. To further the Pueblo's efforts in seeking a positive resolution of this matter the Pueblo is requesting an earmark of $300,000 from the BIA's Water Rights Negotiation Fund.

In 1996, a tremendous amount of progress has taken place in the case. Specifically, because of the record drought this last summer, there was a call by the Pueblo and the United States to enforce senior priority rights. This forced the parties to the negotiation table. The Pueblos and the non-Indian irrigators negotiated an irrigation rotation schedule for the summer, which was approved and adopted by the federal court. This marked the first time in New Mexico history that the Pueblos and the non-Indian water users agreed to share the valuable water resource.

Despite the tremendous progress that we have made in the *Abousleman* case the Bureau of Indian Affairs failed to provide any funding for the Pueblo to continue our work. Additional funding is essential to achieve the ultimate objective of a comprehensive negotiated water settlement in the basin. We request $300,000 be earmarked for the Pueblo to continue our work in the *Abousleman* case.

INDIAN HEALTH SERVICE

*Support for continued research on asthma among Jemez Children ($100,000)*

A 1992 study by faculty from the University of New Mexico School of Medicine reported that the rate of acute asthma for children living within the Pueblo of Jemez is twice the national average. This is particularly alarming because it was previously thought that asthma was not a prevalent disease among Indian people. In 1996 the Pueblo of Jemez conducted baseline research on asthma and the relationship between our dependency on wood as a primary source of heating and cooking. Our preliminary research indicates that over 45 percent of households are significantly at risk to the effects of indoor air pollution. We request $100,000 to design and administer a comprehensive environmental health-epidemiological assessment to determine existing environmental factors which contribute to the known prevalence of asthma among Jemez tribal members, primarily focused on protection of our children and elderly.

*Emergency medical services*

We request an increase in the IHS appropriations to provide for two additional full time emergency medical technicians to be stationed at the Pueblo of Jemez. Currently, 2,566 motorists pass through the Pueblo on an average day. This amount doubles during the peak tourist season. We are 45–50 miles away from the nearest hospital our EMT service is crucial to saving lives that would otherwise be lost. However, we cannot now provide twenty-four-hour emergency medical technicians, to ensure the health and protection of our visitors.

We have only two EMT's and eight volunteers, serving as First Responders. They cover 415 square miles, including more than 100 of miles of isolated roads and tourist sites. Consequently, the First Responders answer most night and weekend calls, as the two EMT's are unable to meet these needs. While these individuals have done an excellent job with limited resources, two additional EMT's would allow the Pueblo to provide comprehensive emergency services, through trained professionals twenty-four hours a day seven days a week.

---

## PREPARED STATEMENT OF RUBY ATWINE, CHAIR, TRIBAL BUSINESS COMMITTEE, THE UTE INDIAN TRIBE OF THE UINTAH AND OURAY RESERVATION

INTRODUCTION

My name is Ruby Atwine. I am the Chair of the Tribal Business Committee of the Ute Indian Tribe of the Uintah and Ouray Reservation located in northeastern Utah. I am providing this written testimony in support of the Department of the Interior's proposed appropriation for the Ute Tribe's water settlement. The proposed appropriation of $41.5 million is partial fulfillment of the obligations and promises made by the United States to the Ute Tribe in 1965 and reconfirmed by Congress in 1992. Those obligations and promises are set forth in the Ute Indian Rights Settlement, Title V of the Central Utah Project Completion Act, Public Law 102–575, 106 Stat. 4600, 4650 (Oct. 30, 1992). The purpose of the Settlement is, in part, to settle long-outstanding claims held by the Tribe relating to the failure to construct features of the Central Utah Project contemplated in the September 20, 1965 Agreement between the Tribe, the United States and the Central Utah Water Conservancy District. This particular appropriation is to partially fund the Tribal Development Fund provided for in section 506 of the Settlement.

The Ute Indian Tribe is pleased with the opportunity to present its views to this distinguished Subcommittee. The Tribe looks forward to working with the members to implement the proposed appropriation, which will provide a critical step in completing the funding of the Tribe's Water Settlement; funding which is vital to the economic development of the Tribe and its members.

THE UTE INDIAN TRIBE

The Ute Indian Tribe is made-up of three bands, the Uintah, Whiteriver and Uncompahgre. The Reservation is made up of two separate reservations: the Uintah Valley Reserve established in 1861; and the Uncompahgre Reserve established in 1882. Together they encompass nearly 4.5 million acres of Indian trust, fee and federal land. The Tribe holds approximately 1,000,000 acres of Reservation land in trust. The Duchesne River and its tributaries, Rock Creek, Lake Fork, Yellowstone, Uinta and Whiterocks Rivers are among the stream systems that pass south from the Uinta Mountains through the Reservation to the Green River and then on to the mainstem of the Colorado River.

Approximately 3,300 tribal members live on the Reservation. They suffer from the highest unemployment rate in the entire Uintah Basin. While the Reservation is blessed with oil and gas resources, employment opportunities are limited. Other "modern" employment opportunities are proscribed by the lack of additional economic development. The Tribe and a few tribal members do engage in agricultural enterprises which provide only limited economic returns. Fish and wildlife resources are extremely important to the Tribe and could, if properly developed and managed, offer greater economic opportunities.

THE UTE INDIAN RIGHTS SETTLEMENT

The Ute Indian Rights Settlement was passed by Congress and signed by the President in October, 1992. The facts surrounding this Settlement make it distinct from other Indian water settlements. The United States had a contractual obligation to the Tribe which it failed to fulfill. The Settlement represents substitute consideration not enticement to enter a settlement of the Tribe's water rights.

As I previously noted, in 1965 the Tribe, United States and Central Utah Water Conservancy District entered into what is commonly referred to as the Deferral Agreement. In the Deferral Agreement, the Tribe provided the United States and the Central Utah Project 60,000 acre-feet of water annually to assure the funding and completion of the Bonneville Unit of the Central Utah Project. The Bonneville Unit of the CUP is the principal component of Utah's water supply future. It is one of the most complex and expensive transmountain diversion projects ever built by the Bureau of Reclamation. The project diverts water, including the 60,000 acre-feet made available by the Tribe, from the streams in the Uinta Basin and transports the water westward across the Wasatch Mountains to Salt Lake and Utah counties. In exchange for its substantial and essential contribution, the Tribe was to receive storage in two large dams and replacement water for the 60,000 acre-feet made available to the Bonneville Unit. The dams were never built, the replacement water never delivered and, if the Settlement is fully funded, the 60,000 acre-feet of tribal water will continue to be transported annually across the Wasatch Mountains. The Settlement is an attempt to place the Tribe in an economic position similar to that it would have achieved had the promised structures been built and the promised water delivered. As funding is delayed, that goal remains unachieved and the opportunities promised (once again) unfulfilled.

While the sums of money authorized in the Settlement and included in the Department of the Interior's proposed 1998 budget, may appear, to some, generous, they are in reality relatively small when compared to the unfulfilled promises made to the Tribe beginning over 30 years ago in the Deferral Agreement or to the enormous economic potential offered by the Bonneville Unit, which could not have been completed without the Tribe's contribution. To date, Congress has fully funded the Tribe's farming programs, found in section 504 of the Settlement, and partially funded various reservoir, stream and habitat improvement projects provided for in section 505. The Tribe has begun initiating the various farm and habitat improvement programs established in the Settlement and is in the process of developing its long-range plans for utilization of those funds. However, funding of the "Tribal Development Fund", the largest and most important program in the Settlement, was only initiated in fiscal year 1997, in an amount far less than is contemplated in the Settlement.

THE TRIBAL DEVELOPMENT FUND

Section 506 of the Settlement establishes a Tribal Development Fund "to be appropriated [in] a total amount of $125,000,000 to be paid in three annual and equal installments * * *." (Due to inflation factors statutorily applied to the 1992 authorization, the authorized amount has increased over the past four years to approximately $145 million.) In fiscal year 1997, Congress made the first appropriation for the Tribal Development Fund in the amount of $25 million. This appropriation, however, did not meet the statutory requirement of an equal one-third installment. Instead, Congress decided to reduce the appropriation and "adjust" future appropriations in accordance with section 506(b). That subsection provides that an adjustment will be made by the Secretary which represents the interest income "that would have been earned on any unpaid amounts" if Congress fails to fully fund the Development Fund in three annual and equal installments, It is the Tribe's understanding that the proposed $41.5 million appropriation for fiscal year 1998, includes an adjustment of approximately $1.5 million. This amount represents the interest the Secretary has determined the Tribe would have received on approximately $23 million Congress failed to appropriate in fiscal 1997.

The Settlement limits the Tribe to spending only the interest derived from the Development Fund on it economic projects. Moreover, the Tribe is required, under section 506, to prepare a Tribal Development Plan setting forth its economic development projects. That Plan must be approved by two independent financial consultants approved by the Secretary.

Following receipt of the initial $25 million appropriation, the Tribe began a broad review and analysis of potential on-Reservation economic development programs. It soon became apparent that until funding of the section 506 Development Fund is complete, the Tribe cannot fully evaluate, develop or initiate a comprehensive plan to both create and foster economically viable enterprises on the Reservation and invest in outside economic ventures. It is vital, therefore, that funding of the section 506 Development Fund be completed as quickly as possible, albeit not in three equal installments, to allow the Tribe and its economic advisors to determine with some accuracy the amount of interest that will be available for project development on an annual basis. The Tribe can only develop a comprehensive, well planned economic development program that will provide the greatest possibility of success when it knows the amount available to the program for economic investment on a year-to-year basis.

THE PROPOSED FISCAL YEAR 1998 APPROPRIATION

The Tribe is fully aware of the fiscal constraints under which both the Department of the Interior and the Federal Government as a whole must operate. However, Congress clearly recognized and understood in 1992, that it was essential to fully fund the Development Fund as quickly as possibly to foster economic development on the Reservation; economic development which should have begun over 30 years ago with the projects promised to the Tribe in the Deferral Agreement. The Fund is a critical component of the Tribe's efforts to secure economic self-sufficiency in the future and that process cannot truly begin until funding is complete.

The Tribe recognizes that in this time of fiscal constraint, the proposed appropriation of $41.5 million represents a substantial contribution of limited financial resources toward assuring full funding of the Tribe's Settlement as quickly as possible. The Department of Interior has recommended this appropriation within an overall $10 million reduction in the Indian Land and Water Claim budget. The Tribe appreciates the efforts of the Department and this Subcommittee on its behalf.

It is important to recognize in reviewing this proposed appropriation, that $41.5 million falls short of what was clearly anticipated and promised by Congress in 1992. It does not amount to a full one-third of the overall authorization and it does not replace the shortfall in the 1997 appropriation. At the present rate, the Tribe estimates that it will take four to six years, fiscal years 2000–2002, before the Development Fund is fully funded. Until then, the Tribe can only initiate an extremely limited economic development program that will fall well short of that envisioned by the Department of the Interior and Congress and is vital to the Tribe and its members.

CONCLUSION

On behalf of the Tribal Business Committee of the Ute Indian Tribe of the Uintah and Ouray Reservation, I would like to express my gratitude to the Subcommittee for this opportunity to present the Tribe's statement in support of the proposed $41.5 million water settlement appropriation for the Ute Indian Tribe. The Tribe

and the United States have worked together for many years to assure that the Tribe would at least receive the economic benefits promised when it provided water to assure the construction of the Bonneville Unit of the Central Utah Project. We are now close to completing what has been a long process. The proposed appropriation of $41.5 million is a critical step in bringing this matter to a close and fulfilling the obligations undertaken by the United States in 1965 and reaffirmed by Congress in 1992.

---

PREPARED STATEMENT OF ANDREW GREY, CHAIRMAN, SISSETON-WAHPETON SIOUX TRIBE, LAKE TRAVERSE RESERVATION

My name is Andrew J. Grey, Sr., and I am Tribal Chairman of the Sisseton-Wahpeton Sioux Tribe. Our Tribe currently has over 11,200 enrolled members and more than 5,500 of them live on the Lake Traverse Reservation in Northeast South Dakota and Southeast North Dakota. More than half of our reservation population is 18 years of age or younger.

The Tribe currently employs more than 1,300 persons and is the largest single employer in the area. However, our unemployment rate still exceeds 30 percent.

Our economy and jobs base is becoming increasingly diversified, but the Tribe is still overly dependent on jobs in our gaming industry and government services. Major efforts are underway to expend our small business sector, add manufacturing facilities to our economic mix and more fully utilize our land and natural resources to create jobs and generate income. By the year 2000, we plan to have 40 percent of our jobs outside of gaming and government services.

Federal funds not only serve a Tribal function in our economic diversification efforts, but they are also essential in providing basic services to our members. That is why I appreciate this opportunity to provide testimony on the Bureau of Indian Affairs fiscal year 1998 budget request.

Our staff has analyzed the BIA's proposed budget, and although it provides for an increase in current funding levels, it contributes little to restoring the substantial losses that tribes have suffered since fiscal year 1994.

Before I discuss the specific impact of current funding levels and the BIA's proposed fiscal year 1998 budget on our Tribe and its people, I will make some general observations on BIA funding in "Indian Country," including the Lake Traverse Reservation.

Historically BIA budgets proposed by past Administrations (and President Clinton's) have often provided for increases, but those increases have generally gone to support the BIA's Central and Area Office functions and staff. Few new or additional dollars actually reached the tribes or local BIA agencies.

We appreciated the attention Assistant Secretary for Indian Affairs, Ada Deer, paid to this issue in her recent testimony, but we remain very skeptical of her claims relative to "streamlining" the BIA structure. Our view is supported by the fact that the fiscal year 1988 budget includes for both the Central and Area Offices.

I must also note that the fiscal year 1998 budget also provides for a $76.5 million increase for Tribal Priority Allocations (TPA), supposedly those funds go directly to tribes via Self Governance Compacts or Public Law 93–638 contracts. However, the increase when shared by 550 tribes, becomes quite minimal, particularly when local tribal allocations have historically decreased almost every year previously. Simply, the proposed funding increase does not restore prior losses.

In addition, the population and employment data used to justify or demonstrate local need is frequently outdated and based on US Census information derived from substantial under counts of Native people on reservations. For example, almost 30 percent of the people living on our reservation were not counted in 1990. We are currently completing our own census and would like to contract the US Census for our reservation in 2000.

Finally, the BIA's efforts to promote Public Law 93–638 contracting and Self Governance Compacts are laudable, but until tribes are convinced that all federal departments and agencies accept and clearly demonstrate their trust responsibility to and for tribes, most tribes will continue to believe that any diminishment of the BIA's role and function diminishes the Federal Government's trust responsibility.

This assumption is supported by the fact that only 60 of the 550 federally recognized tribes (after five years) have entered into Self Governance Compacts and only an additional 10 tribes will be added in fiscal year 1998.

There is also little financial incentive for tribes to seek compacts, unless Tribal Shares (residuals) from Area and Central Office budgets are included. It will be very difficult to develop an equitable process in this regard, however, because residual

funds have already been committed to 60 tribes based on a tribe-by-tribe approach and not an approach that includes all or most tribes.

Our Tribal members (by referendum vote) have also rejected Self Governance, in part for those reasons. On the other hand, the SWST has taken full advantage of the contracting options and we have sixteen contracts with the BIA and a Master Contract with the Indian Health Service (for six programs) that total over $2.2 million.

With that perspective in mind, let me now address the specific situation on the Lake Traverse Reservation.

First, virtually all of our Public Law 93–638 contracts, historically, have been under funded and are usually further reduced each year. My comments, however, will be limited to the last two years of BIA allocations to our reservation.

Between fiscal year 1996 and 1997, our Land Operations. Agriculture and Fish and Wildlife and Parks (contracts) programs have suffered the most severe reductions. Funding support has been cut over 40 percent, resulting in the elimination of tow full time positions and the conversion of five other to part-time, seasonal jobs. We've also had to return our lease compliance contract to the BIA.

In addition, our Natural Rights Protection contract has been cut by almost 25 percent since fiscal year 1995 and only $11,000 is now available, hardly enough to hire staff or mount a credible program. The funds currently augment our National Resources Planning activities.

Fortunately, our Tribal Realty staff are supported by land lease income and are not effected. These cuts have seriously undermined the Tribe's efforts to protect and manage its natural resources, including its agricultural lands. According to the BIA's fiscal year 1998 budget each of these areas is set for an increase, but we assume little of the money will reach us.

The funds for our Tribal Court have been cut by 15 percent in the last tow years resulting in delays, backlogs, increased caseloads, and reduced services. We are already operating with a part-time Judge and prosecutor. Our Tribal Court currently operates on an annual budget of $188,500. Again, since the BIA's 1998 budget provides for only a slight increase in this area, we expect little improvement at the local level.

Our Law Enforcement Agency is also seriously under funded, but BIA funding has been relatively stable for the last two years. Law Enforcement is scheduled for a substantial increase in the BIA's 1998 budget, so we encourage the Congress to support it and target all of it to reservations.

The SWST also needs a new detention (law enforcement complex) facility, but we recognize that even though the BIA's 1998 construction budget proposes an increase for detention facilities, the urgent demand far exceeds the recommended $16.5 million.

Education continues to be a SWST priority and the BIA's budget does provide for increases for tribal schools (K–12) and Community Colleges. We have both a Tribal School and Community College, so we urge Congressional support for the requested increases.

However, we are discouraged that the BIA's support for new school construction since fiscal year 1996 has decreased substantially. We need to replace a substandard, deteriorating facility now and are prepared to commit Tribal resources to that effort. Construction on the $10.325 million complex can begin this year, but we need the $1.5 million that's available to Sisseton in the BIA's Facilities Management and Construction budget to match $1.5 million from the Tribe. A replacement facility for Sisseton was on the BIA Priority List (6) as early as 1990. We also intend to seek a direct appropriation from Congress and issue revenue bonds for the remainder of the costs.

Relative to the BIA's lack of support for Economic Development, we strongly oppose the earlier elimination if its grants and technical assistance programs and we oppose its current plans to further reduce its funding for Economic Development in fiscal year 1998. In addition, the level funding (with inflation) proposed for its guaranteed loan programs will have limited impact due to the continuing needs of 550 tribes. Most tribes do not have revenues from gaming or the leasing/sale of natural or mineral resources to support economic development.

We do support the BIA's request for increased funding for Services to Children. Elderly and families. but we join with most tribes in opposing the transfer of this program (function) to the TPA system. There's already too little TPA money to go around at the local level and adding another priority to the list would only make a difficult situation worse. In addition, these funds have the greatest direct and immediate impact on the most vulnerable of our people and perhaps most clearly demonstrates the Federal Government's trust responsibility to all of us. The responsibility to adequately fund this function should remain with the BIA.

In conclusion, our response to the BIA's fiscal year 1998 budget proposed is mixed and we remain skeptical of many of its claims (e.g., streamlining) and intentions. However, we encourage the Congress to provide increased funds to support priorities I outlined in my testimony.

Our own particular interest is to have at least the $380,000 that we lost in the last two years restored to our Public Law 93–638 contracts and the local (BIA) agency's operating budget. We also urgently request that the Congress provide an fiscal year 1997 supplemental appropriation of $150,000 to reimburse the SWST and the local BIA agency for those cost incurred (and not budgeted) in responding to our recent Winter emergency. These are costs that will not be reimbursed by FEMA.

I appreciate your time and attention.

---

PREPARED STATEMENT OF JOE MOSES, CHAIRMAN, TRIBAL COUNCIL, THE CONFEDERATED TRIBES OF THE WARM SPRINGS RESERVATION OF OREGON

Mr. Chairman, I am Joe Moses, Chairman of the Tribal Council of the Confederated Tribes of the Warm Springs Reservation of Oregon. Our address is P.O. Box C, Warm Springs, Oregon, 97761. My testimony, submitted for the record, addresses the proposed fiscal year 1998 appropriation for the Bureau of Indian Affairs with the following requests and comments:

(1) Adopt the BIA Tribal Priority Allocations budget, which restores the program to approximately fiscal year 1995 levels.

(2) Increase BIA Construction Resources Management Survey and Design by $3 million for tribal and BIA participation in hydroelectric relicensing activities before the Federal Energy Regulatory Commission.

(3) Reject "means tested" distribution of BIA funding, an "Istook" amendment, and other legislative policy riders on appropriations bills.

(4) Do not use the appropriations bill to carry out any part of the Strategic Plan to Implement the Reforms Required by the American Indian Trust Fund Management Reform Act of 1994.

Below, I discuss each of these requests in further detail

*(1) Adopt the BIA Tribal Priority Allocations budget, which restores the program to approximately fiscal year 1995 levels*

The B.I.A. Tribal Priority Allocation (T.P.A.) budget is the heart of BIA support to tribes. These funds are spent at the local level according to specific tribal priorities. They fund essential tribal governmental functions and on-the-ground services to the Indian people. For years, tribes have sought to achieve some measure of stability in this critical part of the Bureau's budget so they may have some programmatic and administrative consistency from year to year. Just a few years ago, we thought a significant step had been made toward that end with the adoption of the B.I.A. Tribal Budget System, the central purpose of which was to provide tribal governments with stable recurring funding, flexibility, and tribal control. It was understood by many of us that, within the Tribal Budget System, T.P.A. was supposed to be the most reliable portion of the B.I.A. budget. Despite that, in recent years, T.P.A. has been funded at levels exceptionally below the fiscal year 1995 level. Now, for fiscal year 1998, the Administration's proposed budget for T.P.A. will roughly restore this critical program to that fiscal year 1995 level, with a very small increase for increased personnel costs over those years. It does not, however, reflect any cost-of-living adjustment for the remainder of the program. We urge the Committee to, at the very least, accept the Administration's T.P.A. budget proposal of $757 million.

*(2) Increase BIA Construction, Resources Management Survey and Design by $3 million for tribal and BLA participation in hydroelectric relicensing activities before the Federal Energy Regulatory Commission*

Over the next ten to fifteen years, federal licenses for hydroelectric projects involving close to 50 Indian tribes will expire and come up for renewal before the Federal Energy Regulatory Commission. Under the Federal Power Act, the Department of the Interior, as trustee for Indian land and water, is obligated to directly participate in those relicensing activities to establish appropriate conditions within the new licenses. Because these proceedings are of a quasijudicial nature, the Department of the Interior must develop and present expert testimony on a very wide range of highly technical issues.

In addition, the affected tribes may very well seek to become involved in the relicensing proceedings on their own behalf, and many, because of the expense of such proceedings, must look to the Bureau of Indian Affairs for some assistance. Our Tribe is confronting this exact situation. We are in the hydroelectric business and are joint licensees with Portland General Electric on the Pelton Project, which sub-

stantially occupies our Reservation. The current license expires in 2001 and the Tribe has already formally engaged the F.E.R.C. relicensing process by filing a Notice of Intent to seek the license. We estimate the effort will cost $4 million between now and 2001. We will be able to cover about two thirds of those expenses, but must seek Bureau help if we are to mount a credible application.

In fiscal year 1997, the B.I.A. requested a budget increase of $4.5 million to provide for active participation in the F.E.R.C. relicensing proceedings. Only $500,000 of the request was appropriated. For fiscal year 1998, the B.I.A. has scaled back its request to an additional $1 million. We support that increase and request additional funding of $3 million, to bring funding for this critical trust function to the level of need anticipated by the Bureau. The funding is essential if the Interior Department is to comply with the Federal Power Act and its trust responsibilities to the tribes, and if the tribes are to become less dependent on federal assistance by more completely realizing the economic benefits of hydroelectric projects involving their resources.

*(3) Reject "means tested" distribution of BLA funding, an "Istook" amendment, and other legislative policy riders on appropriations bills*

Mr. Chairman, in recent years, a perception has arisen that Indian tribes are suddenly wealthy, and that, in this time of federal fiscal constraint, federal appropriations to these "wealthy" tribes ought to be curtailed. This is referred to as "means testing", and I want to urge you to resist it on three basic grounds: tribes generally are not wealthy, it would be discriminatory, and it would be contrary to our treaties.

First, Indian tribes are not wealthy. By almost any measure, Indian people today are still among the most needy in the United States. The perception that tribes are suddenly wealthy is attributable to the overblown press coverage of a few, perhaps a dozen or so, tribes that have found substantial success in gaming. For most other tribes engaging gaming, such as ourselves, returns are far less spectacular, and most frequently offer only modest or marginal benefits. Most tribes still operate on budgets that are anemic compared to those of counterpart towns and counties.

To the degree that gaming does provide some measure of financial benefit to tribes, it may also be short-lived, under constant challenge from states, the non-Indian gaming industry, and some elements in Congress. If gaming is eliminated or diminished, tribal economic circumstances will revert right back to their former status, which is far from vigorous. So, it would be mistaken and shortsighted to limit a tribe's appropriation based on the perception that it is somehow wealthy.

Second, the distribution of federal funding to tribal governments based on their relative financial success, or lack thereof, would be discriminatory, not only among the tribes, but between the tribes and states and other units of government.

Third, determining a tribe's funding on its comparative wealth is contrary to the treaties. Treaties are binding agreements for tribal cession of vast tracts of land and peaceful settlement on reservations in exchange for U.S. protection and support. That support is not contingent upon wealth or poverty, and for the U.S. to now propose withdrawing from part of those agreements because it asserts the tribes can somehow afford it is a unilateral violation of the intention of the treaties.

We further urge that the Committee resist attempts to add other legislative "rider" amendments onto the fiscal year 1998 Interior Appropriations bill, specifically including any "Istook" type amendment to force tribes to sign agreements with states and local governments for the collection of sales and excise taxes as a condition of having any new lands placed in trust. Last Congress, Rep. Ernest Istook had such an amendment added to the House Interior Appropriations bill on a very close vote, and it was dropped from later versions of that legislation. In this Congress, Rep. Istook has recently introduced a very similar free-standing bill. Today, as last year, we very strongly oppose such legislation. The Istook amendment is a direct intervention of not only states, but undefined "local" governments as well, into the unique Constitutionally-based government-to-government relationship between Indian tribes and the United States. Pursuant to long-established laws and treaties, the Federal government has the responsibility to designate, hold, and protect land for Indian tribes. Rep. Istook's amendment, mandating the intrusion of state and local governments into that relationship, drastically alters a fundamental principle of tribal government and its relationship with the U.S. Such a proposal is highly objectionable to tribes on its face, and the prospect of having it moved as an amendment, without hearings or the full discourse of Congressional debate, is especially objectionable.

Moreover, Rep. Istook's provisions are unnecessary. Rep. Istook, actively backed by commercial special interests, has grossly overdramatized the subject of his amendment. Just like most neighboring states with differing sales and excise tax structures, a great many tribes and states have voluntarily entered agreements to

address the situation that Rep. Istook asserts demands the heavy-handed intrusion of big government.

Amendments such as Rep. Istook's particularly serve to highlight the distortions and shortcomings that arise when legislating by rider. Accordingly, we ask that the Committee resist such legislative amendments, which not only complicate and cloud the appropriations process, but which also dismiss the standards of Congressional procedure and deliberation.

*(4) Do not use the appropriations bill to carry out any part of the Strategic Plan to Implement the Reforms Required by the American Indian Trust Fund Management Reform Act of 1994*

Finally, Mr. Chairman, our Tribe recently received a copy of the draft "Strategic Plan to Implement the Reforms Required by the American Indian Trust Fund Management Reform Act of 1994". While certain aspects of the plan have merit, we are concerned that other aspects need considerable study. The most significant item proposed in the draft is the creation of an independent organization, outside the Department of the Interior, which would assume all trust asset management functions, including natural resources. This proposal needs considerable review and examination. In that regard, we strongly urge restraint in any appropriations actions which would implement any portion of the proposal as it relates to removal of further functions from the Bureau of Indian Affairs. We expect to continue our review and actively participate with other tribes in evaluating the plan. As you know, plans for Indian Country of the past have not worked well when they don't have the full participation of the tribes in their development. We will expect to communicate further with your Committee as the process moves forward.

That concludes my remarks. Thank you.

---

PREPARED STATEMENT OF HON. ISMAEL JOHN, SENATOR, NITIJELA OF THE MARSHALL ISLANDS; AND HON. NEPTALI PETER, MAYOR OF ENEWETAK ATOLL, ON BEHALF OF THE ENEWETAK/UJELANG LOCAL GOVERNMENT COUNCIL

Mr. Chairman and distinguished members of this Subcommittee: Thank you for providing this opportunity to the people of Enewetak to describe issues relating to food production and the environmental situation on Enewetak Atoll. We would also like to inform you of the initiatives we have taken these past few years to improve not only food production but also the health and education of our people. These initiatives include a complete overhaul of our agriculture program; the institution of a nutrition education program; the renovation of a three story building which now houses our sixteen classroom elementary school; the hiring of two highly qualified American teachers to help us with our education effort; and, attempts at the economic development of our atoll to permit fishing and/or tourist activity.

Mr. Chairman, at the outset we wish to express our gratitude to the United States Congress for the appropriation of funds these past ten years to provide food to our people through a program which has become known as the Enewetak Food and Agriculture Program. We are also grateful that the Administration has included funding in the amount of approximately $1.091 million for the Enewetak Food and Agriculture Program in its fiscal year 1998 Budget. However, we must note that the $1.091 million in the Administration's budget is the same amount as the amount appropriated in fiscal year 1987. That is, the funding for the program has substantially declined these past 10 years in real dollars. Applying a 3.5 percent inflation factor, the $1.091 million appropriated in 1987 now has the purchasing power of approximately $700,000. In short, the program over the years has experienced over a 35 percent cut in funding. At the same time our population has increased from approximately 1,000 persons to over 1,400 persons. We have been successful in employing strategies to cut costs and to maximize the funds available to us. However, in order for the program to achieve its intended purpose, funding needs to be increased to at least keep pace with inflation. Consequently, we ask that the amount of $1.5 million be appropriated by this Subcommittee for the Enewetak Food and Agriculture Program to reflect the impact of inflation on the $1.091 million over the past 10 years. (Applying a 3.5 percent inflation factor to the $1.091 million for the past ten years results in an amount of approximately $1.5 million.)

In addition, we note that authorization for funding of the Enewetak Food and Agriculture Program expires at the end of fiscal year 1997. We trust that the Congress recognizes the necessity and importance of continued funding of the food and agriculture program to assist the peoples affected by the United States Nuclear Testing Program. Accordingly, we trust that the Congress will amend Section 103(h)(2) of

Public Law 99–239 (Compact of Free Association Act of 1985) to authorize funding for an additional five years, through fiscal year 2001.

Below, we briefly describe why the Enewetak Food and Agriculture Program is necessary, and report to you efforts made by us to put these funds to the best possible use.

CLEANUP OF RESIDUAL RADIATION CONTAMINATION

Our objective is the cleanup of Enewetak Atoll from radiation contamination to a level which would allow full and unrestricted use of our atoll. This objective would permit us to feed and house our growing population and would permit us to pursue economic development.

PRESENT SITUATION

Between 1977 and 1980 the United States undertook to rehabilitate Enewetak from the devastation and radiation contamination which occurred as a result of nuclear weapons testing conducted by the United States. Forty-three nuclear devices were exploded on the atoll including the first thermonuclear device (hydrogen bomb) detonated by the United States. Although that rehabilitation effort was a good start, it remains unfinished. We presently have use of less than 50 percent of our atoll for living and food producing purposes. Even that figure is misleading because of the poor soil conditions of the 50 percent of the land available to us. The soil is in poor condition because most of it was covered by asphalt and concrete during use of Enewetak by the United States for nuclear weapons testing.

ENEWETAK FOOD AND AGRICULTURE PROGRAM

The Enewetak Food and Agriculture Program enables us to live on Enewetak. It provides funding for imported food, continued agriculture rehabilitation, operation of a motor vessel which brings us the imported food, a nutrition education program, and an operation and maintenance component conducted out of a facility on Enewetak known as the field station.

1. Efforts made to increase food production. As we previously explained to this committee, we were unhappy with the state of the agriculture rehabilitation program when we inherited the program from the Department of Energy. Accordingly, in 1993 we had an assessment of our agriculture situation conducted by experts affiliated with universities in the Pacific. The purpose of such assessment was to determine the current agriculture situation and to develop a plan for increased food production. The plan was completed and implementation of a new program occurred in late summer 1993. The most significant aspect of the program is the reinfusion of nutrients into the soil. This is accomplished by digging trenches and placing organic material in the trenches along with a compost mixture of copra cake and chicken manure. The reinfusion of nutrients into the soil is extremely labor intensive and requires the importation of copra cake and chicken manure. Although the work is progressing, additional funding is required to provide greater manpower and the necessary equipment, materials and supplies. The inflation adjusted funding of $1.5 million as requested in this statement would greatly assist in accelerating the agriculture rehabilitation of the atoll.

2. Importation of food. Imported food is required because of the poor soil condition of the land available to us and the radiation contamination of other lands. Since we have taken over the program we have increased the quantity of imported food by 50 percent without any increase in the overall program budget. We have accomplished this by utilizing bidding procedures for food purchases; elimination of transportation charges by use of our motor sailer (Wetak II); elimination of import tax on food; and reduction of other program expenses.

3. Nutrition education program. Since our people cannot rely on traditional foods we must import food, the nutritional value of which is unfamiliar to us. Several years ago we became aware that some of our people, particularly our children, suffered from malnutrition. Accordingly, we instituted a nutrition education program. We are pleased to report that we have been apprised by physicians that malnutrition among our children has been greatly reduced.

4. Wetak II (waterborne transportation). The Wetak II, a fifty foot motor sailer, is used to primarily transport our imported food purchases and agriculture material from the region to Enewetak. Food and agriculture material is transported from Majuro, a distance of 600 miles from Enewetak. We are extremely proud of the hard work and perseverance of our local crew and local captain in carrying out this assignment. Transportation in this manner permits us to save substantial shipping costs.

5. Field Station. Operation and maintenance of the entire program is conducted out of a facility referred to as the Field Station. The machinery and equipment required by the agriculture, food and transportation components of the program are kept at the Field Station. Field Station personnel provide all the required agricultural work; maintain, service, and operate the equipment required by the various components of the program; make payments and maintain books of accounts; and coordinate the procurement of food, material and equipment. The overall manager of the program is Johnson Hernest. Other management personnel include Samson Yoshitaro and Mathan David. The program employs 39 full and part-time employees.

RADIOLOGICAL MONITORING AND HEALTH CARE

We have noticed an increase in the incidence of thyroid nodules and cancers in our population. Accordingly, we must be assured that our people are adequately monitored on a whole body basis and for plutonium inhalation or ingestion. Similarly, we must be assured that the environmental monitoring of residual radionuclides in the soil continue at the frequency and type of work indicated by Lawrence Livermore Laboratory. We also note that we were told that the Defense Nuclear Agency was curtailing its monitoring activities of the Runit nuclear waste containment site (the Dome). We consider the monitoring of the Runit dome to be a continuing responsibility of the United States. Accordingly, we asked that an agency of the U.S. assess the current condition of the dome and its effect on the surrounding environment. In addition, we asked that a plan for the long term monitoring of the dome be developed. We understand that the assessment work has begun. We trust that the remainder of our request will also be undertaken by the United States.

Our concerns regarding the exposure of our people to radiation is underscored by our belief that we were contaminated by radiation from the fallout of the 1952 Mike test while we were living on Ujelang Atoll. This belief, and the fact that our people reside on an atoll that contains residual radiation, emphasizes the need for better monitoring and better medical care of our population than has occurred to date. We are included in the 177 Health Care Program (also known as the Four Atoll Health Care Program). However, that program is burdened by an enrollment of over 11,000 persons which limits the medical care available to our population. In fact, the administrator of the program has calculated that the program is able to spend only $11 per person per month. Clearly, such an amount is inadequate to provide any semblance of adequate medical care let alone the type of care required by a population resettled on an atoll that contains residual radiation from the testing program.

ENVIRONMENTAL SITUATION

The issues that we have mentioned above are directly related to the environmental condition of Enewetak. We are trying to do the best we can with the little arable land available to us. However, the real issue for our long-term well-being is the environmental remediation of our entire atoll so that all of it can be used without fear of increased health risk from radiation contamination. We are aware of the commendable efforts made in the United States to cleanup radiation contaminated sites. Oakridge, Tennessee is undergoing environmental remediation at a cost of several hundred million dollars per year and cleanup is projected to require thirty years of such effort. Other sites such as Hanford, Rocky Flats and Los Alamos are just a few of the areas receiving environmental cleanup. We understand that the standards to which the contaminated areas in the United States are being cleaned-up are standards much more stringent than those employed in the cleanup of Enewetak. For example, the dome on Runit island on our atoll is used to store radioactive material collected from throughout our atoll. We understand that the storage of such material in the manner stored on Runit would not be permitted in the United States. Furthermore, the dome is only a small portion of Runit. The remainder of Runit is contaminated with the extremely dangerous radioactive element, plutonium. Although we understand that the United States intended to cleanup those plutonium affected areas of Runit, no such cleanup ever took place. Worse, no effort was ever taken to ensure that adequate warnings, fencing and other methods generally used for the protection of people from contamination were maintained and/or put in place. We understand that this situation would not be permitted in the United States. Runit is but one example of how the cleanup methods used on Enewetak differ from those later employed in the United States. Another example is the level to which the land itself would be cleaned up to allow full and unrestricted use. The level of cleanup employed on Enewetak does not permit full and

unrestricted use of large portions of our atoll. Our environmental situation must be addressed to permit us to make as much use of our atoll as possible.

EDUCATION REHABILITATION

Several years ago we became concerned with the educational system on Enewetak Atoll. We had an assessment of our education situation conducted. As a result of that assessment, we hired two very qualified American teachers to assist us in upgrading our elementary school. We are very pleased with the development of our education program and the enthusiasm for learning that such program has engendered in our schoolchildren and community. In addition to a new and more effective education program, we rehabilitated a three story structure which is now used as a sixteen classroom elementary school for our 320 schoolchildren. We are proud that our new school building is one of the finest such facilities in Micronesia.

ECONOMIC DEVELOPMENT

We are attempting to have Enewetak developed as a fishing base, fresh fish transhipment facility, and a tourist diving destination. Enewetak seems to be in a good location for such endeavors. In addition, there are some existing facilities (runway and fuel tanks) which could be upgraded to facilitate economic development. A feasibility study and business plan was completed for the fishing base and fish transhipment concept. We were negotiating with an interested private sector operator. Unfortunately, there was serious concern about the residual radiation on the Atoll and the perception in the Japanese market of radiation contamination on Enewetak atoll. This concern and perception about the residual radiation contamination at Enewetak presents a major impediment to economic development and underscores the need to finish the environmental clean-up of the Atoll. We hope to have cost figures for such remediation within the next twelve months.

CONCLUSION

In closing, we thank the Congress for funding the Enewetak Food and Agriculture Program and trust that it will give due consideration to the necessity for an inflation adjustment to that funding. We also trust that the issues describe herein, particularly the remediation of radiation contamination at Enewetak, will be addressed by the United States.

---

PREPARED STATEMENT OF THE CIRCLE OF NATIONS WAHPETON INDIAN SCHOOL BOARD (WAHPETON, ND)

For over ninety years, the Circle of Nations Wahpeton Indian School has been an important place to people from many areas of the country. It is a tribal community within the town of Wahpeton, a traditional tribal meeting ground where three rivers bring together the Plains, Woodland, and Mountain cultures. The states of North Dakota, South Dakota, and Minnesota intersect here

Tribal leaders count on this school to help families who are having troubles and whose children have not been able to get the services they need in their own home areas. The Circle of Nations School is a residential boarding school that offers special education, counseling, health and nutrition services in a 24 hour daily home living program for the nine-month academic year.

The provision of education and health services to Indian people has been established by numerous treaties and agreements in United States history. This was recognized when the school was created by an act of Congress in 1904. The continued federal-lndian trust responsibility was underlined when the school converted from BIA to tribal control in 1993 under Public Law 93–638, the Indian Self-Determination and Education Assistance Act. The school is now administered under a grant contract to the Sisseton-Wahpeton Dakota Nation.

The school was made a therapeutic model with Public Law 103–382, the Improving America's Schools Act of 1994. This concept is a positive departure from the old boarding school system that has been widely criticized as a contributor to family dysfunction and cultural breakdown in tribal communities throughout the United States. But the concept must be staffed and funded to be carried out to its full potential.

We, the school board, represent tribal nations with the largest populations of students enrolled at Wahpeton. The school board wishes to express their true and unequivocal support of the Circle of Nations School. The program at Wahpeton is our concentrated effort to create a sensible and cost-effective approach to problems that affect the future of our youth and our communities.

"It takes a village to raise a child." This saying is currently popular as the new answer to nationwide symptoms of social ills such as crime, drugs, poverty, illiteracy, diseases, and the breakdown of the family. This country's Indian people have always known that it takes a village. Today, the Wahpeton therapeutic residential school community is what must serve that purpose for many Indian children.

There is no social or financial safety net that ensures that all Indian children will get adequate healthcare or educational assistance in their home communities. Having these programs all concentrated in one place, with a good school and highly skilled, dedicated workers is the only logical solution to the needs these children have.

Students come to Wahpeton for reasons that are all too familiar with the Circle of Nations School. Homelessness is a common condition among students and their families, as are chemical dependency and mental health problems. Most students have been physically and/or sexually abused. Traumatic brain injury and learning disabilities are not an unusual factor in the mix. Some have major hidden health problems like FAS/FAE. It is impossible to diagnose all who are affected by fetal drug and alcohol exposure.

All of these things have to be taken into consideration and addressed for each child. This takes a number of staff of different disciplines to teach and guide these students all around the clock for the whole school year. No student has just one problem that brought them to Wahpeton. They all come into play to put the student at risk. A few cases can be cited as an illustration of the sorts of challenges we are faced with as a school.

One student was found living in an abandoned urban warehouse, physically abused and neglected by an alcoholic, mentally ill, and indigent parent. Indian Child Welfare found a foster placement in the student's home state, but the student could not adjust to the public school and was truant, using drugs and alcohol, and involved in gang fights. The student completed two school years at Wahpeton and experienced success in drug and violence prevention, sports, academics, social development and cultural activities. Meanwhile a suitable guardianship was arranged for the student's transition from CNS to the higher grades. Although the school gets many such applications from agencies trying to place students from similar circumstances, it is not realistic to admit a large number of these high-risk street kids without the resources to deal with them effectively.

Most students have some degree of homelessness and frequent moves in their history. Families of students may move from place to place and use a relative's mailing address or phone for messages. Often students will try to call home after being at school for a period, only to find the phone disconnected. Parents who are forced to move feel that their children are safe at the school when family upheaval occurs.

An example: Three siblings were enrolled at Circle of Nations School for the fall semester with a permanent mailing address given on the student admissions application. In the winter a story appeared in the state's largest newspaper which featured the students' homeless parents and older siblings living in a van. Yet the parents had always been in regular contact by phone and mail to the school.

Another student came to Wahpeton from another state and soon began to get infractions for AWOL, chemical abuse, assault, and angry disruptions. The student was placed in a structured counseling and behavior program on campus. While counselors and social workers applied to various adolescent treatment programs and tried to elicit funds from various state, tribal, and federal entities, the student revealed a history of abuse in the household, which was ongoing. The alleged perpetrator lived in the household and was reportedly abusing other children. Although the abuse had been previously reported and investigated, the charges did not stick.

The student feared to return home for the summer. No agency would take custody of the student even though the parent voluntarily relinquished custody. No state, tribe, or county would assume jurisdiction or responsibility for this child's welfare. No treatment center would accept the student for varying reasons. The Indian Service Regional Youth Treatment Centers in the student's home area rejected this student because the student's dual CD/mental health treatment needs were specifically outlined (the school had a psychological evaluation done for this student) and judged as too high. Unfortunately, this scenario is not atypical.

For decades now the school has been a last resort for students with nowhere else to go. There are numerous success stories: teachers, scholars, administrators, business and professional people, actors, artists, public officials and senators. The present superintendent, an alumnus and graduate of the Wahpeton Indian School, knows well the experience of these students, having spent the year round through elementary and middle school grades. Developing children have time and resilience in their favor. If given the skills, they can learn how to cope and to pull themselves through life.

Life today is more complicated for all children in this country. The students at Wahpeton need more specialized help than in the past. We would like our students to grow up to be successful. However, we realize that our task is to help students overcome difficulties that they already have, and prevent a costly outcome in the future. For without our "village" pitching in to raise the child, the child becomes an adult without a social conscience or the strength of spirit to be self-sufficient.

It makes sense to pool resources at a residential school. In the ideal plan, the kind of funding that is concentrated on an isolated youth treatment center would instead be used to create a comparable center on campus for the youth who need it most. These students are going to end up requiring the use of different health, social service, and law enforcement services anyway, if they are left on their own in a problem environment.

BIA and Indian Health Service funds and service do not follow these students to Wahpeton. Once removed from their home tribal areas, they will probably lose eligibility for Medicaid as well. Indian Health Service provides a school nurse and basic health service only. There is no psychiatrist, psychologist, or mental health clinician.

The Circle of Nations School is requesting funds to further develop and staff the Behavioral Health Center on-campus. These are start-up funds for a program that has been operating on a small scale during the 1996–97 school year. This program could pay for itself in five years if the necessary staffing and supervision were available.

In this era of dwindling resources and budgetary cuts, the obvious solution is to consolidate and serve a population with the most potential benefit. This is the purpose of school reform and in agreement with the whole village, whole child concept.

---

## PREPARED STATEMENT LORENE WILLIS, PRESIDENT, NATIONAL INDIAN EDUCATION ASSOCIATION

The National Indian Education Association (NIEA), the oldest national organization representing the education concerns of over 3,000 American Indian and Alaska Native educators, school administrators, teachers, parents, and students, is pleased to submit this statement on the President's fiscal year 1998 budget regarding Indian education. NIEA has an elected board of 12 members who represent a broad cross-section of the national Indian education community. NIEA's annual convention provides our members with an opportunity to network, share information, and hear from Congressional leaders and staff and federal officials on policy and legislative initiatives impacting Indian education.

First, we want to commend President Clinton for a budget that emphasizes the importance of education for all American citizens, including the First Americans. His school construction and education technology initiatives are critically needed by Bureau of Indian Affairs (BIA)-funded schools. Yet, we must not forget that programs such as the Office of Indian Education (OIE) in the Department of Education (DOE), Impact Aid, and higher education scholarships deserve further consideration for possible increases. Our testimony will discuss Indian education and related programs administered by the BIA and the Indian Health Service (IHS) as well as the school construction initiative.

Second, we have noted the transfer of funding for OIE programs from the Interior to the Labor-HHS-Education Appropriations Subcommittee. Prior to this development, OIE was the only DOE program funded from an appropriation other than Labor-HHS-Education, which often placed it at odds with the BIA's other priority programs. Our testimony also address OIE. We believe education is part of the federal trust responsibility regardless of what type of school—public or tribal—Indian and Alaska Native students attend.

### A. BUREAU OF INDIAN AFFAIRS [BIA]

NIEA concurs with the BIA's fiscal year 1998 budget investment of $467 million for school operations. An additional $58 million is requested for Continuing Education, Tribal Priority Allocations (TPA), and Special Programs.

*Adult education*.—Adult Education is a vital, yet continually under-funded, program that is desperately needed by adult American Indians and Alaska Natives who did not complete high school to help them obtain General Educational Development degrees (GEDs). The program's funding has decreased over the past three years to the fiscal year 1998 request level of $2.3 million—itself a $85,000 decrease from fiscal year 1997. All tribes need adult education programs and, with the elimination of OIE's Adult Education Program in 1997, funding for the BIA's program is critical. We urge a minimum of $4 million for BIA adult education in fiscal year 1998.

*Higher education scholarships*.—NIEA supports the President's request of $29.5 million for higher education scholarships. This program provides grants to tribally-contracted programs to provide financial aid for eligible Indian and Alaska Native students attending accredited post-secondary institutions. While scholarships are based on need, the program funds about 25 percent of a student's need. However, the unmet financial need for Indian and Alaska Native students nationwide is about $80 million.

*Johnson-O'Malley (JOM) program*.—The fiscal year 1998 request is $17.216 million, a $1.040 million decrease from fiscal year 1997 and a $7.143 million decrease from the fiscal year 1995 level of $24.359 million. This is the only BIA program which provides for culturally relevant and supplementary academic needs of Indian children attending public schools. Given an increasing, rather than decreasing, student population, NIEA recommends funding for JOM at $24 million in fiscal year 1998.

*Indian school equalization program (ISEP) formula*.—The President's fiscal year 1998 request is $296 million for this program, which provides formula-based funding for 185 BIA-operated, elementary and secondary contract and grant schools. The amount, representing a $10.5 million increase over fiscal year 1997, would provide about $3,094 per Weighted Student Unit (WSU) compared to $2,904 per WSU in School Year (SY) 1996–97. NIEA continues to support a funding level of $3,500 per WSU, which we have recommended since fiscal year 1993. We note that the proposed $3,094 per WSU is still far below the average per student expenditure by public elementary and secondary schools of $6,300 per student in SY 1995–96 as reported by the National Center for Education Statistics (NCES).

*Family and child education (FACE) program*.—The fiscal year 1998 request of $5.5 million for this program is an amount that for two years has remained unchanged despite a growing population. It is also $1 million less than the enacted fiscal year 1995 level of $6.5 million, itself a reduction by $1.1 million from fiscal year 1994. We urge funding for this program at the fiscal year 1995 level with a 4 percent adjustment for inflation.

*Student Transportation*.—NIEA supports the fiscal year 998 request of $34.3 million for student transportation. BIA-funded schools, which are located primarily in rural, isolated areas, remain well below the national average. According to the latest School Bus Fleet information, the national average for student transportation costs in SY 1993–94 was $2.94 per mile for public schools. But, the BIA-funded transportation cost in fiscal year 1996–97 was at $1.60 per mile for 15,197 miles driven for day and boarding schools—a difference of $1.34 per mile.

*Administrative Cost Grants*.—NIEA supports the fiscal year 1998 request of $44.7 million. With at least 10 of the remaining 49 BIA-operated schools on the Navajo reservation indicating they will convert to grant status after July 1997, at a projected cost of $4.6 million, the BIA will need another $1.6 million for this expense. Severence costs may or may not be factored into the Administration's request, and there may be additional school conversions in fiscal year 1998.

Education facilities operation and maintenance (O&M).—The fiscal year 1998 request for Facilities O&M is $74.6 million, a slight increase from fiscal year 1997. We support this level with misgivings because funding continues to fall below the level needed for this area.

*Tribal departments of education (TDOE's)*.—Since the President's budget fails to provide funding for this item, NIEA recommends at least $3 million for TDOE's, which are authorized by Public Law 103–382, the "Improving America's Schools Act." We believe sufficient funding should be provided to assist tribes to accomplish the original intent of the Act.

*Tribal Colleges/Post-secondary Schools*.—NIEA supports the President's request of $29.3 million for tribally-controlled colleges operating grants, although the real need is about $40 million based on an estimated 6,815 Indian Student Count (ISC). NIEA also supports $2 million for tribal college endowments, $2 million for economic development, and $1.8 million for emergency facility repair and renovations. In addition, tribal colleges have never received facilities construction or renovation/repair money from the BIA. While the national average for Full-Time Equivalent (FTE) funding at mainstream community colleges is approximately $6,200 per year, the level of FTE funding for some special population colleges is about three times that provided to the tribal colleges. NIEA also supports separate funding levels in fiscal year 1998 for BIA-funded post-secondary vocational institutions including Haskell Indian Nations University at $8.1 million, Southwest Indian Polytechnic Institute (SIPI) at $4.6 million, the Institute for American Indian Arts (IAIA) at $5.5 million, and the United Tribes Technical College (UTTC) at $2.5 million.

*Graduate scholarships*.—The fiscal year 1998 request of $1.33 million for the Special Higher Education Graduate Program, which is the primary funding source for

American Indian and Alaska Native graduate students, is totally inadequate to help these individuals meet the costs of achieving an advanced degree. NIEA requests a funding level of $3 million for fiscal year 1998. The program, which is administered by the American Indian Graduate Center (AIGC) of Albuquerque, New Mexico, has been woefully underfunded for the last 3 years. For school year 1995–96 the actual unmet need was $10 million. During the fiscal year 1995–96 year the program funded an estimated 500 students at an average award of $3,300—considerably lower than the $6,750 per student award for fiscal year 1991–92. Scholarship awards have been decreasing despite an ever-increasing demand for these limited funds.

*Replacement school construction*.—The fiscal year 1998 request of $14 million for Replacement School Construction is to complete the Many Farms High School on the Navajo reservation in Arizona. While we support this request, we must also point out that the current request list for new schools also deserve Congress's attention and support.

*Education facilities improvement and repair (FI&R)*.—NIEA supports the fiscal year 1998 request of $32.2 million for Education FI&R. Furthermore, since there is a backlog of over $600 million in this program, we request that Education FI&R be funded at the fiscal year 1995 level of $34.3 million with a 4 percent adjustment for inflation.

B. INDIAN HEALTH SERVICE (IHS)

*Indian health professions scholarships*.—The President's fiscal year 1998 request is $28.3 million, a $1.5 million increase over the fiscal year 1997 enacted level. However, NIEA supports the National Indian Health Board's (NIHB) recommended level of $29.7 million. The Indian Health Professions Sections 103, 104, and 114 under Title I of the "Indian Health Care Improvement Act" provides authorizations to support scholarship recipients, loan repayment to health professionals, and temporary employment during non-academic periods.

*School-based health education programs (IHS and BIA)*.—NIEA successfully advocated in 1992 to obtain a new authorization in the Indian Health Care Improvement Act (IHCIA) to establish school-based health education programs. Our fiscal year 1998 request is $5 million for both programs ($3.5 million for IHS and $1.5 million for BIA). Under Section 215 of the Act, the Secretary of HHS is authorized to award up to $15 million in grants to tribes to develop school health education programs for reservation-based children in grades K–12 which could be set up in public, contract, grant and private schools. The Interior Secretary is directed to develop, in consultation with the Secretary of DHHS, a comprehensive school health education program for children ages pre-school through Grade 12 in BIA-funded schools. The Secretary of HHS is directed to do likewise within IHS.

The curricula in BIA-operated schools would include programs such as nutrition education, personal health and fitness, mental health wellness, substance abuse prevention, safety education, and activities for the prevention and control of communicable diseases. The Interior Secretary is also directed to provide training in health curricula to teachers in BIA-operated schools to ensure coordination and integration with existing programs and services and to encourage tobacco-free school environments. The area of school health education currently receives minimal support from both the BIA and IHS. Through an intra-agency agreement, IHS receives $230,000 annually from the Centers for Disease Control and Prevention (CDC) for school health education programs, which is the entire budget for this effort. Otherwise, BIA has no specific funds for this purpose. We urge the Committee to support funding for this authorization by at least $3.5 million for grants to tribes and $1.5 million for the BIA to fulfill its requirements under Section 215.

*HIV/AIDS prevention*.—According to the CDC, there were 1,434 reported and verified diagnosed cases of AIDS among Native Americans as of June 1996, approximately a 12 percent increase over the amount CDC reported in October 1995 (1,283). Although the CDC's announcement on February 27, 1997 that the number of deaths nationally from AIDS had declined, including a 32 percent drop among American Indians and Alaska Natives, it did not address the issue of individuals living longer with AIDS and needing long-term care. We have noted there is no line item for AIDS medication in IHS's budget and that the President's budget does not cover the cost of drugs to treat Indian and Alaska Native people infected with HIV. The fact remains, however, that for these individuals, IHS is the only source for their medical care. Despite recent improvements in the treatment of HIV/AIDS, such as the development of more effective drugs, far too many of our people are being denied this type of care because IHS is not being funded to provide it. NIEA supports the National Congress of American Indians' (NCAI) recommendation that

a restricted line item be included in IHS's budget to cover the cost of AIDS-related treatment.

Furthermore, while NIEA supports the fiscal year 1998 request of $3.8 million for HIV/AIDS Prevention, which is only a slight increase from fiscal year 1997, we cannot impress strongly enough upon the Committee the need for additional funding to combat this dreaded disease. NIEA recommends a significant increase in actual funding to all HIV/AIDS education and prevention programs within IHS, and urges the Committee to impress upon HHS to implement the final recommendations of the President's Advisory Council on AIDS Services Committee regarding Native American AIDS Care Issues.

C. PROPOSED NATIONAL SCHOOL CONSTRUCTION INITIATIVE

President Clinton has proposed a $5 billion school construction initiative which would provide funds over the next four years for nationwide school construction and renovation. The proposed $5 billion would help pay for up to half the interest that local school districts incur on school construction bonds, or for other forms of assistance that will spur new state and local infrastructure investment. Interior Secretary Bruce Babbitt has asked the Office of Management and Budget to include a 10 percent set-aside for BIA-funded schools rather than the 2 percent which is being considered by the legislation's sponsors.

The proposed 10 percent set-aside would allow the BIA to address its backlog of school repair projects, including school replacements. The estimated backlog of BIA schools needing repair and renovation is $675 million. NIEA wholeheartedly supports the Secretary's request for a 10 percent set-aside for BIA-funded schools if the President's school construction initiative is enacted.

In conclusion, we want to thank the Subcommittee for continuing to give its attention to the issues and concerns we have raised in our testimony. In light of the federal government's trust responsibility for the education all American Indians and Alaska Natives, and on behalf of our members, we urge the Subcommittee's support for maintaining or increasing the funding for the Indian education and related programs discussed herein at the levels we have recommended.

---

PREPARED STATEMENT OF JAMES E. BILLIE, CHAIRMAN, THE SEMINOLE TRIBE OF FLORIDA

The Seminole Tribe of Florida is pleased to submit this statement regarding the Tribe's fiscal year 1998 request for $1.21 million from programs in the Department of Interior. The Tribe asks: that Congress provide $840,000 from the National Park Service, Everglades research budget for the Seminole Tribe for activities related to the Everglades Restoration Initiative on the Big Cypress Reservation; that Congress provide $199,500 from the Bureau of Indian Affairs for water quality studies, as a part of the Tribe's Everglades restoration efforts for; and that Congress provide an additional $173,000 from the Bureau of Indian Affairs for the design and construction of the best management practices on the Big Cypress Reservation.

The Tribe's Everglades Restoration Initiative is a $63 million project to construct a comprehensive water conservation system. This project is designed to improve the water quality and natural hydropatterns in the Big Cypress Basin. This project will contribute to the overall success of both the federal and the state governments' multi-agency effort to preserve and restore the delicate ecosystem of the Florida Everglades. In recognition of this contribution, the Seminole Tribe's Restoration Initiative has been endorsed by the South Florida Ecosystem Restoration Task Force (see attachment) and has been found to be consistent with the recommendations of the Governor's Commission for a Sustainable South Florida.

THE SEMINOLE TRIBE OF FLORIDA

The Seminole Tribe lives in the Florida Everglades. The Big Cypress Reservation is located in the western basins, directly north of the Big Cypress National Preserve. The Everglades provide many Seminole Tribal members with their livelihood. Our traditional Seminole cultural, religious, and recreational activities, as well as commercial endeavors, are dependent on an healthy Everglades ecosystem. In fact, the Tribe's identity is so closely linked to the land that Tribal members believe that if the land dies, so will the Tribe.

During the Seminole Wars of the 19th Century, our Tribe found protection in the hostile Everglades. But for this harsh environment filled with sawgrass and alligators, the Seminole Tribe of Florida would not exist today. Once in the Everglades, we learned how to use the natural system for support without harm to the environ-

ment that sustained us. For example, our native dwelling, the chickee, is made of cypress logs and palmetto fronds and protects its inhabitants from the sun and rain, while allowing maximum circulation for cooling. When a chickee has outlived its useful life, the cypress and palmetto return to nourish the soil.

In response to social challenges within the Tribe, we looked to our Tribal elders for guidance. Our elders taught us to look to the land, for when the land was ill, the Tribe would soon be ill as well. When we looked at the land, we saw the Everglades in decline and recognized that we had to mitigate the impacts of man on this natural system. At the same time, we acknowledged that this land must sustain our people, and thereby our culture. The clear message we heard from our elders and the land was that we must design a way of life to preserve the land and the Tribe. Tribal members must be able to work and sustain themselves. We need to protect the land and the animals, but we must also protect our Tribal farmers and ranchers. Recognizing the needs of our land and our people, the Tribe, along with our consultants, designed a plan to mitigate the harm to the land and water systems within the Reservation while ensuring a sustainable future for the Seminole Tribe of Florida. The restoration plan will allow Tribal members to continue their farming and ranching activities while improving water quality and restoring natural hydroperiod to large portions of the native lands on the Reservation and ultimately, positively effecting the Big Cypress National Preserve and Everglades National Park.

The Seminole Tribe's project addresses the environmental degradation wrought by decades of federal flood control construction and polluted urban and agricultural runoff. The interrupted sheet flow and hydroperiod have stressed native species and encouraged the spread of exotic species. Nutrient-laden runoff has supported the rapid spread of cattails, which choke out the periphyton algae mat and sawgrass necessary for the success of the wet/dry cycle that supports the wildlife of the Everglades.

The Seminole Everglades Restoration project was designed to allow the Tribe to sustain ourselves while reducing impacts on the Everglades. The Seminole Tribe is committed to improving the water quality and flows on the Big Cypress Reservation. We have already committed significant resources to the design of this project and to our water quality data collection and monitoring system. We are willing to continue our efforts and to commit more resources, for our cultural survival is at stake.

In addition to addressing the ecosystem concerns related to the Big Cypress Reservation, the Tribe has been actively involved in the development of the ecosystem-wide restoration plan. The Tribe, as an active member of both the Governor's Commission for a Sustainable South Florida and the South Florida Ecosystem Restoration Task Force and Working Group, has worked cooperatively with our neighbors to design a sustainable future for all of South Florida.

SEMINOLE TRIBE EVERGLADES RESTORATION INITIATIVE

The Department of Interior, through the BIA, has provided the Tribe with about $200,000 in each of the fiscal years 1994 through 1997. In addition, through the NPS, Interior provided the Tribe with $390,000 in fiscal year 1997. The Tribe has used these funds to monitor and analyze the quality and quantity of water coming onto and leaving the Reservation. The Tribe has also developed a conceptual plan that will enable us to meet new water quality standards essential to the cleanup of our part of the Everglades ecosystem and to plan for the storage and conveyance of our water rights. The appropriated funds have also been used to design the Tribe's best management practices program, with the assistance of the Department of Agriculture's Natural Resources Conservation Service. We continue to use available funds to further the design and planning work necessary to implement our Everglades Restoration Initiative.

The Tribe's Everglades Restoration Initiative is designed to mitigate the degradation the Everglades has suffered through decades of flood control projects and urban and agricultural use and ultimately to restore the nation's largest wetlands to a healthy state. Our Everglades Restoration Initiative will enable the Tribe: to collect and monitor data to establish a baseline and to evaluate performance of the overall system design; to design and construct surface water management systems to remove phosphorus, convey and store irrigation water, improve flood control, and rehydrate the Big Cypress National Preserve; to commit to the long-term operation and maintenance of new water management systems; and to design and implement comprehensive best management practices for the Big Cypress Reservation.

The Initiative will cost approximately $63,427,496. This project will enable the Tribe to meet the numeric target for phosphorus concentration that is being used for design purposes by state and federal authorities. It will also provide an important public benefit: a new system to convey excess water from the western basins

to the Big Cypress National Preserve, where water is vitally needed for rehydration and restoration of lands within the Preserve.

In addition, a portion of the Tribe's project is being considered as a "critical project," under Section 528(b)(3) of the Water Resources Development Act of 1996. This authority allows the Corps of Engineers (COE) to begin construction of a number of Everglades restoration projects on a fast track. On the basis of consensus agreements reached at a series of meetings, the Tribe's critical project is expected to be funded. The planning and design funding requested in this testimony is crucial because the funds will allow the Tribe to continue to move the critical project portion of the Initiative along in order to meet the Congressional deadline.

CONCLUSION

Improving the water quality of the basins feeding into the Big Cypress National Preserve and the Everglades National Park is vital to restoring the Everglades for future generations. By granting this appropriation request, the federal government will be taking a substantive step towards improving the quality of the surface water that flows over the Big Cypress Reservation and on into the delicate Everglades ecosystem. Such responsible action with regard to the Big Cypress Reservation, which is federal land held in trust for the Tribe, will send a clear message that the federal government committed to Everglades restoration.

The Seminole Tribe is ready, willing, and able to begin work immediately. Doing so will require substantial commitments from the Tribe, including the dedication of over 9,000 acres of land for water management improvements. However, if the Tribe is to move forward with its contribution to the restoration of the South Florida ecosystem, a substantially higher level of federal financial assistance will be needed as well.

The Tribe has demonstrated its economic commitment to the Everglades Restoration effort; the Tribe is asking the federal government to participate in that effort,also. This benefits not just The Seminole Tribe, but all Floridians who depend on a reliable supply of clean, fresh water flowing out of the Everglades, and all Americans whose lives are enriched by this unique national treasure.

In closing, I must also urge you to give careful consideration to increasing the funding set-aside for Tribal Priority Allocation (TPA) accounts. The BIA budget has already absorbed a disproportionate share of the cuts which Congress has made to discretionary funding. TPAs, of all categories within BIA accounts, most directly boost tribal economies by providing direct funding to tribal priority infrastructure, health, and education needs. With growing populations and annual inflation, even "holding the line" on TPA's amounts to a reduction in funding. Although the federal government is working through tight budget times, I urge you not to try to balance the federal deficit on the backs of the Tribes. The federal government has a trust responsibility to the Tribes. Severe cuts to the BIA budget, and to TPA's specifically, violate that trust responsibility. All Tribes, including the Seminole Tribe of Florida, are struggling with increasing needs and decreasing funding. For the sake of our children and the survival of Tribal culture, I urge you to fund fully the TPA's.

I appreciate the opportunity to present my views to this Subcommittee and would be happy to provide additional information upon request.

---

## PREPARED STATEMENT OF THE COLORADO RIVER INDIAN TRIBES

The Colorado River Indian Tribes is pleased to have the opportunity to submit the foregoing statement to the Senate Appropriations Subcommittee on Interior and Related Agencies regarding the fiscal year 1998 appropriations that are necessary to effectively operate our tribal government programs.

BUREAU OF INDIAN AFFAIRS

The proposed BIA budget of $1.73 billion would restore $126.1 million to the BIA for fiscal year 1998. This $126.1 million increase in less than half the amount that was lost in fiscal year 1996. None of the funding lost in fiscal year 1996 has been restored.

The BIA budget request for fiscal year 1998 emphasizes funding for Tribal Priority Allocations (TPA) programs, which include tribal Self-Determination contracts and Self-Governance compacts. The requested increase is necessary to keep pace with the transfer of additional Indian programs into TPA by the BIA. Tribal Priority Allocations funds will support this transfer of programs and funding from the BIA to tribal governments will allow more local control of programs with less federal

bureaurocracy. Although this increase is, it is hardly adequate to meet the needs of the programs that serve Native American people.

INDIAN HEALTH SERVICES

*IHS*

The proposed IHS budget of $2.4 billion requests an increase of $68 million over the fiscal year 1997 appropriated level. However, the funding is not adequate to keep pace with medical inflation costs, population growth and newly-recognized tribes, and would not reduce the backlog of unmet health care needs. The Colorado River Indian Tribes are particularly concerned about the lack of increases for Contract Health Services for the past two years.

*Construction of Parker Out-patient Facility*

The Colorado River Indian Tribes (Tribes) believe that the long overdue replacement of the Parker Out-patient Facility should be a top priority with IHS. Total funding of $20,291,320 is needed to complete the design and construction of the Parker Health (Ambulatory) Center. This included $661,020 to complete the design phase of the project and $19,630,300 for the construction phase and medical equipment. After many years of delay in the planning process to begin replacement of the health care facility, the Tribes assumed responsibility of the project and a contract for the design and construction of the facility was awarded. Since then, Architectural/Engineering services for the design is near completion and construction is expected to begin in the spring of 1998, provided that funding is appropriated in the fiscal year 1998 budget.

Funding for construction of this project is needed in order to bring this project to completion. The current facility is old, originally constructed in 1930 with additions made in the 1950's, and functionally obsolete and cannot serve the medical needs of the population. In the past the Tribes have received Congressional support for the construction of the facility. Funding for the construction and staffing of the new facility has been rated top priority for the last ten years and construction has yet to be initiated.

SPECIFIC APPROPRIATION REQUEST

*Colorado River Indian Irrigation System*

In 1993, $1.9 million was allocated for the Colorado River Indian Irrigation Project. Although rehabilitation work on the Colorado River Indian Tribes Irrigation Project has made much progress, much work is still needed to complete the rehabilitation work. Funding in the amount of $3,450,000 is requested for the following components of the project:

1. Replacement of existing large gate check structures (8) which are old hand-operated wooden gates that severely reduce the amount of water delivered to the farms and cause numerous breaks in the canal banks. These failing structures need to be replaced with numerous breaks in the canal banks. These failing structures need to be replaced with modern radial gate control structures with automated level controls at an estimated cost of $1,600,000.

2. Replacement of six existing large radial gate structures, which are extremely corroded and cannot he effectively operated dale to old controls. These gates are failing and should be rehabilitated. Structural rebuilding, and installation of modern electric controls and automation will allow them to effectively control the large amount of water flowing through them. They currently serve over 40,000 acres. The cost is estimated at $600,000.

3. Replacement of existing wooden wasteway structure which maintains the water level in one of the largest laterals in the CRIT Irrigation System which leaks (wastes) a very large amount of water to a drain emptying to the Colorado River. This structure needs to be replaced with a modern concrete and metal sluice gate with electric controls and automatic level sensors to prevent flooding damage to the neighboring cropped fields at an estimated cost of $300,000.

4. Lateral 73–36, which serves a substantial portion of the southeastern quarter of the Reservation, has inadequate irrigation water carrying capacity to meet the needs of the crop lands in that area. If the Tribes are to use that land, it must be enlarged to increase the culvert and gate structures and related field turnouts at an estimated cost of $300,000.

5. There are currently no farm water delivery measurement devices for the 80,000 acres of irrigated crop land on the Reservation. The Tribes must have the means to carefully control and distribute their water and regulate the farm lessees to keep water use at its most efficient. In addition, the Tribes cannot make full use of their

irrigable land without these measurement devices and good efficient water control. Estimated cost of $400,000.

6. All improvements to the irrigation system will require professional engineering design and supervision when constructed. Estimated cost for such engineering design consultant services is $250,000.

CONCLUSION

The Colorado River Indian Tribes ask for your support in protecting the funding for BIA and IHS in fiscal year 1998. In 1995, the Senate Budget Committee included the following language in its 1996 Concurrent Resolution on the Budget, calling for protection of the BIA and IHS funding at the 1995 levels for the next seven years:

"The [Senate Budget] Committee recognizes the unique trust relationship between the U.S. Government and the nation's Indian tribes and pueblos. That trust relationship is based on a government-to-government principle embodied in treaties and subsequent actions by both the Executive and Legislative Branches of Government, and the courts. The Committee acknowledges this trust relationship, and assumes that programs serving Native Americans through the Bureau of Indian Affairs will be given consideration for ongoing federal support." (Senate Report 104–82)

To uphold this Congressional commitment, the Colorado River Indian Tribes request this language to be included in the 1998 Concurrent Resolution on the Budget.

The Colorado River Indian Tribes thank you for the opportunity to bring these matters to your attention. Please feel free to contact the Tribes If you have any additional questions.

---

PREPARED STATEMENT OF BRUCE WYNNE, CHAIRMAN, SPOKANE TRIBE OF INDIANS

Thank you for the opportunity to submit this testimony on behalf of the Spokane Tribe. The Tribe is located in Eastern Washington, has 2,145 members and a Reservation of 156,000 acres. While the Spokane Tribe was historically a fishing tribe, we now rely primarily on timber for tribal income. There are three program areas within the Bureau of Indian Affairs for which the Tribe is asking for increased funding over the Administration's fiscal year 1998 request: Tribal Priority Allocation ($195,900); Upper Columbia United Tribes ($400,000); and Lake Roosevelt Management ($100,000). We also support the President's proposed increase of $3 million for funding for the Tribally Controlled Community Colleges. In the Indian Health Service, the Tribe is asking the Subcommittee to support funding for new modular units to house the Tribe's clinic programs (approximately $500,000); funding for an elderly assisted living program ($200,000); and funding for operational costs of the Healing Lodge of the Seven Nations youth treatment facility ($2.1 million). In addition, there are two policy matters the Tribe wishes to bring to the Subcommittee's attention: the first is the proposal to remove the trust responsibility office from the BIA which we oppose at this time and the second is the need to include tribes in the decisions related to restructuring of the Pacific Northwest Energy System.

BUREAU OF INDIAN AFFAIRS

*Tribal Priority Allocation (TPA) Account*

The BIA budget request shows a modest increase in TPA funding. As you know, TPA represents nearly 50 percent of the total budget for the BIA but it is the lifeblood of tribal governments. It is the money tribes receive to support services for their people. We do not have a tax base; the United States owns legal title to all our lands and they are not taxable. The United States obligation to provide funds for tribal health, education and welfare programs is part of the treaty guarantees made to tribes by the United States in return for the cession of millions and millions of acres of land.

Because of the decreases in fiscal year 1996 and fiscal year 1997 funding for the TPA account, the proposed increase will leave tribes barely even with the fiscal year 1995 actual dollar level but actually losing in terms of adjustments for inflation. At Spokane, our TPA funding in fiscal year 1997 was $593,200; the anticipated funding in fiscal year 1998 would be $635,700, an increase of $42,500. Mr. Chairman, we use these funds for many purposes, including tribal government infrastructure, services for children and the elderly, scholarships, education, courts, law enforcement, adult vocational training, agriculture and forestry. As you can see, the funds must be stretched very thin for all programs. The services the Tribe is expected to deliver versus the amount of our contracts for these programs does not fulfill the BIA's

trust responsibility. For example, our contract for natural resources is $2,800, obviously not enough to fund even a support staff person; community fire protection is funded at $4,100; public safety at $12,700. Our additional identified needs total $195,900 as shown below: $40,000 for scholarships; $40,000 for fire protection; the Tribe currently loses 98 percent of all structure fires because of bad equipment, inadequate communications, and remote fire stations; $115,900 for tribal courts. The Tribe's court caseload has increased fourfold in two years.

We ask the Subcommittee to support the President's proposed increase for TPA and to add more if possible to this account which targets spending at the local level. An across-the-board ten percent increase over the President's budget would be of great benefit to all tribes nationwide.

*Tribally Controlled Community Colleges Act*

The President's budget requests an increase of $3 million for the TCCC's. We believe this minimum amount is necessary to maintain stable and productive colleges on Indian reservations. The Spokane Tribal College is in its early stages of development as a sister college of the Salish-Kootenai College at the Flathead Reservation in Montana. We are proud of our accomplishments to date and look forward to full participation in the TCCC's program in the near future.

*Upper Columbia United Tribes (UCUT)*

The primary purposes of the UCUT program is to mitigate the harm to fish and wildlife caused by the construction and operation of hydroelectric facilities on the Columbia River and its tributaries. The tribal portion of this program has helped the Northwest Power Planning Council to understand the fundamental importance of fish and wildlife resources to the religious, cultural and economic livelihood of the Indian Tribes. UCUT funds are used to implement, monitor and evaluate fish and wildlife plans, as well as for regulatory enforcement, for planning, and for coordination between state, federal and tribal governments.

The President's budget request of $297,000 includes a return of $74,000 that had been transferred in fiscal year 1997 to the Kootenai Tribe under its self-governance program. Because UCUT involves management of a shared resource by four tribes in the Northwest, it is also a shared responsibility and thus is not a program that is amenable to separation of funding. We believe the proposed transfer is correct and hope that the Subcommittee will concur.

We have recently completed an assessment of total funding needs for this program and found it to be just over $700,000. The four UCUT tribes would be most grateful if the Subcommittee would recommend an increase of $400,000 to $700,000 for fiscal year 1998. This increase is needed for the tribes to continue to leverage funding from other sources such as BPA and EPA; to implement new fish and wildlife projects approved by NPPC in 1995; and to maintain and improve existing projects approved in 1987, 1994, and 1995. In addition, funds are needed to assist tribes in developing recommendations for a NPPC amendment process being initiated this year.

*Lake Roosevelt*

Lake Roosevelt was formed when the Grand Coulee Dam was constructed in the early 1940's. Both the Spokane and Colville Tribes participate in the management of the environment and the recreational uses of the area surrounding the Lake. The Tribes implement the cooperative management agreement entered into between the Tribes and the Department of the Interior for management of this resource. The BIA has asked for an increase from $577,000 in fiscal year 1997 to $590,000 in fiscal year 1998. The Tribe supports the proposed increase. For the Subcommittee's information, the Spokane Tribe's contract amount is $185,000; the actual, documented need is $285,000. Right now, the contract supports salaries and vehicle costs for three rangers; it does not fund the parks maintenance staff, vehicles or supplies. The Tribe must pay these costs from its own revenues. Therefore, the Spokane Tribe requests an additional $100,000 earmarked for the Tribe's management contract for Lake Roosevelt.

The Tribe also supports the testimony of the Northwest Intertribal Court System requesting funding for the Indian Tribal Justice Act and for the NICS program through the BIA.

INDIAN HEALTH SERVICE

As a general comment, the Spokane Tribe is concerned about the inadequate funding base for the Indian Health Service, particularly the lack of funds for Alcohol and Substance Abuse, and the inadequate base for Mental Health Services. We note that the fiscal year 1998 budget request does not include increases for inflation and to

meet the cost of implementing managed care throughout the IHS system. The Tribe is also concerned about the ongoing need for additional resources for construction funds, since many of the clinics in the Northwest are outdated, and unable to meet standards for quality health care.

An IHS service unit clinic at Spokane serves all of the Indians residing on and near the Spokane Reservation. The clinic is small and is housed in a substandard facility. It is understaffed, with not enough doctors, dentists and other needed health personnel. We understand that Representative Nethercutt, who is the Tribe's representative in the Congress, is working with the IHS to obtain modular units to house the clinic. We ask the Subcommittee's support for his efforts. The cost will be about $500,000.

In addition, Mr. Chairman, we would like to begin an assisted living program for our elderly citizens through the CHR program at IHS. The Tribe would need a minimum of $200,000 to establish such a program.

Our third request under IHS is for $2.1 million in fiscal year 1998 for operational costs of the Healing Lodge of the Seven Nations. The Healing Lodge is a residential program that utilizes a holistic and traditional American Indian approach as well as the 12-step principles of recovery for the treatment of chemically dependent youth. The Healing Lodge is governed by seven tribes in Washington, Idaho and Oregon. In addition to the Spokane Tribe, the Colville, Kalispel, Nez Perce, Kootenai, Coeur d'Alene and Umatilla Tribes participate. Last summer, the facility moved to a new site in the Spokane Valley. Within a 32-youth and 12-family bed facility on a forested 38-acre site, the treatment team responds to the needs of Native youth by offering such treatment services as group and individual therapy; culturally-relevant therapy; life skills instruction; chemical dependency lectures; family therapy; aftercare and transitional planning; and health and mental health, nutrition and fitness assessments. At the end of February, the Healing Lodge completed its first cycle under a new, eight-week treatment program, having provided services to 151 youth aged 13 to 18. Of that total number, 62 completed treatment and were transitioned to aftercare programs.

Finally, the Spokane Tribe also supports the testimony of the Northwest Portland Area Indian Health Board in its entirety. We are particularly supportive of the proposed bill language that would allow use of maintenance and repair funds to be used for new construction when the costs of repair exceeds the costs of new construction. The Tribe also supports the request for $200 million to cover unfunded mandatory costs increases.

POLICY MATTERS

The Tribe is very concerned about the proposed plan to implement reforms required by the American Indian Trust Fund Management Reform Act of 1994. In particular, the Tribe has determined that further study must be undertaken of the proposal to create an independent organization, outside the Department of the Interior, that would assume all trust asset management functions. Because of our concerns, we strongly urge that the Subcommittee not take any action to implement any part of the proposal until the Tribes have reached some agreement on the matter.

In addition, the Tribe is involved in an effort to develop a truly comprehensive restructuring plan for the Pacific Northwest Energy System. A steering committee, appointed by the governors of Washington, Oregon, Idaho, and Montana, developed recommendations for energy system restructuring that was driven largely by utility and industrial interests; it did not involve the affected Tribes. These same governors recently appointed a Transition Board to expedite implementation of the Steering Committee's recommendations but, again, the Transition Board does not include any tribal representatives nor have they attempted to involve the Tribes in their deliberations. The Tribes are concerned that the recommendations now under review do not address impacts on fish and wildlife and cultural resources, nor do they assure continuation of conservation programs or support for renewable energy efforts. We wanted the Subcommittee to be aware of our concerns in this area. Tribal efforts to organize to respond to these threats to federal law and treaty obligations are costly. We do not now ask for appropriations for this purpose but wanted you to know our concerns and the kinds of issues Tribes face almost constantly and to which they have little or no resources to respond.

The Tribe appreciates the opportunity to submit this testimony, and we look forward to working with the Subcommittee during the fiscal year 1998 appropriations cycle.

PREPARED STATEMENT OF DR. EDWARD SLOCUM, SUPERINTENDENT, NEW TOWN PUBLIC SCHOOL DISTRICT NO. 1

My name is Edward Slocum. I am superintendent of the largest school district on the Fort Berthold Indian Reservation in western North Dakota. Our school district provides an education for 47 percent of the Native American children on Fort Berthold. Over 80 percent of the K–12 enrollment of the New Town Public School District No. 1 are Native American students. Ironically, our district is one of only two districts on this reservation which are not able to receive funding as a BIA ISEP Grant School through the U.S. Department of the Interior. This written testimony will focus on why it is so important for Congress to provide the funding necessary for ISEP to allow the current moratorium on new school starts to be lifted.

You may wonder why, if this district wanted to be a BIA funded school, did we wait so long to decide to apply? Historically, New Town was not believed to be located on the reservation when the U.S. Army Corps of Engineers created the city of New Town by relocating three smaller towns, which were flooded when the federal government built the Garrison Dam. Then, in 1974, the U.S. Supreme Court ruled that a large piece of land, including the city of New Town, was indeed located on the Fort Berthold Indian Reservation. The delayed effects of these two major federal decisions were eventually reflected when the K–12 student enrollment reached over 50 percent Indian students in the New Town Public School District in 1986. Since then, that percentage has been climbing every year and the student enrollment has been increasing steadily.

On February 23, 1995, the New Town Public School District's Board of Education met with the Tribal Council of the Three Affiliated Tribes and obtained a resolution authorizing the New Town School Board to apply for BIA grant funding for school operations, as provided for in Public Law 100–297, Title V, Parts A & B. By that time, K–12 student enrollment was nearing 50 percent Indian students, and three of the five School Board Members were Native Americans. The district has been applying every year since then only to be denied due to the moratorium on new school starts.

The most recent State data, School Finance Facts. January 1997, showed New Town Public School District's average cost per pupil as $4,076.09, while Mandaree School District, a Bureau funded ISEP school also located on the Fort Berthold Reservation, has been able to spend $10,967.45 per pupil. The New Town Public School District has been averaging nearly 70 percent of its students on Free and Reduced meals over the past several years due to the high unemployment rate on the reservation. The strong correlation between the economically disadvantaged and academically disadvantaged is abundantly evident in our district. Nearly 50 percent of our elementary aged students qualify for Title I assistance as educationally disadvantaged. The New Town Public Schools can not afford any Gifted and Talented Programs. The district has just finished replacing all buses originally purchased during the 1970's and many textbooks are far older than the recommended five year replacement age. The district's tax base only yields $337,000 per year towards our 3.9 million dollar General Fund. Impact Aid is never fully funded and so those revenues do not adequately compensate for the lands taken off the tax rolls.

Of our 589 Indian students, 125 do not generate Impact Aid dollars because they do not live on qualifying Indian Trust Lands. It has been calculated that our district would be eligible for an increase in funding of approximately $3.5 million if approved as a BIA funded ISEP grant school. These funds are badly needed to provide for the educational needs of the students of the district.

In summary, it is our hope that adequate funding levels will be provided by Congress to enable districts such as ours to be allowed to become a BIA funded school. It is unimaginable that the Three Affiliated Tribes of Fort Berthold Reservation can have half of their enrolled member students ineligible for the quality of education intended for Native American children in the passage of Public Law 100–297.

---

PREPARED STATEMENT OF MERVIN WRIGHT, JR., CHAIRMAN, PYRAMID LAKE PAIUTE TRIBE

Good morning, Chairman Gorton, Members of the Committee and Honorable Tribal leaders. My name is Mervin Wright, Jr. and I am the Tribal Chairman for the Pyramid Lake Paiute Tribe of Nevada. On behalf of the Pyramid Lake Paiute Tribe, I appreciate the opportunity to testify before the Senate Sub-Committee on Interior Appropriations. We express our gratitude for Committee support in the past, and respectfully request the Committee to fund the Tribe's priorities for fiscal year 1998: High School Construction, Education, Water Rights Settlement, Resource Manage-

ment, Indian Health Services, Environmental cleanup, Law Enforcement, and Cultural Preservation. A brief history will support this request for funding.

TRIBAL HISTORY

The Pyramid Lake Paiute Tribe is one of many Paiute band of the Northern Paiute Nation and was affirmed by the Indian Reorganization Act of 1934. The Pyramid Lake Indian Reservation is the largest Indian reservation in the State of Nevada covering approximately 476,000 acres. The reservation contains entirely within its boundaries, a natural desert lake from which the Tribal name was derived. It is the largest terminal lake in the United States and has a surface area of 110,000 acres and is deep as 330 feet. A prehistoric indigenous fish species called the Cui-ui (pronounced Kwee-wee) has existed in Pyramid Lake for thousands of years and is the foundation of our Paiute culture. The Cui-ui is currently listed as an endangered species, while another inhabitant fish species the Lahontan Cutthroat Trout is listed as threatened species. The Lahontan Cutthroat Trout is an important aspect of our livelihood, as is the Cui-ui and was once the primary economic support for our Paiute People.

The enrolled membership of the Tribe is approximately 1,800 people. As a Tribal Government, the Tribal Council responsibility is to provide primary services to our elderly, our children, and the support for social order within our reservation. Cultural identity is becoming a prevalent matter of importance in preserving the well being of our people. Education is a primary focus for the betterment of our People. Health care is an area that requires professional care at an affordable price. Social Services will enhance the well being of our People in addressing social ills of our modern day society. These are issues which have additional pressures that we are managing and require financial resource support for eventual success.

*Pyramid Lake High School: $10,000,000*

The planning and architectural design phase of our high school is 100 percent complete. As one of many Tribes who have placed education as an important asset of our People, unfreezing of the Tribal high school construction list will be a major step to assist in preparing our children for future endeavors in career and professional advancement. A high drop out rate and low self esteem among our high school students causes parents and administrative staffs to react, sometimes negatively, to address the problems of drop out rates. The physical conditions of school modular facilities are often equivalent to trailer parks; children who attend such facilities often have increased feelings of low self-esteem. A new high school will enhance the acceptance of an educational standard of achievement that will promote post secondary education and the well being of our communities.

Unfreezing the construction list will provide the means for advancement of all Indian Tribes currently on the construction list to begin recognizing the effort by each government to achieve an objective that promotes consistent objectives in our societies. In promoting and supporting a high standard of achievement, and from personal experience, each child entering high school must be provided the opportunity to realize the challenge of successful completion of an educational institution. Tribes have become better prepared and educated to deal with social disorders and recognize the goal of motivating our children to strive for better conditions for their lives than the experiences we hold from our past.

*Water rights settlement/water resources management: $6,500,000*

The Pyramid Lake Paiute Tribe has a long history of water litigation on the Truckee and Carson Rivers in Northern Nevada. Since the inception of the Newlands Reclamation Project in 1902 and the accompanying Derby Dam construction in 1908, the degradation of the Pyramid Lake aquatic habitat and environmental structure has been seriously damaged. Litigation was costly and the Tribe decided to enter negotiations in the mid-1980's in an attempt to resolve outstanding issues through talks with upstream municipalities, the States of Nevada and California and the federal government. A settlement act was achieved in 1990 with the Congressional passage and Presidential signing of Public Law 101–618, the Truckee-Carson-Pyramid Lake Water Settlement Act.

The Pyramid Lake Paiute Tribe is in the process of settling two outstanding lawsuits which were filed in the early 1980's against the Truckee Meadows Water Treatment Plant. The lawsuits have been dismissed. However, the water rights purchase program to augment instream flows to the Truckee River during July, August, and September was agreed to by the parties to resolve concerns about future expansion of the wastewater plan. Six million dollars has already been appropriated and is in the federal system. The United States Department of Interior, on behalf of the Tribe, is obligated to purchase $12 million worth of water rights from willing water

right holders in the Truckee River Basin. We are concerned that if the Bureau of Indian Affairs gains control of any amount of these tribal funds, the Tribe will lose some of the benefit intended for the Tribe. The Tribe is quite capable of managing and administering this program.

We are currently involved with negotiating the final stage of the Truckee-Carson-Pyramid Lake Water Settlement Act (Title II of Public Law 101–618); however, the management and monitoring enforcement measures will not conclude with achievement and approval of this settlement. The Pyramid Lake Paiute Tribe is one of five principle signatories of the settlement act. As we begin the initial implementation phases of the settlement act, it is acknowledged of the immense administrative responsibility accompanying implementation of this law. The Tribal Water Resources Management Contract will require $500,000 in funding support for a highly technical advanced operation associated with monitoring flows and water quality criteria, scheduling releases, managing released flows, accounting of water supplies and participating in further implementation and regional water negotiations. The decision to enter negotiations was one to avoid litigation expenses, plus to achieve resolution by compromising from each side to lessen the ability to create and support adversarial positions.

*Health Services: $1,000,000*

The social structure on our reservation is one of fragile capacity. The problem associated with the lack of adequate services to our People is a reflection of funds appropriated for unnecessary purposes. The Health Service provided through Indian Health Services is not adequate. The services reaching our People are not reflective of the amount of funding support in the Area and Headquarter Offices of this agency. The Tribe has built its own clinic facility, but the bureaucracy surrounding the service absorbs much of the funding before actual services can be provided. This amount will support contract health, dental, mental health, substance abuse, child abuse, and social based services.

*Cultural resource preservation: $300,000*

The Pyramid Lake Paiute Tribe is affected by the enactment of various federal laws and State statutes associated with the protection and preservation of cultural resources. Some issues have the effect of compromising and damaging existing resources. The Tribe has the ability to represent concerns and issues before federal and state agencies, but does not have the financial ability to organize an effort to work cooperatively and in conjunction with such agencies. The Tribe will be responsible for planning and developing important representation to protect and preserve cultural resources. This amount will provide the Tribe the ability to work with other Paiute Tribes in an effort to utilize necessary resources to protect cultural resources.

*Environmental clean-up: $250,000*

Pyramid Lake received substantial impacts associated with the New Year's Flood in the Truckee River Basin. Two sewer mains were broken, the Sparks industrial area suffered serious flooding which resulted in a number of unidentifiable contaminants reaching the Truckee River and eventually ending up in Pyramid Lake. Several bird species have been taken for toxicology studies to determine the extent of contamination. The impact to the micro-organism habitat is not yet known and our fear is that the beginning of a food chain so important to the rest of this habitat has suffered consequential damage. This fund will support activities in an effort to maintain control measures for water quality. As we proceed into monitoring requirements under a water quality agreement (stated above) and proceeding with implementing tribal water quality standards, it is important to establish and implement a hazardous material response against environmental degradation.

*Law enforcement: $500,000*

Tribal law enforcement requires financial support for effective enforcement of tribal laws and regulations. In enforcing the regulatory requires for law and order, fish and game and ordinance compliance, this funding will support the ability to work cooperatively with federal officials, state officials, and local jurisdictions. It is important that our tribal government accept and support the needs of adequate law enforcement for proper enforcement measures to meet our community needs.

*Policy Issues*

*BIA and IHS Reorganization.*—As Congress begins to review the reorganization of the federal agency, BIA, there are serious concerns with respect to the structure of the BIA which provides actual services to reservation communities. When tribes view their resources, certain considerations must be acknowledged to the trust obligation of the federal government. In recent years the federal agencies have strug-

gled for power and authority in Indian affairs. The BIA is not recognized as a force within Interior in representing the trust responsibility directly to Indian Tribes. The authority vested in the Interior Department to uphold the trust responsibility does not exist with the proper authority, BIA.

Now, in reviewing the structure of the BIA, it is the BIA Area Offices and the BIA Agencies that tend to regulate the authority of this federal agency. The services provided through the Interior appropriation process gets into the system, but normally the area and agency offices tend to absorb the funds intended for tribal programs. In some cases, the federal laws are misinterpreted and BIA officials misguide Tribes in complying with statutory requirements. It is a matter of reducing the bureaucracy causing setbacks, but not cutting funding for services. This Congress should seriously consider strategy thinking in recourse management. The focus must view the trust assets as priority.

The IHS is in the same situation. The services are not received at adequate levels. It is the Area Office and the Headquarters where the bureaucracy absorbs the funding intended to provide services on the ground. A comparison in one case, is the commissioned officials making six digit salaries, and the Tribe receives $152,000 to serve 1,300 patients in contract health services. The purpose or reorganizing the IHS should be viewed as one to increase the services at the reservation. It is recommended that the process of restructuring the IHS not result in less services. Deficit spending is occurring in this agency, and the Area Offices are not accepting responsibility in balancing the deficit. The Tribes who have provided needed services through contracting must not be penalized for the efforts we are making. Tribal members eligible for Medicaid and Medicare, but the IHS system offers their services as a supplement, not as an addition to the care provided. Either way the system provides the best method to serve our patients.

*School construction*.—While the bulk of the responsibility for Indian school construction falls now within the BIA, the President has asked for $5 billion to fund school construction needs in the United States and we are hopeful that the Congress will accept this proposal. However, we know that funds for this would be appropriated by the Subcommittee on Labor and HHS Appropriations. We understand that Interior Secretary Babbitt has suggested that 10 percent of these funds, if appropriated, be set aside for school construction. We agree. The federal government owns the legal title to our lands and we have no tax base. In our view, the first responsibility of the federal government to the nations's school construction needs should be on Indian lands. Ten percent of $5 billion would take care of much of the unmet school construction needs in Indian country.

*Trust responsibility*.—The federal trust responsibility is one that our People know well and is one that I cannot allow to be overlooked or placed secondary to resources of material content. We are People of this land, the first People of this land and express our concern for equal, if not better, services for our People than has been provided by the Congress over the past 20 years.

---

## PREPARED STATEMENT OF JOSEPH C. SAULQUE, CHAIRMAN, OWENS VALLEY INDIAN WATER COMMISSION

This appropriations request is for the U.S. Department of the Interior, Bureau of Indian Affairs, Water Resources Protection Program. The amount of funding being requested for fiscal year 1998 is $258,068. This money will be used for capital start-up costs for the Owens Valley Tribes' comprehensive Groundwater Monitoring Program and negotiation support costs.

### BACKGROUND INFORMATION ABOUT ORGANIZATION TO BE FUNDED

In 1991, the Paiute people commonly known today as the Owens Valley Paiute Indians, but to themselves are known as Nume which means people, chartered the Owens Valley Indian Water Commission (Commission) to serve as their water department to: negotiate the tribes' water rights with the federal government and the Los Angeles Department of Water and Power (LADWP); address the impacts of LADWP's water extractions and diversions on reservation environments; and improve water-related conditions on the reservations.

The Commission is comprised of two tribal members from each tribe for a total of ten Commissioners. Six of the Commissioners also serve on their respective tribal councils and the others are appointed by tribal resolution.

The Owens Valley Tribes are part of the greater Northern Paiute Nation whose original territories encompassed the greater part of western Nevada, parts of Oregon and Idaho and east central California. The Owens Valley Tribes include the Big Pine Paiute Tribe of the Owens Valley, the Bishop Paiute Tribe, the Fort Inde-

pendence Paiute Tribe, the Lone Pine Paiute-Shoshone Tribe, all located in Inyo County, CA, and the Utu Utu Gwaitu Paiute Tribe located in Mono County, CA. California's Owens Valley stretches for 100 miles along the eastern flank of the Sierra Nevada range. At present, the tribes occupy only a small fraction of their ancestral lands. The majority of these lands are now owned by the City of Los Angeles Department of Water and Power for water gathering activities or are administered by the Inyo National Forest Service and the Bureau of Land Management. The Owens Valley supplies 70 percent of Los Angeles' domestic water supply.

EXPORTATION OF OWENS VALLEY WATER

At the turn of the century, the City of Los Angeles (City) began acquiring land and water rights in the Owens Valley which at present total 300,000 acres in Inyo and Mono Counties, comprising 97 percent of the privately held land. In 1913, the City completed a surface aqueduct (the first) between the Owens Valley and Los Angeles and began exporting Owens Valley water.

In 1941, the City completed the Mono Basin Project which gathered the natural run-off from the Mono Basin and delivered water to Los Angeles through the first aqueduct. Since 1917, the City has drilled more than 360 wells in the Owens Valley to access groundwater to be used as a supplementary source of water during dry years.

In 1959, the City proposed the construction of a second aqueduct to carry water from Owens Valley to Los Angeles for the purpose of completing the development of the Inyo-Mono supply and to ensure the City would not lose certain water rights on which it had filed. At the time the City finished constructing the aqueduct in 1969, it had not yet started increasing its exportation of groundwater when the California Environmental Quality Act (CEQA) became law in 1970. Because the groundwater extraction was viewed as a separate project dividable from the construction of the second aqueduct, the Court of Appeal required the City to prepare an Environmental Impact Report (EIR) under the CEQA. The City has prepared two EIR's (1976, 1981) and both of these have been declared legally inadequate by the Third District Court of Appeal for the State of California.

In 1984, the Court granted permission to the City and the County of Inyo (County) to enter into an interim long-term groundwater management agreement and attempt to negotiate a resolution of the pending lawsuits. The final EIR submitted to the Court on October 21, 1992, contains the final agreement of the parties which describes a long-term groundwater management plan. Neither the Tribes nor the United States are parties to this agreement.

While the County has found the City's final EIR to be adequate, the Third District Court of Appeal has retained jurisdiction of the lawsuit. The State of California's Department of Fish and Game, as well as other environmental groups and concerned individuals, have challenged the adequacy of the City's EIR. It now appears that a settlement has been reached by the parties and that this settlement was presented to the Court of Appeal on January 24, 1997. The Commission had no input concerning this proposed settlement.

In 1990, the Big Pine Tribe (who at that time was the lead tribe of the Commission) prepared comments concerning the City's proposed EIR. After the filing of these comments, the Commission requested and received amicus curiaestatus with the Third District Court of Appeal.

During this same time, the Commission began negotiations with the Los Angeles Department of Water and Power (LADWP) concerning its environmental concerns, as well as the issues of reserved water rights for lands traded to the City in a 1939 land exchange with the United States. In this exchange, the United States has traded 3,126 acres of land throughout the Owens Valley for 1,391.5 acres of land which are now the reservations of the Bishop, Big Pine, and Lone Pine Tribes. In this agreement, the water rights were reserved on the traded lands, with the City agreeing to provide, in perpetuity, four (4) acre feet of water per acre per year annum to the present reservation lands. The United States reserved the water rights to the 3,126 acres traded to the City and the City retained the water rights to the present reservation lands.

The Commission believes the present FEIR and long-term groundwater management agreement fails to recognize the off-reservation water rights of the Tribes, and fails to protect these rights, as well as the vegetation and general environment on the present reservations. The negotiations with the LADWP center around these issues.

COMMISSION GROUNDWATER MONITORING AND NEGOTIATION ACTIVITIES

In recognizing its trust responsibilities and in support of the Commission's efforts, the Bureau of Indian Affairs, Central Office, provided $219,000 to the Commission in fiscal year 1991–92. This money was used to support the negotiation activities with the LADWP and to hire Commission technical consultants. The Commission hired a hydrologist, Dr. Woldezion Mesghinna of Natural Resources Consulting Engineers, Inc. and a research specialist, Mr. Daniel Gallacher, of Historical Research Associates Inc., to investigate and quantify the reserved water rights held by the United States on the lands traded to the LADWP.

In August 1992, the Bureau of Indian Affairs agreed that the Commission would have the lead role in negotiating with the LADWP while the United States would support the negotiations and provide technical assistance. The Commission had been in discussions and negotiations with the LADWP since early 1992 and had made substantial progress in addressing areas of concern to the Owens Valley Tribes. At a meeting held in April 1993, discussions between the Commission, its experts and the LADWP centered on the reserved water rights retained by the United States and the methodology used to quantify those rights.

Unfortunately, in 1993 negotiations stalled when the Bureau of Indian Affairs chose not to continue funding the Commission's efforts until the 1993 fiscal year had almost expired in September. It was not until October 1993 that the Commission was able to confirm that $88,500 had been contracted. These funds were used to fund additional studies concerning the Practicably Irrigable Acreage Quantification.

In December 1993, a federal fact-finding team was appointed to investigate the water claims filed by the Commission on behalf of the Tribes. In September 1994, the team completed its investigation and prepared a final report.

As the negotiations continue, the Tribes' water rights, water resources and reservation environments continue to be negatively impacted by the City's water gathering activities. In 1994, the Commission was successful in securing BIA funding in the amount of $200,000 to initiate a groundwater monitoring program and protection system for the Owens Valley reservations. Rather than directly contract with the Commission to oversee the development of the system, the BIA provided these funds to the United States Geological Survey (USGS) to develop the system. The system was never developed. The BIA informed the Commission that USGS reported having spent over $90,000 to drill monitoring wells for the Owens Valley Tribes. In actuality, there were no wells drilled by the USGS on any of the Owens Valley reservations with these funds. The Commission has on several occasions requested from the BIA a copy of the USGS report of work completed. No report has been provided. In November 1994, the Commission was informed by the BIA that the balance of these funds had been returned to the BIA Central Office in Washington and redistributed to another tribe. Consequently, the Owens Valley Tribes are without a groundwater monitoring system to safeguard their water rights, water resources and reservation environments.

Based on the fact-finding team's report, a federal negotiation team consisting of Mr. Dan Jackson, Mr. Bob Laidlaw, and Mr. Curtis Milsap was appointed in July 1995, to help facilitate a settlement between the Commission and the LADWP. During the rest of 1995 and 1996, the parties have met on numerous occasions and have made steady progress. Currently, the parties and their consultants are meeting to discuss and agree on a quantification of the federally-reserved water rights belonging to the Owens Valley Tribes.

In fiscal year 1995 the Commission received Water Resources Protection Funding in the amount of $150,000 and initiated a comprehensive Groundwater Monitoring Program. Due to limited funding the program is being developed in four phases. The first phase was completed in fiscal year 1995 ($34,056). The second phase will be completed in fiscal year 1996 ($75,316) and it is anticipated the third ($40,546) and fourth phases ($39,534) will be completed in fiscal year 1997.

The Commission is requesting continued funding to complete these negotiations and to provide for the capital start-up costs of actual groundwater monitoring. The capital costs include the installation of a shallow and a deep acquifer monitoring well on each of the five reservations. The amount being requested for fiscal year 1998 is $258,068.

FUNDING FOR CALIFORNIA TRIBES

The Commission strongly feels there has been inequities in the amount of funding being provided to California Tribes. For over 100 years, studies conducted by federal, state and private agencies have reached the same conclusion: California Indians are not receiving a fair share from federal Indian programs; and because they

have received less support from the federal government, California Indians have suffered in social-economic well-being relative to other Indian groups in other states.

Well-documented reports have come from both Republican and Democratic administrations concluding that per capita spending for California Indians was below that in other areas. For example, in 1975, per capita spending for California Indians was $309.97 of the total Bureau allotment, while spending in the Minneapolis Area was $859 per person and spending in Portland averaged $1,576 per person. The degree of inequity is understated because the Bureau systematically undercounts California Indians. In 1989 the Bureau's California service population count was 28,815 and the 1990 census count for California Indians was 236,078. Approximately 100,000 of the 236,078 California Indians are actual Native California Indians.

The history of federal policy toward California Indians offers insight into the weakness of the Bureau's service population criteria. The failure of the federal government to ratify the 1852 treaties it negotiated with California Indians and to establish a suitable reservation land base for them means that the general criteria limiting service population to Indians "on or near reservations" should not be applied in California. This geographic criterion is currently not applied to Indians in Oklahoma and Alaska. The number of California Indians who participated in claims awards based on past deprivation of land proves that the federal government views them as Indians, yet the Bureau refuses to recognize their tribal groups.

Budget analysis from the 1980's and 1990's confirms that these inequities have persisted. Based on the Operation of Indian Programs and the BIA's official service population figures for the years 1990 to 1994, California Indians are receiving only one-third to one-half the funding received by all other Indians. In 1994, for example, the Sacramento's per capita funding was $700.30 while the rest of the BIA-served Indian population enjoyed per capita funding of $1,310.51.

REDUCTION IN NATURAL RESOURCE FUNDING

The continual reduction in appropriated funds for the BIA's natural resources budget, including water resources, is unjust. Only five tribal governments in California have quantified their water rights. Consequently, there is a lot of future work to be done on tribal water rights issues in the State of California, let alone in the Owens Valley, and funding is needed to perform this work.

BIA NATURAL RESOURCES FUNDING REDUCTIONS

FUNDED FIGURES

[In thousands of dollars]

| Category | 1991 | 1992 | 1994 | 1996 |
|---|---|---|---|---|
| Water resources | $11,123 | $10,353 | $5,507 | $3,682 |
| Total natural resources (including water resources) | 79,992 | 78,041 | 64,224 | 53,489 |

The Commission requests that Congress increase the BIA's Water Resources funding to $10 Million in fiscal year 1998, with at least $1 Million earmarked for California Tribes for each of the next five years. In addition, the Commission urges the House Appropriations Committee on Interior Appropriations to recognize the inequities in funding for California Tribes and provide per capita funding for California Tribes that is equal to the rest of the BIA-served Indian population.

---

PREPARED STATEMENT OF JONES BEGAY, PRESIDENT, ASSOCIATION OF NAVAJO COMMUNITY CONTROLLED SCHOOL BOARDS

I am honored to submit this statement on behalf of the Association of Navajo Community Controlled School Boards—an association of 13 BIA-funded schools on the Navajo Reservation operated by local tribal school boards under contracts or grants with the BIA. In addition to serving as President of the Association of Navajo Community Controlled School Boards, I am also a delegate to the Navajo Nation Council and am President of the Black Mesa Community School Board which operates a small school for 100 Navajo children in a very isolated area of the Navajo Reservation in Arizona.

Our comments focus on the portions of the BIA School Operations budget most in need of your serious attention.

STUDENT TRANSPORTATION

We need a significant increase in funding for this budget which supplies the funds for operation of our school bus systems. These funds are allocated on a per-mile basis, but the per-mile rate—currently at only $1.60—is far, far below the costs we incur. At Black Mesa, our 100 students are scattered over a large geographic area that requires a daily bus run of just under 500 miles. Our buses run primarily on un-improved roads. This makes for a very long bus ride in both the morning and afternoon. Our bus driver costs, fuel costs and bus maintenance expenses are very high—far higher than $1.60 per mile.

Our problems will get worse very soon, as the moratorium on increases in the school bus lease rate charged by GSA will soon end. We expect large increases in these lease rates.

Funding for student transportation has never been sufficient to meet our costs. This means we must take scarce dollars from the funds you supply for our instructional programs to supplement student transportation. We have no choice. If we cannot bring the children to school, we cannot educate them.

We ask you to significantly increase the BIA budget request for student transportation to a level that can provide us with the national average per-mile rate for public schools: $2.92 per mile.

ADMINISTRATIVE COST GRANTS

This is the budget that enables tribal school boards to exercise the Indian self-determination rights guaranteed by Congress. It funds our indirect and administrative costs. Without adequate funding in this account, tribal school boards do not have the funds they need to properly run the administrative responsibilities they take on when they decide to operate a school.

BIA asks for an increase of $2.5 million for Administrative Cost Grants. This does not mean that individual schools Administrative Costs are increasing. Rather BIA seeks the increase because 12 more schools will convert from BIA operation to tribal operation in school year 1998–99, the school year funded by the fiscal year 1998 budget request. Ten schools will convert to tribal operation in the upcoming school year.

We are not sure that the $2.5 million increase will be sufficient to supply the Administrative Cost Grants of the "converted" schools because the BIA's budget does not explain how it was calculated. If it is not enough, all the existing schools will suffer a reduction in funding. We ask you to find out now if it is enough. Please do not wait for us to come back in two years to tell you it was insufficient.

*Severance costs*

When a school "converts" from BIA operation to tribal school board operation, two funding events occur: (1) the school becomes eligible for an annual Administrative Cost Grant; and (2) the BIA incurs a one-time severance cost for the federal employees who worked at the school. These severance costs must be paid even if these former federal employees are re-hired by the tribal school board.

The BIA budget justification does not identify the amount of severance costs that will be incurred, nor does it state from which budget category the funds will be supplied. The BIA education law does not permit these severance costs to be paid from any of the funds Congress supplies for School Operations. The reason is, of course, that School Operations funds are intended for program and administrative costs of the schools, not for severance pay for former federal personnel.

We ask you to include report language that reminds BIA it may not use ISEF funds, Administrative Cost grant funds, student transportation funds or any other School Operations monies for employee severance pay.

FACILITIES OPERATION AND MAINTENANCE

The federal government owns the buildings in the BIA school system. This means that Congress and BIA should be as interested as we are in making sure these buildings are maintained properly. But year after year, insufficient funds are provided for operation and maintenance of our federally-owned school buildings.

Several years ago Congress ordered BIA to develop a formula for calculating the amount of funding that should be provided for facilities maintenance. For the past several years, we have received only about two-thirds of the amount this formula requires.

When this happens, building maintenance is sacrificed. We cannot cut corners on our electricity bills, or water bills or heating bills. We have to pay these in full. And we must make sure our boilers and fire safety systems are operating properly and that the buildings are kept clean. This leaves very few dollars for preventive main-

tenance and minor repairs. When these do not get done, our buildings deteriorate at a fast rate.

We ask that you increase the school facilities O&M budget by one-third (to $99 million) to preserve the investment the United States has made in these buildings.

TEACHER HOUSING

The final word I want to offer is about the need for decent housing for teachers at reservation schools. At Black Mesa, we have to supply housing for our teachers because there is no private rental housing available. This is the situation at nearly every school in the BIA system.

We would be grateful if Congress could establish even a small recurring funding program for employee housing construction—perhaps $1–2 million per year. Without teachers, even the finest school in the BIA system would not be able to do its job. And without housing, we cannot recruit teachers.

We thank you for your interest in the welfare of the Indian children in the BIA school system.

---

PREPARED STATEMENT OF APESANAHKWAT, CHAIRMAN, MENOMINEE INDIAN TRIBE OF WISCONSIN

On behalf of the Menominee Indian Tribe of Wisconsin, I wish to submit this statement on the President's fiscal year 1998 budget request for programs in the Bureau of Indian Affairs (BIA). Our specific concerns include: Adequate funding for Law Enforcement; funding for Road Maintenance above the President's requested level of $27.5 million; increased funding for Conservation—Other Rights Protection program; adequate funding for the tribal judicial systems; funding for Construction—Infrastructure Development; full funding of Contract Support Costs; funding Education—School Operations, at a minimum, the President's requested level of $467 million.

As the Subcommittee may know, the Menominee Tribe was one of the recognized tribes terminated in the 1950's. Since regaining our federal recognition 20 years ago, we have endeavored to exercise our self-determination to achieve the self-sufficiency that is the goal of all tribes. We have made strides in improving the quality of life for our tribal members through careful management of our natural resources and economic development ventures such as the Menominee Nation Gaming Corporation. Yes, we are a gaming tribe but our business is only moderately successful—generating about $750,000 a month in revenue. The Menominee Tribe utilizes this much needed income to not only supplement federally-funded programs but to fund programs for which there are no other available resources. Some examples of uses for these revenues include: solid waste disposal ($500,000/yr.), graduate scholarships ($62,9000/yr.), tribal and youth recreation programs ($360,500/yr.), and infrastructure development ($2 million since 1994 for water and sewer systems in the new Middle Village tribal housing development, community-wide road projects and updated telephone system, etc.).

We are, however, experiencing increased demands on these limited revenues due to decreased funds from the state and/or county in areas such as welfare assistance and support for the public library located on our reservation. We bring these matters to your attention to highlight that while self-sufficiency is our goal, we require the continued assistance of the federal government through adequate funding of the federal programs we operate for the benefit of our tribal members.

BUREAU OF INDIAN AFFAIRS

*Tribal law enforcement*.—The Menominee Police Department is a 38-member force, funded by $866,200 through the BIA and supplemented by $1.23 million in tribal funds. Still this amount is not adequate for providing the level of public safety and enforcement of tribal, federal, and state laws necessary for the size of our community—which covers 360 square miles and serves a tribal population of over 4,000 members. As noted above, tribal revenues are limited and the need to supplement other programs increases with each fiscal year. We, therefore, request that Congress support, at a minimum, the Administration's request for a general increase of $46.7 million to the Tribal Priorities Allocation ("TPA") account, which includes an $8.7 million increase for law enforcement.

*Road maintenance*.—The Administration's request of $27.5 million for Road Maintenance shows only a small increase—less than $2 million over the amount for the past two fiscal years, and still less than one-third of the annual need in Indian country. Funds in this line item are not only utilized for routine maintenance and

administration of roads, but also for maintenance of bridges, airstrips, ferry boat operation and maintenance and emergency maintenance (snow removal, ice control, washout repair, etc.). The transfer of Road Maintenance to the Tribal Priority Allocations account has negatively impacted the availability of funds. In fiscal year 1997, the Menominee Tribe suffered a 16 percent decrease in Roads funds. Coupled with extreme weather conditions and heavy snowfall, we now face extreme funding problems as we have only $10,000 balance for the remaining half of the fiscal year. With these remaining scarce dollars, we seriously doubt the Menominee Tribe will be able to maintain its 308 miles of BIA roadway in accordance with the mandates of Federal Highway Safety guidelines.

We would urge Congress to fund Road Maintenance at 100 percent of need to enable tribes to address the backlog, and to order Road Maintenance removed from TPA.

*Other rights protection*.—The Menominee Conservation Department is charged with establishing and enforcing the tribal hunting laws within the boundaries of the reservation. This area encompasses over 235,000 acres, with 80 lakes and more than 300 miles of rivers and streams. The Conservation Department also conducts wildlife studies, direct fish and wildlife management projects and conduct research projects. These activities not only ensure the protection and conservation of our natural resources but will also, hopefully, reclaim some of the traditional food sources of the Menominee. Currently, the Conservation Department is comprised of six game wardens, one Fish and Wildlife Biologist/Manager and one support staff, operating on a budget of $375,000 (one-third of which amount is provided by the tribe).

In order to adequately enforce the laws and properly manage the Tribe's natural resources, we request that Congress increase funds for this vital program.

*Tribal courts*.—We have testified previously on the need to properly fund the tribal court systems. As you may recall, the Indian Tribal Justice Act, Public Law 103–176, was enacted to provide additional resources for the development and enhancement of tribal judicial systems. Unfortunately the Bureau has never requested additional funds for tribal courts as authorized by Public Law 103–176 and the Special Tribal Courts program has been eliminated. Furthermore, even if Congress funds Tribal Courts at the Administration's requested level of $11.1 million, it would be $3 million less than the fiscal year 1995 enacted level. The Menominee Tribe, like many other Indian nations and courts in general, is facing increased burdens on the court due to a rising number of cases and understaffing. In spite of the approximately $217,000 tribal supplement to the Tribal Court budget, we are not able to adequately meet the need. We ask this Subcommittee to continue to assist all tribes in meeting the judicial needs of their people by appropriating an increased and specified funding level for Tribal Courts apart from the TPA account.

*Construction*.—A critical need for many tribes is in the area of infrastructure development, e.g. water and sanitation systems, new roads, installation of utilities. As you are no doubt aware, many tribes, including the Menominee, are faced with increasing populations—due to an influx of tribal members returning to the reservation, an increased birth rate and increased longevity. We recommend that the Subcommittee consider a separate funding category under the Construction account for infrastructure development initiatives.

*Contract support*.—The Menominee Tribe is disappointed that the Administration only requests $105.8 million for Contract Support Funds (CSF), as funding at this level would not fully fund the need. According to the Bureau's Budget Justification, the $105.8 million would enable the BIA to pay only 95 percent of the CSF need. In fiscal year 1997 they paid only 87 percent of need. Every time CSF is not fully funded, our programs suffer.

The Indian Self-Determination Act is clear that the Secretary must fully fund contract support cost needs. The transfer of CSF to the Tribal Priority Allocations account merely masks the true level of need since tribes must make up for contract support cost shortfalls by using direct program funds. In doing so, we diminish services in those programs. We urge that Congress fully fund this essential program cost as required by law.

*Education—school operations*.—The Menominee Tribe urges Congress to fund, at a minimum, the Administration's requested level of $467 million for School Operations. The Menominee Tribal School, a tribal contract school, serves 248 students in grades K to 8. We note that although the requested level may result in a nominal increase to the amount per student we receive for each student, there will continue to be severe funding shortages in the Transportation and Facilities Operation and Maintenance activities. We hope Congress will improve the Administration's request and supply additional funding for these critical activities.

The Menominee Tribe appreciates the support this Subcommittee has given to our Tribe over the years and thank you for the opportunity to provide our views on the proposed fiscal year 1998 budget for the Bureau of Indian Affairs.

---

## PREPARED STATEMENT OF W. RON ALLEN, PRESIDENT, NATIONAL CONGRESS OF AMERICAN INDIANS

### INTRODUCTION

Greetings Chairman Gorton, Senator Byrd and distinguished members of the Interior and Related Agencies Appropriations Subcommittee. On behalf of the National Congress of American Indians and our 200 plus member Tribes, I appreciate this opportunity to submit testimony regarding the President's budget request for fiscal year 1998 Indian programs and services under this subcommittee's funding jurisdiction. My name is W. Ron Allen. I am President of the National Congress of American Indians ("NCAI"), the oldest and largest Indian organization in the nation devoted to protecting Tribal sovereignty, and Chairman of the Jamestown S'Klallam Tribe located in Washington State.

### BACKGROUND INFORMATION

Mr. Chairman, it has rarely, if ever, occurred that programs serving the American Indian and Alaska Native population have received the federal funding required to fulfill even the most basic needs of tribal members. American Indians and Alaska Natives rank at the bottom of most social and economic indicators. Of the 557 federally-recognized Indian Tribes, a great majority of their populations are characterized by severe unemployment, high poverty rates, ill-health, poor nutrition and other sub-standards living conditions. In 1989, the average unemployment rate in Indian Country was 52 percent, and by 1990 the rate had jumped to 56 percent.[1] The 1990 Census shows the percentage of Indian people living below the poverty line is 31.6 percent, or three times the national average.

Tribes have faced extraordinary challenges throughout the appropriations process in recent years. Unprecedented reductions in federal Indian program funding have left many Tribes facing extreme circumstances. Non-funding riders attached to Interior Appropriations bills reached well past the scope of the appropriations process and attempted to diminish Tribal sovereignty and change the basic fabric of the federal-tribal relationship. Further, while we appreciate the commitment to balance the federal budget, we maintain that such a laudable initiative does not and should not preclude the federal government from fulfilling its trust responsibilities to Indian Tribes throughout this great nation. As Congress begins to shape the fiscal year 1998 budget, the NCAI urges the reversal of the downward direction the annual appropriations process has taken on Indian programs. We believe that the President's fiscal year 1998 budget request has taken a very positive step in that direction.

### THE PRESIDENT'S FISCAL YEAR 1998 BUDGET REQUEST

*A. Bureau of Indian Affairs*

The President's fiscal year 1998 budget calls for $1.7 billion to be allocated to the BIA, an increase of $127 million over the 1997 enacted levels. As important as these increases in funding are to Tribes, and despite the apparent commitment to Tribal self-governance, this increase is but a mere step in the direction of providing adequate funding and only begins to correct the recent unprecedented reductions in critical tribal programs.

*Tribal priority allocations.*—Tribal Priority Allocations (TPA), the mainstay in the BIA budget for Tribal operations funding, were decreased by nearly $100 million in fiscal year 1996. This occurred during the same cycle that over $200 million in programs and services were shifted from other areas of the BIA budget into TPA in an effort to give tribal governments more control over those tribal operations. The President's fiscal year 1998 budget for TPA is $757.3 million, an increase of $76.5 million over the fiscal year 1997 enacted level. The majority of these increases are earmarked for Tribal Government Operations and Human Services, which combined cover a broad spectrum of services provided at the Tribal level for its communities, children and families, elderly and poor, and government operations such as police and fire protection. Of special concern to our member Tribes is the lack of funding

---

[1] See generally "1990 Census Population—Characteristics of American Indians by Tribe and Language," U.S. Department of Commerce, economic and Statistic Administration, Bureau of the Census.

for the Indian Tribal Justice Act (Public Law 103–176) and the Indian Child Protection and Family Violence Prevention Act (Public Law 101–630, Title IV), both considered "New Starts" under current Congressional budget categorization, for which no funding is appropriated. We urge this Congress to consider the mounting needs for these programs, especially their significance in supporting a Tribe's ability to implement welfare reform in Indian Country, and fund these line-items at their authorized levels. Mr. Chairman, TPA funding in particular must be increased in order to improve the quality of life for Indian communities.

*BIA construction*.—The NCAI urges support of the President's request of $125 million for Construction funding. Our schools, courts, police and fire departments all have facilities that are in desperate need of repair or replacement. Many Tribal communities are still awaiting much needed new construction project funding to rehabilitate or replace these and other facilities, including dams and other resource projects. Every year, these facilities face increased safety hazards that must be addressed through proper maintenance and re-engineering projects. The President's request for BIA Construction projects is a step in the right direction.

*Indian trust funds*.—Management of Indian Trust Funds is in dire need of reform. Without a commitment from the Administration and Congress that ensures adequate funding levels and that oversight is provided, the overwhelming amount of mismanaged and unidentified trust fund accounts over the last 50 years will never be reconciled. It is in the best interest of all parties that the reconciliation of Individual Indian Monies (IIM) accounts and trust land asset accounts are resolved.

The Office of Special Trustee for American Indians (OSTAI) has submitted a draft strategic plan for trust fund management. This plan would fundamentally change the way trust activities are managed by the federal government. The Special Trustee has recommended that all trust management duties, responsibilities and activities including Trust Resources Management, Trust Funds Management and Land Title and Records Management be carried out by a new federal government sponsored entity that would exist outside of the Department of Interior. This strategic plan has gone far beyond its initial mandate to review the financial condition of Indian trust accounts. NCAI would urge the Committee to not support this plan until complete and meaningful consultation has occurred with Tribal governments.

*Indian education*.—NCAI joins with the Administration and the Congress in renewing our country's commitment to education and in supporting ambitious elementary and secondary education proposals. NCAI also welcomes the significant investment in Indian education. The $500 million request, which represents an increase over fiscal year 1997 enacted levels, will help meet some of the needs of Indian students attending Bureau-funded schools. The increase of $16.8 million over fiscal year 1997 for School Operations will help the Bureau deliver quality education, provide safe transportation, and convert Bureau operated schools to grant schools. However, the funding levels for other primary and secondary Indian education programs fail, once again, to meet the growing needs of our Indian students attending Bureau-funded schools.

Major educational programs that further opportunities for learning, enhance the learning environment of Indian students, and merit particular attention include: Adult Education—with the elimination of OIE's adult education program, BIA adult education must at least be funded at $4 million; Johnson O'Malley (JOM)—the real need in JOM is $54 million which will help alleviate current program funding restraints heightened by a 5 percent increase in JOM students in fiscal year 1997; Indian Student Equalization Program (ISEP)—the $296 million request will provide $3,094 per Weighted Student Unit (WSU). This per student outlay is significantly below the average per student expenditure of public elementary and secondary schools which had a $6,300 per student outlay in school year 1995–96; Replacement School Construction—$14 million is requested, an increase of $10 million over fiscal year 1997 which is needed for completion of the Many Farms High School. Although we support this project, we urge additional funding for the construction of additional new schools; Facilities Improvement and Repair (FI&R—$32.2 million is requested for education FI&R which will help to address the material weakness in Bureau schools. However, additional funding is still needed to address the current backlog of over $600 million in this program. The NCAI supports the National Indian Education Association (NIEA) statement to this Subcommittee on the President's fiscal year 1998 budget as it affects Indian Education.

*Cultural and historical preservation*.—The Native American Graves Protection and Repatriation Act, Public Law 101–601 (NAGPRA), provides the legal basis for the return of sacred objects and human remains, as well as for the protection of burial sites, and is critical in correcting many errors of the past and present. However, NAGPRA cannot bring about a better future until adequate funds are appropriated so that Tribes can complete the repatriation process, and continue to protect our

people's heritage. Despite a continual joint Tribal-museum request of $10 million from fiscal year 1994 through fiscal year 1997, Congress has appropriated only a fraction of that amount—$2.3 million—for NAGPRA related grants. This funding level is far below the projected need to comply with the provisions of the Act and well below the $10 million request. The President's fiscal year 1998 budget request of $2.3 million must be increased by Congress in order for Tribes to implement the goals of NAGPRA.

Many of our member tribes also rely on the protections available under the National Historic Preservation Act, Public Law 89–665 (NHPA). There are currently 14 tribes which have signed agreements with the National Park Service regarding the assumption of State Historic Preservation Offices (SHPO) duties. That number is expected to triple within the next year with more Tribes continuing to take on the role of SHPO'S. This activity alone supports the need for increased funding, however NHPA allocations fell from $2 million in fiscal year 1996 to $1.8 million in fiscal year 1997. In order to preserve our nations vast history and the cultural traditions of our people, the President's fiscal year 1998 budget request of $2.3 million must be supported by Congress as the minimum standard funding level to allow Tribes to carry on this important work.

*National Indian Gaming Commission (NIGC)*.—The NIGC performs critical functions in overseeing Tribal gaming operations and should be funded at an annual appropriation of $10 million. The NIGC receives $1.5 million annually from fees on Class II gaming and receives approximately $1 million from appropriations. The NIGC has been functioning at approximately a $4.2 million annual operating expense level, but this level of funding is threatened because the NIGC will run out of start-up monies in fiscal year 1997. Under this scenario, the NIGC will have a $1.7 million deficit in fiscal year 1998. In order to remedy this situation, the $1.5 million dollar cap on fees from Class II gaming should be removed, and fees should be extended to Class III gaming. If the cap is not removed, the Administration contributions should be increased to $2.7 million in order to maintain the current minimum operations. The NIGC has the regulatory authority that is necessary and appropriate to ensure that Tribal gaming can continue with the same exemplary record that it has compiled to date. In the absence of adequate funding, NIGC's abilities to meet its responsibilities will be severely impaired, and the future of Tribal gaming will be at risk.

*B. Indian Health Service*

Funding for the Indian Health Services (IHS) is allocated in two distinct categories—Services and Facilities. The President's fiscal year 1998 budget request of $2.1 billion for the IHS is a marginal increase over the fiscal year 1997 enacted levels; however, approximately $367 million more is needed to restore the funding decreases over the past few fiscal years. These reductions have led to an increase in unmet needs surrounding mandatory costs, mandatory contract support, facility construction costs, and inflationary costs under Contract Health Care programs and must be rectified.

*IHS services*.—The President's $1.8 billion request is a $29 million increase over the fiscal year 1997 enacted level. Although Services funding continues to show marginal increases every year, these slight increases do not meet the current needs of approximately $2.04 billion. It is estimated that nearly half of the nation's Indian population live in the urban areas of this country. Tribal governments continue to share in the duties and responsibilities of providing health care for those individuals living in urban areas in conjunction with the federal government. For these reasons it is critical that our clinical services, including hospitals and health clinics, as well as our preventative health care programs receive adequate funding to keep pace with the increased needs of our service area populations, both in the Tribal communities and the urban areas.

For example, the IHS budget for the HIV/AIDS program does not cover the cost of drugs to treat Indian people infected with HIV. We are aware that the cost of these drugs is significant; however, we are also concerned that Indian people infected with HIV whose only source of medical care is the IHS may not receive proper care if they and their physicians do not have access to these life-saving drugs. NCAI recommends a restricted line item in the IHS budget that covers the cost of AIDS-related medications.

*IHS facilities*.—The President's request for $300 million for IHS Facilities—an increase of nearly $39 million over last year, is a welcomed change in the direction of Facilities funding. However, funding levels for IHS Facilities must be increased to approximately $149 million in order to maintain health care facilities in Indian Country. Tribes have reported that facilities are struggling to keep pace with the needs of the service areas. Old facilities are in need of major improvements and

some service areas require the erection of new facilities. I urge this Congress to make one of its goals the renewed support for increased health care facilities in Indian Country and to start this commitment by supporting the President's fiscal year 1998 budget request for IHS Facilities.

*Indirect costs*.—Although funding levels for the Indian Health Services have gradually increased over the last two years, changes in allowable costs associated with these operations have created additional financial burdens on Indian health care systems. Of concern to every Tribal program manager was Congress' elimination of funding for indirect costs associated with the administration of Indian programs and services. This action, which began with the passage of the fiscal year 1995 Rescissions bill and continued through the fiscal year 1996 appropriations process, creates substantial reductions (up to one-third in some cases) in actual operating budgets. Indirect costs associated with health care services are inherently higher than other areas of operation. In the non-Indian communities, health care operations were better able to absorb these indirect cost restrictions by passing on those additional costs to the states, their patients, and other forms of cost reimbursements. Tribes do not have this ability and are forced to absorb these costs by eliminating or reducing funding for other tribal operations.

*Welfare reform*.—Federal welfare reform has created an even greater need for Tribal governments to directly administer certain Medicaid and other welfare services closely tied to the health care arena. IHS must provide technical assistance and other support funding for Tribal governments faced with developing new Tribal programs and services, or operating through state initiated programs that do not meet the unique needs of Indian people. Direct funding for these new Tribal programs will protect the ability of Tribal governments to provide for their members.

CONCLUSION

Mr. Chairman, we urge the Congress to fulfill its fiduciary duty to American Indians and Alaska Native people and to uphold the trust responsibility as well as preserve the Government-to-government relationship, which includes the fulfillment of health, education and welfare needs of all Indian Tribes in the United States. Tribes throughout the nation relinquished their lands as well as a great multitude of resources in exchange for this trust responsibility. The President's fiscal year 1998 budget acknowledges the fiduciary duty owed to Tribes. We ask that the Senate consider the funding levels in the President's budget for the Department of Interior and Related Agencies as the minimum funding levels required by Congress to maintain the federal trust responsibility and by Indian Country to continue on our journey toward self-sufficiency. This concludes my statement. Thank you for allowing me to present for the record, on behalf of our member tribes, the National Congress of American Indians' initial comments regarding the President's fiscal year 1998 budget.

---

PREPARED STATEMENT OF TED STRONG, EXECUTIVE DIRECTOR, COLUMBIA RIVER INTER-TRIBAL FISH COMMISSION

Mr. Chairman, on behalf of the Columbia River Inter-Tribal Fish Commission (CRITFC), thank you for the opportunity to present the Commission's views on how the budget for the Bureau of Indian Affairs (BIA) should be structured to meet tribal fishery resource needs. For fiscal year 1998, the CRITFC has identified needs totaling $9,506,433 for Columbia River fisheries management and associated programs, an increase of $7.014 million over the fiscal year 1997 appropriated level of $2.493 million. The total needs identified includes continued funding for fisheries management, the Columbia River tribes' planning efforts involving the Columbia River Gorge Scenic Act, Columbia River Habitat Programs, Columbia River Endangered Species Program, and critical Watershed Restoration activities, as well as past under-recovered pay cost adjustments, totaling $103,903, mandated by law. In addition, the administration has proposed, and we support, funding enforcement activities at "in-lieu" fishing access sites at $250,000 in fiscal year 1998. Finally, the Columbia River tribes receive funding for participation in the Pacific Salmon Treaty process, consistent with annual recommendations of the U.S. Section of the Pacific Salmon Commission. We support the U.S. Section recommendation for fiscal year 1998, at the funding level of $3,152,046 for the Pacific Salmon Treaty program in the BIA, with CRITFC and its member tribes to receive $861,305 of that amount, plus fiscal year 1997 and fiscal year 1998 pay cost adjustments.

DIRECTION TO INTERIOR AND RELATED AGENCIES

In addition to the funding levels identified above, we ask that you direct the Bureau of Land Management, United States Forest Service, National Biological Survey, and the U.S. Fish and Wildlife Service to enter into cooperative agreements or 638 contracts as provided for under Public Law 103–413, with the CRITFC and with each of the individual member tribes in order to provide funding for coordination, participation, and project implementation under the several recovery plans. Each of the listed federal agencies has had several years during which to apply appropriated funds to implement authorized programs that would provide for healthy and sustainable fisheries; the tribes believe that it is now time for them to be given the opportunity to reach this goal.

MISSION STATEMENT

The CRITFC was formed by resolution of the Nez Perce, Umatilla, Warm Springs and Yakama Tribes for the purpose of coordinating fishery management policy and providing technical expertise essential for the protection of the tribes' treaty-protected fish resources. Since 1979, the CRITFC has contracted with the BIA under the Indian Self-Determination Act (Public Law 93–638) to provide this technical support. The CRITFC's primary mission is to provide coordination and technical assistance to the member tribes to ensure that outstanding treaty fishing rights issues are resolved in a way that guarantees the continuation and restoration of our tribal fisheries into perpetuity. The Commission's technical experts, in coordination with the tribes' technical experts, have identified where the land and water managers as well as state and federal fishery managers have fallen short in protecting and restoring the habitat and production of all salmon stocks and we have, at the request of the tribes, provided recommendations for correcting management practices that have led to the loss and destruction of salmon and its habitat. The tribes' restoration plan documents the threats to their fisheries, identifies hypotheses based upon adaptive management principles for addressing these threats, and provides specific recommendations and practices that must be adopted by natural resource managers to meet their treaty obligations. The tribes' ultimate goal is to restore a sustainable resource for the benefit of all peoples in the Pacific Northwest, the following programmatic descriptions briefly describe how the tribes hope to achieve that goal.

WATERSHED RESTORATION COST SHARE

For the Fisheries Services programs, $5.5 million of the proposed increase is for the watershed-based salmon restoration program. The tribes have identified $30 million in habitat restoration work that must take place in the Columbia River Basin in order to begin to restore salmon populations. Of this work, about half is located on tribal reservations and ceded lands; therefore, the tribes must be prepared to manage and administer at least $15 million in watershed restoration activities, and will need to provide the required 25 percent match. The $30 million will come from regional sources, for example, from the Northwest Power Planning Council's Fish and Wildlife Program funded by the Bonneville Power Administration. So, out of the $5.5 million, $3.75 million will provide the required 25 percent match for $15 million of tribal watershed restoration activities. That is, every dollar provided through appropriations for this program will leverage a three dollar match from regional funds. The cost share monies will go directly to tribal governments implementing projects. Of the balance of the $5.5 million, $1 million will be used to support building tribal capacity to administer and manage the habitat restoration activities and $750,000 will be used to direct a Columbia Basin habitat monitoring program to monitor the effectiveness of the $30 million in watershed projects. In lieu of the $3.75 million identified for BIA cost-sharing on watershed restoration projects, the Bureau of Indian Affairs could facilitate efforts between each of the four tribes and their Commission and the Bureau of Land Management, United States Forest Service, National Biological Survey, and the U.S. Fish and Wildlife Service to enter into cooperative agreements or 638 contracts as provided for under Public Law 103–413, in order to provide funding for this cost share.

WATERSHED RESTORATION OUTREACH

An important aspect of implementing the watershed restoration program throughout the Columbia River Basin will be explaining the benefits of the program to the potential partners in out year programs. The tribes believe that additional benefits might be realized through private corporations or citizens participating in the watershed restoration effort, either directly through identified projects or through the independent development of complementary projects. Developing and encouraging

this type of participation, as well as explaining the benefits of the underlying program, will require extensive public outreach efforts. The estimated cost for this component is $200,000 for fiscal year 1998.

COLUMBIA RIVER ENDANGERED SPECIES PROGRAM

In January 1991, at the Bureau of Indian Affairs' request, the Commission submitted an assessment of our foreseeable needs regarding outstanding hunting and fishing rights. We requested $600,000 for determining the proper allocation of the conservation burden among all sources of salmon mortality in the Columbia and Snake basins and $400,000 for implementing hatchery production reform. The majority of these funds are to be distributed to the tribal fishery programs, with the remainder to the Commission for coordination and additional technical support. These programs represent on-going needs; thus far only $300,000 has been provided under the Columbia River Endangered Species Program, leaving an unmet need of $700,000. The tribes and Commission would utilize the balance of the funds consistent with both salmon restoration plans and our on-going programs.

ENFORCEMENT AT "IN-LIEU" SITES

Under Public Law 100–581, the Congress authorized the U.S. Army Corps of Engineers to acquire and develop access sites and facilities along the Columbia River to replace usual and accustomed fishing places inundated as a result of the construction of Bonneville Dam, known as "in-lieu" sites. Once these in-lieu sites are acquired and developed by the Corps, they will be turned over to the Department of the Interior, Bureau of Indian Affairs, for administration as Treaty Fishing Access Sites. Administration of these sites will involve increased enforcement responsibilities, which is estimated at $250,000 for fiscal year 1998.

PROTECTION OF CULTURAL RESOURCES

Under the several salmon restoration plans being reviewed for implementation in the Columbia River basin, there are several proposals that will affect river operations, ranging from reservoir pool draw downs to naturalized river flow options. Under any of these scenarios, river level elevations will decline, leading to exposure of tribal cultural sites, including tribal burial sites. Protection of these cultural and religious resources, including criminal and civil penalties, are provided pursuant to the Archaeological Resources Protection Act and the Native American Graves Protection and Repatriation Act. The additional costs associated with enforcement activities to protect these resources are estimated at $500,000.

As for the Commission's ongoing programs, the work of the Commission's staff is being undermined by the manner in which the Bureau of Indian Affairs is providing funds for the indirect costs of these programs:

*Contract support/indirect costs*

Each of the last three years, indirect cost reimbursement to the CRITFC has fallen between $80,000 to $100,000 below legislated levels. We are concerned that this shortfall will continue to increase, unless Congress takes action to ensure that contract support requirements are fully financed.

*Current estimates indicate the BIA will have a 10 percent shortfall in paying indirect costs for 1997.*—While a separate fund has been established to provide indirect cost reimbursements for new contracts, indirect cost funds for ongoing contracts still fall far short of program requirements. This continuing trend has serious ramifications for the Commission's operations, such as deferring computer equipment purchases, and curtailing support services needed to meet the organizational mission.

In addition, indirect cost shortfalls have the effect of amplifying the Commission's indirect cost rate due to the under-recovery of indirect costs. That is, the Commission operates with an indirect cost recovery deficit and must attempt to cover that deficit when applying for other federal and non-federal grants in order to have the capability to support the grant project. On the other hand, if the BIA provides full indirect cost reimbursements on BIA funds, our indirect cost rate will be dramatically reduced and we will be better able to persuade other governmental and non-governmental entities to provide program funding.

*Pay-cost adjustments*

Add $103,903 to provide for under-recovered pay cost and inflation for adjustments for 1992, 1993, 1994, 1995, and 1996. Direct BIA to insure that all Public Law 93–638 contracts are treated in accordance with these annual adjustments.

Several years ago the Committee directed the BIA to stop ignoring the Commission contract in making the normal annual pay cost and inflation adjustments being

afforded BIA operations and other Public Law 93–638 contractors. For a number of years the BIA complied, prior to 1992. While the BIA has provided pay cost adjustments for fiscal year 1997 and fiscal year 1998, we would ask that the Committee direct the BIA to provide full adjustments for the fiscal years 1992, 1993, 1994, 1995, and 1996.

Finally, only last week we received a copy of the draft "Strategic Plan to Implement Reforms Required by the American Indian Trust Fund Management Reform Act of 1994." While certain aspects of the draft plan may have merit, we are concerned that it still require considerable study. Relative to this Commission's primary mission, we are concerned about the new proposal in the draft plan to create an independent organization—outside the Department of the Interior—to assume all trust asset management functions. How this might relate to fishery resources is unclear; in fact, there are many unanswered questions. Clearly, this proposal requires considerable review and examination by the tribes. We believe that appropriations to fund implementation of those parts of the plan that relate to removing functions from the Bureau of Indian Affairs should not be provided until the tribes have had a full opportunity to review and evaluate that plan. We expect that our member tribes will continue to review and actively participate with other tribes in evaluating this draft plan and that they will communicate with you further as this draft plan moves forward.

Mr. Chairman, in summary, we believe that the Commission is an excellent working model of the Indian Self-Determination Act. Through a governing body of leaders from four tribes working together to protect their treaty fishing rights and a staff of biologists, hydrologists, law enforcement personnel, and other experts advising tribal policy-makers, this Commission has demonstrated that tribes are able to take the lead on natural resource issues, provided that adequate resources are available. We are asking for your continued support of our efforts. We trust the Subcommittee will take these concerns into account when considering the fiscal year 1998 Bureau of Indian Affairs budget. We are prepared to provide any additional information you may require in analyzing the BIA's budget.

---

PREPARED STATEMENT OF WM. RON ALLEN, COMMISSIONER, U.S. SECTION OF THE PACIFIC SALMON COMMISSION

Mr. Chairman, my name is Ron Allen, I am the tribal Commissioner representing the United States of America on the Pacific Salmon Commission. For the record, I have provided the executive summary of the proposed budget prepared by the U.S. Section Budget Committee for implementation of the Treaty. It details budgets for Tribal, Federal, and State agencies involved in the Treaty. The U.S. Section has identified a required funding level of $3,152,046, plus pay cost adjustments for fiscal year 1997 and fiscal year 1998, for tribal research projects and participation in the United States/Canada Pacific Salmon Treaty process for fiscal year 1998. These program recommendations have been integrated with those of the state and federal agencies so as to avoid duplication of effort and provide for the most efficient expenditure of scarce funds. In the BIA's budget in past years, these funds have been allocated between Self Governance compacts and the United States/Canada Pacific Salmon Treaty line item. This year, in a move endorsed by the U.S. Section, the BIA will transfer $924,000 from the self governance compacts back to the Salmon Treaty account. Please note that this amount falls $134,046 short of the amount necessary to fully restore this account. This is due to recent cuts in self governance funding. In order to ensure the effective implementation of the United States/Canada program, the U.S. Section recommends that this committee, in addition to the base transfer, restore the additional $134,046 to our base funding, thereby funding the United States/Canada account at $3,152,046 in fiscal year 1998. I would note that, at that amount, you would only be restoring this program to its fiscal year 1995 combined funding level.

The United States and Canada established the Pacific Salmon Commission, under the Pacific Salmon Treaty of 1985, for the purposes of conserving salmon stocks, providing for the optimum production of salmon stocks, and controlling salmon interceptions. While the first few years of the Treaty provided tangible benefits for both countries, the Commission's work has become increasingly difficult over the last few years: the status of some of chinook and coho stocks originating in Washington, Oregon, Idaho, and British Columbia continues to grow worse while the demands to maintain culturally and economically important fisheries increases. The Commission could not meet one of these needs without sacrificing the other. While both country's managers agreed that conservation needs should be addressed first, we found it increasingly difficult—if not impossible—to agree on which fisheries

should bear the sacrifice necessary carry out that responsibility. In the last year, though, we have initiated two important changes: within the United States, we have adopted an abundance based approach for chinook management; with Canada, we have embarked upon a "Regional Stakeholders Process" in an attempt to resolve our ongoing debate over "Equity" under the Treaty.

Until the last two years, the United States watched in frustration as Canada ignored our requests for significant harvest reductions in Canadian fisheries harvesting U.S. origin coho, and chinook. This stance by Canada only increased the pressures on harvest management within the U.S. Chinook conservation concerns, particularly for stocks originating in Idaho, Oregon, and Washington, finally resulted in a lawsuit within the United States in 1995. This lawsuit was the result of the United States and Canada's inability to develop a more responsive chinook management regime, one that took into account the annual fluctuations in the abundance of stocks. The tribes and the states of Washington and Oregon, through litigation, enjoined Alaska's chinook fishery in 1995, while Canada undertook some chinook harvest reductions as well. These actions addressed the chinook conservation requirements in the short term, but left many questions unanswered.

In 1996, the U.S. Section, after lengthy negotiations, adopted an internal agreement on how to manage the Southeast Alaska chinook fishery, utilizing an abundance based management mechanism. We only took this step in the United States after negotiations with Canada did not provide us with a coastwide management mechanism. The approach adopted by the United States allows for the harvest of chinook to go up in Southeast Alaska as the aggregate abundance of stocks increase, but, equally important, this approach reduces the allowable harvest as the aggregate stock abundance goes down. In this way, the United States hopes to be able to more proactively address conservation concerns for chinook stocks in U.S. fisheries. But because this effort cannot work without Canada's participation, it is our intention to negotiate a compatible management regime for Canadian fisheries through the Salmon Commission process, using our agreement as a starting point.

As for Equity, the United States proposed and Canada agreed to use, a regional forum to address our continuing debate over how to implement this important Treaty principle. Under this approach, we have enlisted fishers, the people that know the fisheries and their problems the best, to provide us with recommendations on how to resolve the several long standing issues in this area. Using one group for Alaskan and Northern British Columbia fisheries and another group for Southern British Columbia and Fraser River fisheries, the parties have tasked these fishers with reviewing past management regimes and asked them to come back with innovative solutions. While they will be struggling with difficult issues, I believe there is reason to be optimistic about solutions coming out of this process.

Mr. Chairman, considering the explanations I have just provided for some of the things you may have heard, the signing of the United States/Canada Pacific Salmon Treaty must still be recognized as an essential step forward for the conservation and enhancement of the truly renewable salmon resource of the Pacific Northwest, Alaska, and Canada. Under the Treaty, both countries committed themselves to a coastwide rebuilding program for chinook salmon stocks, to the conservation of the coho stocks of both countries, and to a harvest sharing of Fraser River sockeye and pink salmon stocks in order to provide for stable United States and Canadian harvests. Even with the difficulties outlined above, the Commission continues to work towards those goals. There is no doubt that the resource would be in much worse shape today had the Treaty not been in place for the last ten years. Prior to this Treaty, fish wars often erupted with one or both countries overharvesting fish that were returning to the other country, to the detriment of the salmon resource. Now, under the Treaty, we share a mutual commitment—if at times a rocky one—with Canada to rebuild chinook stocks, to conserve salmon populations coastwide, and to insure that each country is receiving the benefits of its salmon production.

Especially in years of difficult negotiations, you should recognize that the information provided by the programs becomes even more critical from a management perspective. When there is no agreement between the United States and Canada, the burden on U.S. resource managers of domestic fisheries increase by well more than twofold—without adequate technical information, they must take much more conservative management actions to avoid overfishing the stocks.

Beyond our budget recommendations, it is important to remember that a primary consideration of Pacific Salmon Treaty negotiators was that the Treaty would allow for both the United States and Canada to proceed with planned enhancement activities. You should recognize that additional funding should be provided, as promised at the time the Treaty was signed, to carry out these enhancement activities. Within the region, we are developing cooperative arrangements to further region-wide efforts to rebuild salmon stocks. Continued delay in undertaking enhancement activi-

ties is placing considerable strain on those bearing the burden of conserving the salmon resource—largely fishermen coastwide, and all too often the tribal fishermen. Enhancement of this resource will provide for a stable, diversified economy coastwide. Of course, enhancement under the Treaty means the use of both natural and artificial methods and includes restoring the spawning habitat of a river, enhancing passage to the spawning and rearing areas, and using supplementation to rebuild weak or depressed stocks. And again, since they have been developed to rebuild or conserve salmon populations, these enhancement activities would also be expected to complement and hasten the recovery of salmon stocks listed under the Endangered Species Act.

Finally, you should take into account the fact that the annual value of the commercial harvest of salmon subject to the Treaty is worth well over $500 million when stocks are at productive levels, supporting the infrastructure of many coastal and inland communities. The value of the recreational fisheries, and the important economic diversity they provide for local economies throughout the Pacific Northwest and Alaska, is also immense. And, of course, the value of these fish to tribes of Washington, Oregon, and Idaho goes far beyond their monetary value and reaches the cultural and religious lives of Indian people. Lastly, continued attention—and significant monetary investments—is focused on salmon as a result of listings of Pacific Northwest salmon populations under the Endangered Species Act. Given the resources, we manage a resolution to this complex situation, especially if we are allowed to work towards the true intent of the Treaty: mutually beneficial enhancement of the shared resource.

Mr. Chairman, that concludes my written testimony submitted for consideration by your Committee. I want to thank the Committee for the support that it has given the U.S. Section in the past. Rolland Rousseau, Chairman of the U.S. Section Budget Committee, will be able to answer any written questions you or Committee members may have regarding the U.S. Section of the Pacific Salmon Commission budget.

*Summary of tribal program under the United States-Canada Pacific Salmon Treaty*

| *Fiscal years* | *BIA total* |
|---|---|
| 1997 actual appropriation | [1] $3,018,000 |
| 1998 recommmendation | 3,152,046 |
| Shortfall/restoration | 134,046 |

[1] This amount is the total of self governance account funds ($924,000) and the United States-Canada Pacific Salmon Treaty account ($2,094,000). As a result of targeted cuts in funds that were provided under Tribal/Agency Operations for tribes participating in the Self-Governance Compacts, this amount is a reduction in program funding provided by Congress in earlier years. In order to carry out the programs endorsed by Congress in past years, an additional $134,046 should be restored to the United States-Canada Pacific Salmon Treaty.

PREPARED STATEMENT OF WM. RON ALLEN, COMMISSIONER, U.S. SECTION OF THE PACIFIC SALMON COMMISSION

Mr. Chairman, my name is Ron Allen and I am a Commissioner on the Pacific Salmon Commission, established by the Treaty between the United States and Canada for the purposes of conserving salmon stocks and controlling salmon interceptions. I am providing this testimony as a member of the U.S. Section Budget Committee. The Committee's staff has also been provided with a copy of the recommended budget prepared by the U.S. Section for implementation of the Treaty. It details budgets for Tribal, Federal, and State agencies involved in the treaty. For the U.S. Fish and Wildlife Service, the U.S. Section recommends funding the fiscal year 1998 base program for Pacific Salmon Treaty activities at $615,000, an increase of $150,000 over the amount provided by Congress in fiscal year 1997, providing a necessary add-on to the USF&WS base budget for the Regional Mark Center. All of the funds are needed for data collection and analysis directly related to the implementation of the Treaty and are used in cooperative programs involving Federal, State, and Tribal fishery agencies and the Department of Fisheries and Oceans in Canada. The monetary commitment of the United States is matched by the commitment of the Government of Canada.

The United States/Canada Pacific Salmon Treaty continues to be important to the wise management of the salmon of the Northwest and Alaska. The cost to manage this resource is small compared to the value of the salmon to the economies of both countries. The value of the annual commercial harvest of salmon subject to the Treaty is estimated, when stocks are healthy, at over $1 billion, supporting the infrastructure of many inland and coastal communities in Southeast Alaska, Canada, Washington, Oregon and Idaho. The value of the recreational fisheries, and the important economic diversity they provide for local economies throughout the Pacific

Northwest and Alaska, is also immense and in some ways incalculable relative to the societal benefits they provide local communities. Recent downturns in stock productivity make the USF&WS programs, especially the Regional Mark Center, critical to managing currently depressed stocks. And, of course, the value of these fish to tribes of Washington, Oregon, and Idaho goes far beyond their monetary value and reaches the cultural and religious lives of Indian people.

As part of the U.S. Section's management activities, millions of young salmon are marked each year with coded wire tags that allow the U.S. Section to evaluate its fishery management decisions. The adult salmon that return to the fisheries and spawning areas are sampled and the tags are recovered, providing important migratory and catch rate information to both researchers and managers. This information continues to be the backbone of evaluating the Treaty's programs and successes and is also an invaluable tool in gauging the recovery programs being evaluated by the Pacific Northwest and Alaska as part of the Endangered Species Act process. This critical work is facilitated by the Regional Mark Center.

For fiscal year 1998, we are requesting that the Committee provide the Fish and Wildlife Service with a $150,000 add-on to fund the Pacific States Marine Fisheries Commission's (PSMFC) Regional Mark Center. The Regional Mark Center coordinates the standards of the Treaty's comprehensive, long-term activity and acts as the central computerized repository for the information on tag releases and recoveries. The Fish and Wildlife Service will contract with the PSMFC to provide this service. Because of the added concern for salmon stocks generated by the Endangered Species Act, this information has become even more critical to Alaska and the Pacific Northwest, as well as Canada, in order to evaluate fishery management decisions. Because the responsibilities of the Regional Mark Center will continue to grow as the demand for this information grows, the U.S. Section is recommending that $150,000 be added to the Service's base Resource Management program funding for this critical Treaty activity.

Mr. Chairman, that concludes my testimony submitted for consideration by your Committee. I want to thank the Committee for the support that it has given to the Treaty in the past. I am available to answer any questions you or Committee members may have regarding the U.S. Section of the Pacific Salmon Commission budget.

SUMMARY OF U.S. FISH AND WILDLIFE SERVICE PROGRAM NEEDS FOR UNITED STATES-CANADA PACIFIC SALMON TREATY

| | Fiscal years— | | Shortfall |
|---|---|---|---|
| | 1997 appropriation | 1998 recommendation | |
| Fisheries (staff and tagging activities) | $465,000 | $465,000 | ..... |
| Pacific States Marine Fisheries Commission | ..... | 150,000 | $150,000 |
| Total | 465,000 | 615,000 | 150,000 |

---

PREPARED STATEMENT OF JOYCE BURR, SUPERINTENDENT, CIRCLE OF NATIONS SCHOOL

Honorable Senators: My name is Joyce Burr I am the superintendent of Circle of Nations School, an off-reservation boarding school operating under a contract from the BIA to the Sisseton-Wahpeton Sioux tribal governing body under Public Law 100–297. The 6-member school board represents tribes with the largest enrollment of students, from the states of North Dakota, South Dakota, Minnesota, Montana, Wisconsin, and Nebraska.

The Circle of Nations School is located on a 53-acre campus in Wahpeton, ND. It has 3 dormitories, 1 instructional building, and 10 other buildings. The program was established by Congress in 1904 as an agricultural and vocational training school administered by the BIA. It changed to a more conventional academic focus by the 1940's. Day schools had been established on reservations following the 1928 Merriam Report, which spurred national reform in Indian education.

By the 1970's, the remaining boarding school system was home to a troubled student population who did not fit with schools at their home agencies.The concept of a therapeutic school began to be discussed among Indian health and education leaders. Several papers from 1973 to 1988 document needs of the off-reservation boarding schools and the recommendations of BIA, Indian Health Service, and Indian school organizations toward a therapeutic model.

In 1993 the school converted to tribal grant status. That year, a Therapeutic community School Model Meeting had been held in Washington, DC whereby Indian Health Service, BIA, mental health experts, and boarding school officials conceived a plan to implement the model in 4 schools, including Wahpeton. This was hailed as "an historic meeting, a collaborative effort between the Bureau of Indian Affairs and Indian Health service" and "a cooperative endeavor in more than name only." Again the mental health needs of students were emphasized, as were staffing and funding improvements.

Indian Health Service stated that an "underfunded, understaffed model should not be attempted." The off-reservation boarding schools (ORBS) asserted that the Indian School Equalization Program (ISEP) formula could not even marginally meet the high needs of students with chronic substance abuse, mental health, behavior and learning problems. Concept papers from the ORBS recommended changing the ISEP formula. To date this has not happened, and the boarding schools continue to struggle with a seemingly impossible proposition: to provide—on a shoestring budget—a total program for each child, where various other agencies and resources have failed or been exhausted. For years, the boarding schools had the image of a "last resort" "dumping ground" "warehouse" and "escape hatch" for troubled and disadvantaged Indian youth.

These children were abandoned by parents, schools, professional service providers, and the juvenile justice system without a second thought. They came from psychiatric wards, detention centers, abusive homes or no home, and other problematic circumstances with no documentation or resources for their care while at school. Yet there has never been a suicide or a drug or alcohol-related death of any student at the Wahpeton Indian boarding school—even though a dozen such incidents have occurred in the school-age population of the surrounding small community in as many recent years.

As a result of the numerous studies and adverse publicity regarding boarding schools, the Circle of Nations (Wahpeton Indian School) was designated a therapeutic model demonstration project under Public Law 103–382, Improving America's Schools Act of 1994. A one-year funding award allowed for a reduced enrollment of 150 students in 1994, as compared to nearly 300 the previous fall, in order to lower the student-to-staff ratio.

The school is charged with the responsibility of providing a program, based on an annual written plan, that "links clinicians, counselors, and mental health professionals with academic program personnel in a culturally sensitive residential program tailored to the particular needs of Indian students."

The school operates a 24-hour-a-day, 7-days-a-week, 9-month therapeutic residential school program. We currently enroll 200 children in grades 4 through 8 from around 33 tribal groups and 18 different states. Our largest student enrollment are from the Aberdeen, Bemidji, and Billings Indian Health Service regional areas. However, the school does not receive Indian Health Service support other than technical assistance and the school clinic program which employs a nurse and intermittent nurse assistance.

Last year's budget for the school clinic was $185,016 ($101,316 from Hospitals & Clinics program and $83,700 for Contract Health Service funds). With 200 students, that works out to $925 per student for the 252 days per school year that a student is on campus, or $3.00 per day. If a student requires emergency psychiatric placement, their entire yearly allotment will buy 1.5 days or one-half of a standard 72-hour emergency inpatient assessment. Longer-term mental health or chemical dependency treatment is the usual recommendation for these students, although funds can rarely be accessed.

Circle of Nations revised its admission requirements to include a psychological evaluation, chemical dependency assessment, court report, and social history for each students' application. This eliminated some costs and provided a planning document for each student. The majority of students have multiple health risk factors—environmental, biological, and behavioral. Typically, students have a history of low academic or personal achievement and have learning impairments.

Most of our students can be diagnosed with more than on co-existing mental health, substance abuse, or learning disorder. 75 percent are eligible for Special Education services in either Emotionally Disturbed (80 percent) or Learning Disabled (20 percent) diagnostic categories. At least 90 percent meet diagnostic criteria for Conduct Disordered. 75 percent report a history of physical, sexual, or psychological abuse. 25 percent or more have family-reported risk factors for prenatal alcohol or other drug exposure known to cause birth defects such as Fetal Alcohol Syndrome of Effect. Traumatic brain injury is a significant factor as well.

The goals of the Circle of Nations therapeutic model are: 1. Successful transition through levels of learning; 2. Health promotion/disease prevention; 3 Mental health promotion; and 4. Promote spiritual, cultural, social, and emotional development.

We can provide a comprehensive residential education program that includes housing, nutrition, special education, school health services, recreation, cultural, and leisure activities, and a network of referral. We use all available resources for the prevention and early intervention/remediation of health and learning problems, including mental health and substance abuse disorders. Students may be referred elsewhere if their problems turn out to be beyond the scope of our services, for example, psychiatric emergencies and longer-term inpatient recommendations. There are no clinical mental health providers on staff, such as a psychologist, psychiatric nurse, etc. although we can contract limited assessment services from providers (not treatment).

The therapeutic residential school is conceived of as a cost-effective approach which aims to prevent or ameliorate lifetime problems, the costs of which are already being obligated to different agencies, programs, or resources. The total cost per student is currently $50 per day at Circle of Nations School, compared to $125 for youth detention, $480 for inpatient substance abuse treatment, or $650 for inpatient psychiatric care. The overall federal average cost of housing an adult prison inmate presently exceeds $21,350 per year. A year's stay in the state hospital or regional treatment center is far more costly.

Experts on the treatment of conduct-disordered children agree that developing a "system of care" that is designed to improve the child's ability to function in all areas of his or her life—at home, in school and in the community is the best approach, rather than short-term treatment or counseling. Circle of Nations is a structured system of care for children who do not have an adequate system elsewhere.

The idea is to help these children change their emotional and belief system before it solidifies and is entrenched in their lives (a childhood history of conduct disorder is a diagnostic requirement of adult antisocial personality disorder). Circle of Nations School promotes normal socialization, skills acquisition, and remediation modalities in the least restrictive environment possible. The therapeutic community approach teaches personal and social responsibility and allows the student to practice adaptive coping skills.

Circle of Nations is not a locked facility as are the state corrections school and other inpatient or residential programs where youth are physically contained, requiring fewer staff to operate. In comparison, the students at Circle of Nations School require constant staff supervision, a higher staff effort, and a higher staff to student ratio.

When our students are assessed by expert providers and clinicians, they have over and over again recommended long term inpatient therapy, group or foster home placement, specialized learning and behavior programs, and dual track mental health/substance abuse treatment. But there is no such placement available to our students—Circle of Nations School is the closest thing to this ideal although it is not yet a truly therapeutic model.

During the 1996–97 the Behavioral Center Pilot Project was implemented on a small scale at Circle of Nations School. This is a structured 24-hour care program for high-risk students such as dual disordered, chronic substance abusing, and assaultive kids. It serves up to 10 children at a time with an individual Master Treatment Plan. The team treatment approach utilizes the participation of clinical mental health providers, licensed addiction counselors and social workers, counseling and psychological support staff, and residential and child protection staff.

The majority of kids go through the behavior modification and counseling program and are then mainstreamed into the general population again instead of being suspended or expelled. Some are placed in longer-term psychiatric or CD treatment programs directly from the Behavioral Center and are able to return school upon successful completion of these off-campus programs. This project is successful in that only 2 of 24 students were dropped from Circle of Nations School after leaving the Behavioral Center. Both were placed directly into longer-term psychiatric treatment through CNS referral work.

While this program is effective for the children it serves, it does strain our staff resources that are needed by the rest of the student population. If a clinical program director and mental health providers and workers could be hired to operate the Behavioral Center and generate third-party billings, this program could serve many more students and become self-sufficient in 3–5 years. What Circle of Nations School proposes to do is to further develop and staff the Behavioral Center whereby students can be served by a three-phase onsite therapy program, eliminating the cost of outside provider contracts and emergency facilities and improving student performance and retention.

The on-campus Behavioral Center is our priority task in carrying out the therapeutic residential school mission. We are requesting $1.7 million to implement this project. A complete proposal and budget are available for review.

Lives are being wasted every day in this country. Students drop out and leave school without learning the crucial things for their success. The boarding schools are a microcosm of reservation and urban society today with all its ills. It's time to quit the Band-Aid approach. Inadequate funding, understaffing, outdated programs, restrictive policies, and lack of coordination between agencies have characterized Indian boarding schools for the past 25 years. We must move decisively, for these children are our future.

---

PREPARED STATEMENT OF STANLEY HERRERA, PRESIDENT, ALAMO-NAVAJO SCHOOL BOARD, ALAMO, NM

Mr. Chairman: I am Stanley Herrera, President of the Alamo-Navajo School Board. With me today is Burton Apache, a Member of the School Board. We ofer testimony on the School Operations budget submitted by the Bureau of Indian Affairs, and on certain aspects of the fiscal year 1998 Indian Health Service budget.

First, let me point out that the Alamo School Board does more than operate a school. Since our 10-square mile reservation is in an isolated area of south/central New Mexico, far away from the "big" Navajo Reservation, the Alamo-Navajo Community has had to learn and practice self-sufficiency on a daily basis. Through the authorization of the Navajo Nation Council and the Alamo Chapter (a political subdivision of the Navajo Nation), the School Board has become the central service organization for all education, health, roads maintenance and community programs serving the 1,800 residents of the Alamo reservation.

BUREAU OF INDIAN AFFAIRS—SCHOOL OPERATIONS

Each year Congress provides us with funds under the Indian School Equalization Formula (ISEF) to pay the costs of our instructional program. But you should know that we are not able to devote these ISEF monies solely to our instruction needs. The chronic shortages in the other accounts that must support our school operations force us to use our precious ISEF dollars to make up those shortages. For example:

Our student transportation (daily round-trip to/from homes) costs $180,000 annually. We are reimbursed for only $136,600, or only 70 percent of the costs. Thus, we have to make up the $43,400 difference from our ISEF instructional funds.

GSA will increase the bus lease rates next year, but there is no additional funding in the budget request to cover these costs. Thus, the percentage of our transportation costs for leasing will increase from 40 percent of our budget to perhaps 60 percent. But we cannot pay lower wages than we already pay our bus drivers. Thus, this additional shortfall will take even more of our ISEF dollars.

The facilities operation & maintenance funding has never been able to meet the Congressionally-ordered formula. Currently, we are falling 34 percent short of the formula, and this shortage will be even greater under the proposed fiscal year 1998 budget. The BIA acknowledged that over 750,000 square feet of facilities space were added to the system, but they do not request the additional $3 million needed to cover this. Thus, all schools will suffer an even greater reduction in the funds provided for facilities maintenance.

What does this mean for Alamo? Since we have to pay in full our utility costs, must perform preventive maintenance and cover emergency repairs, we have little money left for custodial expenses. What does this mean for the federal facilities we operate? They will deteriorate at a far faster rate.

Where do we look to make up the shortage? ISEF, again.

When the Administrative Cost Grant funding is not enough to pay all schools at the rate required by law, we institute severe cost reduction efforts. But there is a level below which we cannot drop without compromising sound management principles. When this happens, we again must make up the shortage with ISEF dollars.

We fear there could be a significant shortage in the A.C. Grant request for fiscal year 1998, as some 12 schools currently operated by BIA will be converted to tribal operation. This makes these schools eligible for AC Grant funds. We know BIA has not asked for enough additional funds to cover these conversions. This means all schools will suffer sizable reductions in their A.C. Grants.

A note about severance pay: We ask you to make sure that BIA does not use any of the funds you appropriate for School Operations to pay federal employee severance costs at the converting schools. Such use is not authorized in the law. Severance costs should be funded from the BIA's contract support line item, and we ask you to assure that sufficient funds are provided there for this purpose.

BIA—FIRE PROTECTION

Three years ago, a lot of media attention was focused on the lack of fire protection at BIA-funded schools on the Navajo Reservation. Immediately afterward, the then Director of the Office of Indian Education Programs authorized schools to use facilities operation & maintenance funds for fire services. We have received some minor equipment (such as fire suits) and some training for volunteer firemen. But we received no additional funding for fire services and no really significant improvements in fire protection since then.

As a result Alamo still has only one fire truck—a 25-year-old vehicle that carries 500 gallons of water. This is the sole fire fighting capability we have on a reservation that is the size of the District of Columbia. With this one vehicle, we have to protect $25 million of federal facilities and the homes of 1,800 reservation residents.

INDIAN HEALTH SERVICE

We could spend hours reciting various funding problems with the IHS clinic the School Board operates, but we will focus on only one of them here: environmental health systems such as water, sewer and solid waste disposal.

IHS funds new environmental health systems development on a limited basis for new federal facilities (such as our recently-expanded clinic) and tribal housing programs. But, when completed, IHS turns the utility systems over to the local tribal governmental authority and provides neither upkeep nor replacement costs.

In a number of New Mexico tribal settings, the existing environmental health infrastructures are old, inadequate and badly deteriorated. Some provision must be made for replacement and maintenance, as we do not have the funding base at the local level to support this needed activity.

I wish I could close on a hopeful note, but I cannot. The recent Welfare Reform Law will put additional pressure on our existing inadequate health, education, and community programs and facilities. Many Indian people who now live off-reservation will be forced to return to their reservations when they are cut off from the social support programs previously funded by federal program dollars. When this happens, how will we be able to manage this added responsibility?

---

PREPARED STATEMENT OF GEORGE CUKRO, EXECUTIVE DIRECTOR, BLACK MESA COMMUNITY AND SCHOOL OF THE NAVAJO NATION

The Black Mesa Community School is a K–8 Grant School located on the Navajo Nation Reservation in northern Arizona. We are a rural Native American community within the Black Mesa Mountains, on unpaved route 8066. The nearest post office is in Pinon, Arizona, 25 miles south of Black Mesa.

We appreciate the opportunity to submit our statement on the proposed fiscal year 1998 Bureau of Indian Affairs budget. Our statement focuses on Navajo children, their education, and the facilities that are needed for them to obtain the rich resources that are available in ways that most take for granted. In summary those needs are: adequate teaching facilities and a safe road to the school; a dependable, efficient telephone system; capability to access the internet and on-line computer services; adequate, safe housing for instructional staff.

The Black Mesa Community School opened in 1976 in used trailers converted into small classrooms. Later, the Bureau of Indian Affairs constructed a small school building consisting of four instruction classrooms, a library/conference room combination, an all-purpose room with an attached kitchen, a small office unit, and 2 student restrooms. The school was built to house 80 students but we have grown to more than 100 children. Since 1991, our student population has been consistently averaging 100 students, as follows:

| | *Number of students* |
|---|---|
| 1991 | 100 |
| 1992 | 92 |
| 1993 | 112 |
| 1994 | 98 |
| 1995 | 105 |
| 1996 | 105 |

The needs of Black Mesa's children are not any different than kids who live in large metropolitan areas. We are, however, restricted in meeting those needs due to our isolation, lack of outside resources, limited housing, and no phone lines.

OVERCROWDING

We have applied for grants to build additional modular classroom buildings to help meet the children's needs, but to date we have not even received acknowledgment that they were being considered. To serve an ever increasing student population, we have had to combine several grade levels into single classrooms. This limits our capacity to provide a well-rounded curriculum for our children such as shop, home economics and arts. Clearly, these are classes that most children take for granted throughout America. In order to adequately provide for our students, we need:

—Two additional classrooms to reduce the pupil/teacher ratio in classes that are currently combined across grades because of our limited facilities.
—Two classrooms for pre-vocational training for our middle school students. One room would be used for a wood working shop, as well as for cultural arts. The second room would be used for home economics, including cooking, sewing, home management and life skills.
—One computer lab for technological training and internet access.
—One classroom for advanced instruction for gifted and talented students.

UNSAFE ROAD

At present, the unpaved road limits access to Black Mesa School. If there is an emergency, help is a long time coming. It is often dangerous for buses and parents to navigate 12 inch ruts, mud, snow, and ice. Consultants who come to our school for staff development would rather pay the expense of renting a car than pay the repair bills for replacing tires, shocks, windshields, motor mounts and wheel bearings. Believe me when I tell you that I am not exaggerating.

For the health and safety of our people, especially the children, we need funds to lay gravel on the unpaved road and maintain a consistent repair schedule throughout the year.

TECHNOLOGICAL NEEDS

The utilization of modern technology is the only way possible to provide for the health and educational needs that will offer Navajo children the opportunities enjoyed by other children in this country. We at Black Mesa have committed to the use of technology in linking our local educational standards to the national, state, and Bureau of Indian Affairs standards.

We need your help in obtaining for our school a modern communication system. Black Mesa School has the only available telephone for the people in a 25-mile radius. This phone is operated by radio waves and is very unreliable. There are days when the phone goes out for hours at a time. If we ever had an emergency during one of those blackout times someone might lose their life. A dedicated phone line would not only provide a more reliable communication system for the health and safety of the Black Mesa community, but we could also be linked to the rest of the world technologically. Most Americans now have the world at their fingertips, but Navajo children at Black Mesa struggle to utilize the 10 computers we were able to purchase.

With a dedicated phone line, our students, too, will be able to access database services including the internet and on-line computer services which can provide a rich learning experience for our children. We have committed ourselves to use technology to provide our children with modern opportunities. We are already moving in that direction, but we cannot accomplish this goal without your help.

STAFF HOUSING

The housing for the teachers of Black Mesa School is woefully inadequate. Staff are currently housed in four trailers which are 10 years old, and 5 houses which are approximately 30 years old. Due to the age of these units, they are in need of refurbishing, replacement of appliances and have little or no heat during the freezing winter months. We ask you to re-establish a recurring education quarters construction budget in order that we can provide decent, safe and affordable housing for our staff.

On behalf of the Navajo people living at Black Mesa, we thank the Subcommittee for the opportunity to comment on matters which may seem simple and of little consequence, but they are of monumental concern to us. We are isolated, but we hope that you will assist us in obtaining the essentials of life that are taken for granted by other Americans. President Clinton has stated he was committed to excellence and technology for all American children. I believe all of you in Congress would agree that all of America's children should be well-educated for the twenty-first cen-

tury. Please do not leave the children of Black Mesa behind. Thank you for your support.

---

PREPARED STATEMENT OF FAYE BLUE EYES, EXECUTIVE DIRECTOR, SHIPROCK ALTERNATIVE SCHOOLS, INC., NAVAJO NATION, SHIPROCK, NM

Shiprock Alternative Schools, Inc. (SASI) administers an alternative education program for 159 high school students, and an elementary education program for 180 students from Kindergarten through Sixth grade. SASI is unique in its concept of a holistic learning environment conducive to the highest level of learning for our diverse elementary and high school students. For 20 years we have successfully managed our alternative and elementary programs under a Public Law 93–638 contract. We are now in our seventh year of successful Public Law 100–297 Grant administration and maintain a Staff Quarters Program of ten units, serving Shiprock Alternative Schools, Inc.

So that SASI may continue its successful "alternative" high school and elementary programs, we respectfully ask this Subcommittee to fund at least two projects per year on the New School Construction Priority List. We were very disappointed that the BIA only requested funding for one new school construction project in the fiscal year 1998 budget. Our facilities are in desperate need of replacement and your commitment to funding at least two priority list projects per year will ensure that Shiprock's replacement school can receive funding within the next three years.

SASI'S "ALTERNATIVE" PROGRAMS

Our high school and elementary programs are "alternative" because they offer non-traditional education programs. The fundamental philosophy of SASI is based on Dine', and other American Indian philosophies of life, and incorporates the positive attributes for the well being of our native People. The innovative high school program was established by the Navajo Nation in 1976 to serve "at risk" Navajo high school youth experiencing social and academic problems in the conventional education program. We are the school of last resort for students who have previously dropped out of school, have become pregnant and need child care in order to continue studies, or have had disciplinary problems at previous schools. Our "alternative" high school program provides a second chance—perhaps the only chance—for those youth that are most likely to be lost to society.

The elementary program is based on the principles of early intervention and prevention. The program focuses on the academic and social needs of the individual students, blending conventional and traditional educational methods. Accordingly, the class sizes are intentionally kept small to encourage substantial teacher-student interaction and individual attention. A few years ago, BIA approved our request to advance one grade per year, with the ultimate goal of providing grades K through 8. To do this, however, we have to reduce by one kindergarten class each year in order to have the space to provide the new grade level. The program has been such a success that, since its inception, we have not been able to accommodate all students wishing to participate. This year, for instance, 37 students are on our waiting list.

NEW SCHOOL CONSTRUCTION

In January, 1993, SASI was added as the 12th school on the New School Construction Priority List and we are currently undertaking the planning and design phases that precede construction. Facilities replacement is the only option for the schools on the priority list because their facilities are in such dreadful conditions that rehabilitation and upgrading are not feasible. Below is a sampling of the conditions faced by SASI that caused it to be placed on the priority list, and a glimpse at how these conditions and our current space inadequacies have caused us to configure some of our classes.

SASI's buildings are nearly 50 year-old dormitories whose non supportive interior walls have been knocked out in order to create classroom space. As a result, numerous fire code violations exist. According to a 1988 facility code compliance survey and BIA inspection validation by architects and engineers, the "buildings were originally designed as dormitories and are not safe or suitable for use as educational occupancies." The report identified code/safety items requiring immediate attention including inadequate egress from the classrooms; flame spread rating of finishes in the corridors; fire-rated separation between boiler room; and updating of the fire/smoke alarm system in the buildings. For instance, the classrooms do not have direct exits to the outside or rescue and ventilation windows. Most of our doors do

not meet fire code standards. SASI has only an audio fire alarm system. Safety codes require an audio-visual and communication system. Only one of our three buildings has a working sprinkler system and even that is not up to code standards.

The building interiors are not handicapped accessible. No doorways, bathrooms, or water fountains were built for or have been modified to accommodate the handicapped students, particularly those in wheelchairs.

The heating system is in complete disarray. For example, our boiler creates such uneven heating that our children at one end of a building must wear gloves and coats, while staff and students at the other end open windows to cool off their classrooms. In addition, because the boilers are inadequate to handle heating each of the entire buildings, they shutdown frequently from the overload, causing our children to go without heat at all. The cast-iron radiators in the building where our classrooms are located take up some of the much needed space.

None of the buildings have rain gutters. Rain often accumulates around the breezeway areas, sometimes up to a foot. The students cannot avoid tracking water and mud into the school which creates dangerous slipping and falling. Roof shingles are loose or missing in patches, causing leaks that make the problem worse. Some leaking even occurs in the main line electrical area.

One of the most egregious conditions that we and our students must face is the presence of asbestos underneath all our school buildings and in some walls. No Facilities Management personnel are available to check for asbestos fragmentation or undertake removal. This also prevents repair work on electrical and water lines. The water in all buildings is rusted, so bottled drinking water must be brought in. The hot water is orange in color, rendering it useless.

Despite all of the foregoing inadequacies, which are not unique among Indian educational facilities, our "alternative" programs are so successful that we have a substantial waiting list for both the high school and elementary. We are making a difference in the lives of the young people that attend our programs. Nevertheless, for us to continue this success, we must have a facility that will not place our students in constant danger, but, instead, will nurture their educational experiences.

Shiprock Alternative Schools, Inc. has, for the past 20 years, been forced to operate in outdated and unsafe school buildings. Unfortunately, similar dilapidated school facilities exist throughout Indian Country which must be renovated or replaced. We were thus disappointed to see that the BIA request for fiscal year 1998 only seeks funding for construction of the Many Farms High School Replacement, a school ahead of SASI on the priority list. Education for our children is fundamental for self-sufficiency; therefore we strongly urge Congress to increase funding for Education Construction within the Department of Interior Appropriations. We hope that Congress will provide not only the money for construction of the Many Farms High School, but also money for at least one other school on the priority list, so that our need will eventually be met.

We ask that Members of the Subcommittee imagine one of your young loved ones attending a school in the same condition of our current facility. If you could provide this loved one a newer, safer school environment, would you not do so? Accordingly, we strongly urge you to take the steps necessary to fund at least two New School Construction Projects per year.

---

## PREPARED STATEMENT OF HON. JACK BOOTH, MAYOR, METLAKATLA INDIAN COMMUNITY

The Metlakatla Indian Community, Annette Island Reserve, provides this statement on the fiscal year 1998 budget requests for the Bureau of Indian Affairs and the Indian Health Service. The Council is the federally-recognized governing body of Metlakatla Indian Community, Annette Island Reserve, the only existing statutory Indian reservation in Alaska. The Community population is over 1,500 and has a land base of 87,000 acres in southeast Alaska. The economic base of the community is based on timber and fishing industries, which provide seasonal employment. The Community administers BIA and IHS programs on the reservation under contracts pursuant to the Indian Self-Determination and Education Assistance Act.

### SUMMARY OF RECOMMENDATIONS

—Special allocation for Walden Point Road project
—Increase funding for Tribal Priorities Allocation account
—Funding for construction of Metlakatla clinic

BIA FISCAL YEAR 1998 BUDGET

The Community's concerns and comments specific to the Bureau of Indian Affairs budget are as follows.

*Walden Point road project*.—Since 1995, the Metlakatla Community has been actively pursuing the construction of a 13 mile road and three mile shuttle ferry connection which will provide, for the first time, a safe, affordable means by which our people can access services and business opportunities in Ketchikan. Presently, our transportation links off the Annette Islands Reserve are either a commercial air transportation service or the Alaska Marine Highway System ferry service. The air service is not only expensive but subject to/limited by the weather and daylight. The ferry service makes one or two stops per week most of the year, with more stops scheduled during the summer months.

We are proud to report that we are in the final stages of negotiating a Memorandum of Agreement with the Department of Defense (who will do the actual construction under the DOD's Civil-Military Innovative Readiness Training Program), Federal Highway Administration (the project designer), Alaska Department of Transportation and Public Facilities (charged with addressing the environmental and permitting requirements) and the Bureau of Indian Affairs (lead agency for the environmental process). Other cooperating agencies include the Corps of Engineers and the Environmental Protection Agency.

While much of the costs for this project is being assumed by non-Interior agencies, the DOD is prohibited from purchasing the construction materials, which is estimated to reach $10 million for the entire project. We have sought alternative sources to fund the materials component, including the Bureau—who advised us to seek a specified appropriation of $2 million per year for the five-year period the project is expected to be completed. We have been informed that the necessary funding should come from either the State of Alaska or the Bureau. Both of these entities, however, have already stated that they do not have $2 million available to transfer to this project from the funding they receive under the Federal Highway Trust Fund. Pending finalization of the MOU, all participants are ready to initiate the processes which will lead to the actual construction phase beginning May 1998.

Recommendation: We urge that Congress authorize a line item within the fiscal year 1998 Bureau of Indian Affairs budget in the amount of $2 million for the Walden Point Road Project construction materials.

*Tribal priority allocation*.—The Metlakatla Community is encouraged by the Administration's request for a general increase of $46.7 million to the Tribal Priorities Allocation ("TPA") account. Within the TPA allocation are Wildlife and Parks funds which the Community utilizes for fisheries enforcement activities. The present level of funding has limited us to just one enforcement officer. The fisheries industry, however, has developed into a major economic development and employment source for the Community. With the sea cucumber and sea urchin fisheries coming on line, our enforcement activities have increased as there are now overlapping seasons, an increased number of vessels in the waterways, and an expanded area to be covered. You can see that one person cannot adequately patrol and enforce compliance with the codes that the Metlakatla have established for the fisheries.

With each fiscal year, more and more inadequately funded programs are being transferred to TPA. Additionally, tribes are expected to adjust their TPA funds to cover any shortfalls in these programs, including Contract Support. Without a significant increase in the TPA allocation, the Community will not be able to adequately protect its resources in the waterways surrounding the 87,000 acre island occupied by the Metlakatla.

Recommendation: The Community requests that Congress provide, at a minimum, the $46.7 million general increase to the Tribal Priority Allocations account.

IHS FISCAL YEAR 1998 BUDGET

*Metlakatla health center*.—The Metlakatla Indian Community has been pursuing for several years funds for the replacement of the current facilities. At present, our clinic services are housed in four modular buildings built in the mid-1970's. These facilities are set on pilings and connected by open, elevated, wooden walkways. Over time these buildings have settled unevenly, posing an unsafe environment for those seeking health services (about 28,000 visits per year) as well as staff. In addition, we face overcrowding and utility systems which are inadequate to support the modernization or updating of medical equipment.

The Community's program justification document (PJD) for construction of a replacement health center was approved by IHS and included in the IHS Health Care Facilities Construction priority list for design and construction funding in fiscal year 1997. According to the fiscal year 1997 projections, we were to receive project design

funds (estimated at $1.3 million in 1995) in fiscal year 1999 (January, 1998) and the design phase would be completed in late 1999. We were disappointed to see in the fiscal year 1998 budget justification that the IHS projections now show we will not receive a design award until 2001 (fiscal year 2002) even though our priority ranking at number 8 has not changed.

Please understand, the Community is in desperate need of this facility now! We recently received from IHS the report on a comprehensive inspection of our current facilities. The total cost for repairs necessary to achieve compliance with current fire, mechanical, electrical and life-safety codes, as well as the Uniform Building Code and the Americans with Disabilities Act guidelines is almost $1 million dollars—almost the same amount needed to complete the project design. As this Subcommittee is well aware, the IHS Maintenance and Improvement funds has never been adequate to address the level of need. The budget justification states that in the first quarter of fiscal year 1996, the IHS Backlog of Essential Maintenance and Repair was estimated to be $188 million. Yet the Administration's request for this account is the same as the fiscal year 1997 appropriation ($39.3 million). This is in spite of the fact that the agency expects the need to increase as a result of "the addition of numerous tribal facilities, new seismic and security requirements, and environmental projects generated by the on-going environmental assessment program, * * * ." (page IHF–12).

We realize it will be virtually impossible to obtain adequate funding through the Maintenance and Improvement account to address the life-safety and other code deficiencies cited at our existing facility if funding remains at the totally inadequate level proposed. We also fear that without a significant increase to the Health Care Facilities Construction account, we will be no closer than we are this year to obtaining project design funds.

Recommendation: We urge that Congress fund the IHS Facilities Construction account at a level which would fund the projects on the IHS Construction priority list, providing for the Metlakatla project in fiscal year 1998 at least the funds estimated by IHS to complete the design of the project ($1.3 million). We also recommend that Congress provide a general increase for Maintenance and Improvement to address a greater percentage of the backlog.

*Indian Self Determination Fund* (Contract Support Costs).—We note that the $12 million requested for contract support costs on new or expanded health programs operated by tribes under the Indian Self-Determination Act leaves a $39 million deficit in the Indian Self Determination Fund, including $107,588 to cover the overhead costs of our "638" health program based on it's fiscal year 1997 expansion. When IHS funds are not provided for a new and expanded IHS contracts and compacts, funds intended for health services are reduced by the need to cover overhead costs. We urge Congress to fund the full amount of ISDF need identified by the Indian Health Service.

On behalf of the Metlakatla Indian Community, thank you for the opportunity to provide our views on the Indian Health Service and Bureau of Indian Affairs budgets for fiscal year 1998.

---

## PREPARED STATEMENT OF NICOLAS J. PADILLA, ON BEHALF OF THE SUSANVILLE INDIAN RANCHERIA

The Susanville Indian Rancheria (Rancheria) provides this statement on the fiscal year 1998 budget request for the Indian Health Service. The Rancheria provides health care to more than 2,500 American Indian beneficiaries located in Lassen County in Northern California. Since 1986, when the Rancheria first began contracting with the Indian Health Service (IHS) under Title I of the Indian Self-Determination and Education Assistance Act, we have continuously improved the quality, quantity and scope of health care services delivered to eligible American Indians located in our service area. The increasing level of health services that we have been able to provide through our Lassen Indian Health Center is directly related to the amount of funds which Congress makes available for Title I contractors through the IHS.

The Susanville Indian Rancheria's specific concerns with regard to the fiscal year 1998 budget request for the Indian Health Service are as follows: Institute policy to ensure full funding for calendar year contractors out of existing year appropriations; fully fund Contract Support Costs; provide $1.4 million for Regional Youth Treatment Facility in northern California; correct inequitable funding and increase Contract Health Services to California tribes and tribal organizations; increase Equipment funding; provide requested $28.3 million for Health Professions account, including IHS Scholarship funds.

We also request the Committee's assistance in the following issues which are not related to the fiscal year 1998 budget, but which impact our ability to provide health care services to our people: Adopt clarifying language regarding Federal Tort Claims Act coverage for tribes and tribal organizations; impact of Managed Care on tribally operated health programs; support transfer of certain Sierra Army Depot facilities and lands to the Rancheria.

*Full funding for calendar year contractors*.—For a number of years Susanville Indian Rancheria ("Rancheria") has utilized a calendar year for contracting under Section 105(d) of the Indian Self-Determination and Education Assistance Act (the Act), rather than the fiscal year. The advantages of being a calendar year contractor are significant: it provides the Rancheria with a stable funding base for its health programs and permits the Rancheria to generate additional funds in the form of interest. Historically the Rancheria's calendar year contract has been funded with funds entirely from the fiscal year in which the contract begins, although the calendar year contract period extends three months beyond the end of the fiscal year.

In calendar year 1998 the IHS has implemented policies which violate the intent of Congress when it enacted Section 105(d). The Agency has taken funds appropriated in fiscal year 1997 for the Rancheria's calendar year 1998 contract and used them for other purposes, namely to fund activities at the Area Office level. These policies violate Congress' intent when it enacted Section 105(d) by threatening the Rancheria's stable base budget and by eliminating the Rancheria's ability to generate interest revenue to supplement funds which the IHS transfers to the Rancheria.

The IHS' policy of retaining funds appropriated by Congress in fiscal year 1997 for the Rancheria's calendar year 1998 contract and using those funds for other purposes (while allocating fiscal year 1998 funds which have not yet been appropriated to make up the deficiency in the contract). This violates the Anti-Deficiency Act, as well as two other provisions of the Act—Sections 106(b)(1) and (b)(3)—which both prohibit reduction in contract funds to make funding available for various federal functions.

We urge Congress to make clear to the Indian Health Service that the Agency is required under the Act to fully fund calendar year contracts out of funds appropriated by Congress in the previous fiscal year. Only this policy can ensure that Congress' full intent behind Section 105(d) is fully implemented by the Agency.

*Contract support costs deficiency*.—The Rancheria is disappointed that the Administration requests only $12 million in Contract Support Costs for the Indian Self-Determination Fund. Although this amount is an increase over the fiscal year 1997 enacted level of $7.5 million, it leaves a $39 million ISD Fund shortfall (demonstrated by a table at page IHS–117 of the IHS Budget Justification). This means that tribes which contracted new or expanded IHS programs in fiscal year 1995, 1996 and 1997, will still go without the funding to which they are entitled under section 102(a)(2) of the Indian Self-Determination Act and be forced to absorb contract overhead costs from funding intended for health services. While it appears that the $12 million request is sufficient to address our Tribe's $218,009 ISD Fund requirement, one hundred percent funding of all identified Contract Support Costs is vital if California Tribes are to continue to assume administration of federal programs, for the benefit of Indians without being penalized by a reduction in the level of services.

We urge the Committee to work with the Department of Health and Human Services to ensure that sufficient funds are provided in the fiscal year 1998 budget to meet the contract support requirements set forth in section 106(a)(2) of the Indian Self-Determination Act. We would also urge that reporting requirements be changed so that the IHS is required to provide the Congress with information on every contract or compact which is in the negotiation process and which will require funding from the contract support fund, in advance, not after the contract is signed. Presently, the IHS is only required to report a shortage of Contract Support funding for the current and previous year.

*Regional Youth Treatment Center*.—Due to the size of the Native American population (over 200,000) and the geographic size of the state, the California Area has been authorized to operate two Regional Youth Treatment Centers (YRTC)—residential alcohol and substance abuse treatment facilities. Because these facilities are not yet available, services for the youth in our area have been contracted through existing public and private rehabilitation programs. The fiscal year 1998 budget request for all regional treatment centers (youth and adult) includes $1.4 million for the California Area.

After much time and effort by the California tribes, the research and deliberation has resulted in two appropriate sites for these facilities. We anticipate the Southern California location will come on line in early 1998. The Northern California site,

which would serve the Susanville as well as other tribes, will be available late this year. The Susanville Indian Rancheria requests that an additional $1.4 million be allocated from the fiscal year 1998 appropriations to fund the operation of the second YRTC. Funding the second YRTC will ensure the availability of treatment across the State and will enable the tribes and tribal organizations of California to provide a coordinated approach for the full range of preventive, YRTC and aftercare essential for successful prevention and treatment of alcohol abuse among our youth.

*Inequity of funding for California tribes and tribal organizations*.—Since 1970, when Federal funding of IHS services was partially restored for Indians in California, IHS budget allocations have not provided an equitable base of recurring funds or an equitable level of health services. The GAO issued a report in 1991, entitled Indian Health Service—Funding Based on Historical Patterns, Not Need, GAO/HRD 91–5, February 1991, which confirms these facts. The report concluded that "IHS does not attempt to provide the same level of health services in all IHS areas; in fact services vary widely." See (p. 3)

Part of the reason IHS has never provided the Area Office a full and equitable share of the Contract Health Services appropriation is due to the level of service previously provided by the State through the Medi-Cal program (the state Medicaid program). In response to the budget crisis within California, however, the state instituted a massive reorganization of Medi-Cal, which drastically reduced both the scope and number of services available to Indians in California. California tribes are also no longer eligible for certain state-funded supplements and various categorical grants as these funds have been subsumed into block grants to clients. These actions combined have led to a reduction of health services to Indians in California.

Any reductions to the IHS budget which does not protect the amount of contract health funds which the IHS is to provide California Tribes will cause additional reductions of health services to Indian in California and could disrupt the existing system of Indian owned and operated health centers. We urge that Congress (1) earmark the level of funds to be made available for the Indian owned and operated health delivery systems of California; and (2) from within the appropriation, earmark and increase the amount of funds for contract health services to be allocated to California tribes.

*Equipment funds*.—The Tribe is disappointed that the Administration has requested only $13 million for Equipment, a decrease of $1.5 million from fiscal year 1997. Of this amount, only $3 million (the same as in fiscal year 1997) will be used to purchase equipment for new and replacement clinics built by tribes using non-IHS resources. As we have testified before, in order to be certified to participate in the Medi-Cal Managed Care program, California tribal health clinics must purchase and install certain essential medical equipment. Be assured that unless there is a significant increase in Equipment funds, our Lassen Indian Health Center will be no closer to obtaining the over $300,000 necessary to complete the equipping which has been pending since we finished construction of the facility in 1994.

We urge the Committee to not only increase the Equipment allocation but also direct IHS to develop a distribution methodology that factors for differences experienced by the small tribally-owned facilities.

*IHS scholarship fund*.—The Rancheria urges Congress to fund, at a minimum, the Administration's requested level of $28.3 million for the Health Professions account. We urge the Committee to fund the IHS Scholarships allocation within this account to not less than the fiscal year 1997 level.

*Impact of managed care on tribally operated health programs*.—The tidal wave of "managed care" efforts among state governments is having a negative impact on tribally-operated health care programs. The goal of managed care is not improving the health status of or providing the best quality of care to U.S. citizens. It is instead focused on how to provide those services at the lowest cost. This philosophy is in direct conflict with the circumstances of most tribally operated health programs. Tribal programs are often small, and located in rural and isolated areas, which drives up not only the costs of supplies but contract medical services. Consequently, our programs must be heavily weighted toward prevention, early detection, community outreach and primary care. Under this model of health care, we have a proven record of success in elevating the health status of our communities. But, this model does not fare well in the state managed care programs, where prevention and community outreach have little emphasis.

In moving toward the market based managed care, consideration must be given to the impact on the tribally operated programs. As it stands, tribal consultation and input during state planning processes is not consistently sought. In some cases only the knowledge that the affected tribes can place a hold on a state's plan through HCFA has ensured our being at the table. We recommend that a waiver from being included in the state's managed care plan be available to tribally oper-

ated programs if the state will not recognize the health care model used by the tribe as a viable part of their plan. Furthermore, reimbursements should be commensurate with the services provided, not limited to the very lowest rates as is often the case now.

*Federal Tort Claims Act coverage*.—The State of California is rapidly moving into a managed care environment. The Susanville Indian Rancheria has recently experienced difficulties in its efforts to participate with a major Health Maintenance Organization to provide services in the new managed care environment as a preferred provider. Based on our experience, few state officials fully understand the Federal Tort Claims Act (FTCA) and are reluctant to accept it's coverage in lieu of malpractice insurance for Public Law 93–638 contractors who manage ambulatory health centers or inpatient facilities. State reluctance to accept U.S. Tort Claims protection places the tribal contractor at risk of not being accepted as a state provider under its Medicaid or managed care programs.

Most recently, representatives from the HMO requested that the Rancheria provide a letter from an attorney representing the federal government which would be the equivalent to a "certificate of insurance" in the private insurance industry. They requested that such a letter make clear that the government, through the FTCA, provide coverage to the Rancheria for any and all tort lawsuits that may be filed.

We would appreciate any assistance the Committee may provide, perhaps through clarifying report language, to make clear to HMOs in California that the FTCA provides tribes and tribal organizations with a level of liability coverage that is equivalent to the "certificate of insurance."

*Sierra Army Depot lands and facilities transfer*.—Under the Base Realignment and Closure Act, the Rancheria has been negotiating with the Army on two proposals to transfer certain lands and facilities located on the Sierra Army Depot to the Rancheria. These proposals, which are pending final approval and which have been widely supported by the various appropriate agencies, would transfer: (a) 120 housing units and a large administrative building to be used for tribal housing, administration functions, and economic development and (b) a facility known as the "the Mods," comprised of single apartments, a large fully equipped dining area and the adjacent land to be used as the Regional Youth Treatment Center referenced above.

Although we have received support and assistance from the IHS, BIA as well as the Army, and obtaining the necessary approvals does not appear will be problematic, we request that this Committee adopt language similar to that which effected the transfer of modular housing units from the Grand Forks Air Force base to the North and South Dakota tribes.

On behalf of the Susanville Indian Rancheria, thank you for the opportunity to provide our views to the Committee on the Indian Health Service budget for Fiscal year 1998.

---

## PREPARED STATEMENT OF ROCK POINT COMMUNITY SCHOOL

The representatives of Rock Point Community School located on the Navajo Nation Reservation, respectfully express our deep gratitude to this Subcommittee and the Congress for the past consideration of providing a replacement building for an unsafe secondary school. Construction was completed and our students have already been in the new facility of over 60,000 square feet now for the second year. We are also grateful for the provision for the Facilities Improvement and Repair (FI&R) funding, soon to begin as the next step to this construction.

With the same hope as in the past, we wish to submit the following critical budget issues on behalf of Rock Point Community, the students and the staff of this school for favorable consideration.

Rock Point Community which is located in the interiors of Navajo Nation reservation has a defined goal of providing quality bilingual education, with due emphasis for family values, and respect for our culture and language. On the other hand we also aspire to see that our children are true citizens of the United States. As such, we also concentrate on our children's achievement of core curricular knowledge of subjects like English, Math, Science, History and the governments of our state and the USA at par with or better than the national average.

We have realized partial success in spite of funding shortages when we find our students graduating, some of them from colleges. In a community like ours, properly trained youth is the most important asset for our economic and social growth. Hence, we believe investment in the proper education of our students is an investment in the most appropriate direction. We also believe that our students presently in our school should not lag behind to meet the challenges of the technologically fast advancing world ahead of them.

FUNDING FOR THE CLASSROOM INSTRUCTION

The Indian School Equalization Program (ISEP) which provides for the basic instruction of Navajo and other Native American students has chronically been short of the minimum needs. The ISEP Task Force which had studied the minimum need of Weighted Student Unit (WSU) value about five years ago had recommended $3,499. This would have provided a standard education to Indian students comparable to average national standard. This amount was estimated to be comparable also with the national average in expenditures per student at that time. But regretfully, neither the Congress nor the Administration has been sympathetic to this need.

The appropriation for this purpose in fiscal year 1996 yielded at $2,904 for school year 1996–97, $74 less than in the previous year. Appropriation for school year 1997–98 is estimated to produce $3,075 in school year 1997–98 if the student enrollment does not increase more than the 3.2 percent the BIA estimates. We can argue that, with an average WSU of 800, Rock Point School will get about $339,000 less for school year 1997–98 than the average per pupil expenditure for public schools in school year 1992–93. The result is that we have great difficulty competing to hire trained and qualified teachers who can stay and enjoy teaching at this school.

The cost of classroom instruction has gone up by 6.13 percent per year. But the Congressional appropriation has been unpredictable to match with the increase, sometimes even less than the preceding year, as is the case in the current school year.

This results in (a) a large turnover of qualified and experienced teachers, leading to disrupted curricular efforts in meeting the national standard; and (b) many BIA-funded schools, including this school, having to cut down instruction hours, or lay off experienced teachers or impose a salary freeze.

Whereas the national concern is putting more funds toward educational efforts to produce the best high school graduates with separate funding for advanced technology in the schools, ISEP funding is far short in providing an education to match with the national standards. This is not to talk of the need for preparing our students technologically for tomorrow's world.

If the 1868 Treaty obligation of providing quality and results oriented education to Navajo children has to be honored, the WSU value for fiscal year 1998 must at least be as much as recommended by the ISEP Task Force for School Year 1993–94, i.e., $3,499. Thus the ISEP appropriation should not be less than $333.8 million.

STUDENT TRANSPORTATION

Transportation of the students from home to school is as important as classroom instruction. For Rock Point Community, which is scattered over a radius of 15 miles, most of the students' homes or a meeting point is accessible only by dirt roads. These roads become very muddy or icy during the winter, necessitating extra expenditures for maintenance and repair.

Not only that, the mileage count does not include most of the extracurricular activities nor mileage incurred for repair or maintenance and, in the case of some schools, for fueling the buses. For Rock Point, the nearest place for maintenance and servicing is around 250 miles round trip. Our buses are 6 to 8 years old, guzzling more gasoline and requiring more frequent repairs. It is unfortunate that whereas GSA rental rates have again been increased, the mileage rate that BIA provides is almost constant.

The cost of transportation is short at least by 30 percent on average at the rate the mileage has been provided in the last several years. The statistics below will illustrate the fact. This is mainly because our transportation funding has so far fluctuated at $1.51 to $1.55 a mile. The actual cost of transportation for Rock Point is $2.43 per mile. It is worth noting that the national average of transportation funding two years ago was $2.34 a mile.

COST OF TRANSPORTATION

| School year | Minimum need | BIA provided | ISEP dollars used | Percent of shortage |
|---|---|---|---|---|
| 1995–96 | $479,316 | $323,800 | $155,516 | 32.5 |
| 1996–97 | 523,732 | 359,100 | 164,632 | 31.4 |
| 1997–98 (estimate) | 523,455 | 401,300 | 122,155 | 23.3 |

We have tried to minimize our transportation costs by cutting down on extracurricular trips for the students. As the mileage remains almost constant, the dip-

ping into classroom instruction funds does not increase. But we cannot ignore the fact that extracurricular activities are an important part of education.

We cannot keep our transportation cost limited to the funding provided, because, if the students are not brought to school from home, we will neither be fulfilling our obligation to the community nor will there be much of a class.

We, therefore, urge that transportation be funded at a level that each BIA-funded school gets at least a rate of $2.43 per mile. This will require Congress to appropriate at least $47.7 million. Then and only then, will we be able to stop using ISEP funds for transportation.

OPERATION & MAINTENANCE OF FACILITIES

This fund for which the minimum need for a school is determined by the use of a FACCOM formula is another area chronically short of funds. On the average not more than 67 percent of the needs assessed by the formula has been provided in the last several years. This results in continual deterioration of the facilities, creating an unhealthy and counter productive educational environment. The deterioration of the facilities causes further need of Facilities Improvement & Repair fund which is lagging so far behind. Though there has been a slight increase of $5.3 million in this fund for the fiscal year 1997 budget, we doubt that it will be able to fund even 90 percent of the need. If a similar amount is added in the fiscal year 1998 budget, we estimate it will again meet about 90 percent of the need based on the fact that some new schools have been constructed and the area to maintain has increased or will increase by nearly 800,000 square feet, as a consequence.

QUARTERS REPAIR AND IMPROVEMENT FUNDING

Rock Point Community School has 57 units of housing for an average of 130 employees each year. Out of the total, five units have been vacated for life safety reasons. Most of the units were built in the 1960's and all of them need renovation to meet minimum safety requirements.

Also, as in the past, we again request to build 15 to 20 new housing units to meet the shortage and to replace 22 portable houses, all of which have asbestos contamination.

We urge this subcommittee to approve this request again and provide an adequate sum for the purpose.

ADMINISTRATIVE COST FUND

Distribution of the Administrative Cost fund has been somewhat encouraging in the last couple of years as it was distributed 100 percent in the last year and it is expected at 94.4 percent in the current year. However, the increase of $5.6 million for fiscal year 1997 should not be counted to increase the percentage of the payment as slated for the number of BIA-operated Navajo schools converting to Grant or Contract Schools. Since more and more BIA-funded schools are intending to turn grant or contract every year, we find that an addition of a similar amount each year to the previous year's allocation will merely keep up with the increase in the number of those additional schools for whom Administrative Costs will be needed.

We, therefore, respectfully urge this Committee to increase the fiscal year 1997 appropriation for the Administrative Cost Fund by at least the same amount, or $5.6 million.

CONCLUSION

The Rock Point Community, its school students and staff understand and appreciate the necessity of balancing the national budget. However, we have observed in the course of several years that Indian Education and its concerns, more specifically its funding needs, have been treated as a low priority for the Administration as well as the Congress. This has resulted in pushing our students farther and farther behind the national norm. We believe that an increase of $40–$50 million for Indian Education would have a negligible impact on efforts to reduce the national deficit, but it really would help Native American students to meet the national standards.

We also believe that our students are the main resource of the economic and social advancement of our community and that proper education at par with the national average is an investment of which they should not be deprived.

We hope that the Navajo Community of Rock Point and other Native Americans will not be disappointed by inadequate funding for the education of our children in fiscal year 1998 and that the Congress and the President will honor the Treaty obligation with the tribes for the quality education of their children.

We are thankful again to this subcommittee for its past support to Indian Education in general and to the Rock Point Community School particularly. We hope that our request today will receive the Committee's due consideration. Thank you.

---

PREPARED STATEMENT OF THE PINON COMMUNITY SCHOOL BOARD, INC.

The Pinon Community School Board submits this statement on behalf of the Navajo people in the Pinon Chapter and surrounding communities of the Navajo Nation.

IHS CLINIC FOR PINON COMMUNITY

Our community (Pinon and seven other Chapters of the Navajo Nation) has not had a health facility capable of addressing even a fraction of our health needs for several decades. Infrastructure development in our area was totally halted for 18 years while the Navajo-Hopi boundaries were worked out. And after that boundary was established in 1979, our efforts to obtain a decent health facility have been prevented by a lack of funding. How much longer must we wait?

The clinic IHS has planned is not a luxurious one. It would provide full-time basic and emergency medical services, optometry, some physical therapy, community health services, a mental health and substance abuse unit, community health representatives and related community-oriented health services.

What we have now is called a "health station" which operates only three days per week. The only services provided are minimal nursing support, a pharmacy, some lab work, and dental services. The nearest location with a doctor is in Chinle—50 miles from Pinon, and even further away for the Chapters to the west of Pinon. The 11,000 people in the Pinon clinic service area deserve to have more accessible health care than this.

The first formal approval of the Pinon Clinic came in 1992 when PHS approved the project justification document. Basic planning, site selection and most of the design has been done, but the design money will be exhausted this summer and all work will halt unless Congress provides funding for fiscal year 1998 to at least complete the design.

IHS estimates that we need $31.7 million to finish the design and perform the construction phase. That estimate will increase every year—especially if we have to stop the design work this year. We urgently request that Congress make a commitment this year to this urgently needed clinic. Please provide at least the $873,000 to complete the design and put this project on line to receive first phase construction funding in fiscal year 1999. Even at that rate, we will have waited a full generation for basic medical services to be made available in our Community.

BIA SCHOOL OPERATIONS BUDGET

*Indian student equalization program*.—The total request of $296.3 million is not sufficient for the ever-increasing operating cost of the operation of schools and dormitories in Indian Country. In recent years, growth in enrollment in Bureau-funded schools has averaged between 2–5 percent per year. And between this school year (1996–97) and school year 1998–99, BIA expects enrollment to jump 6.5 percent. Yet the budget request would supply only $19 per weighted student over the base amount for next year. As you can see, this would not even cover inflation-related cost increases, let alone cover the costs associated with additional students or provide any meaningful dollars for program improvement.

We hope Congress will not be satisfied with the fiscal year 1998 budget request. At least provide enough money to keep up with enrollment.

The Pinon Community School Board further suggests that there is a need to re-examine the ISEP Formula by which funds are distributed to the schools and dormitories in the BIA system. When Congress established this formula methodology in 1978, it expected that the formula would be re-examined by BIA on a periodic basis and that up-dating alterations would be made. This has not occurred. Rather, the only changes in the formula have been made by Congress itself, through statutory directives such as additional weights to recognize the additional costs of operating seventh and eighth grade programs, and for gifted and talented student programs.

We ask you to supply direction and funding for BIA to perform the needed re-examination of the ISEP Formula to more appropriately measure the true total funding needs of the schools and dormitories in the 21st Century. That formula should be based on the highest standards of program quality and educational opportunity for the Indian students enrolled in these federally-funded schools.

*Student transportation*.—The President's Budget requests $34.302 million for student transportation—a slight increase of $2.5 million over the fiscal year 1997 level. For many years, this program has been underfunded, requiring us to use ISEF monies to supplement our transportation costs.

The budget request would provide only $1.60/mile, while our School's transportation costs are about $2.35/mile. These costs will definitely increase due to two circumstances beyond our control:

—This year GSA has been relieved of the moratorium on increases in its bus rental rates. Yet there is no additional funding in the budget request to help up meet these additional expenses.

—One hundred percent (100 percent) of our bus routes are on BIA road systems and these roads need improvement. Since these roads are not properly maintained, they cause great wear and tear on our buses. And there is no additional funding in the student transportation budget request to help us meet these added expenses, either.

—Please bring some common sense to the student transportation budget. In view of the average cost per mile to public schools—$2.92, according to the BIA—a doubling of the funds for the BIA system would not be out of line.

*Administration cost grants*.—Pinon Community School Board is equally concerned about the President's Budget request of $44.7 million, an increase of only $2.55 million from the fiscal year 1997 amount. The biggest concern is insufficient funds to accommodate the anticipated Bureau schools converting to Contract and Grant Schools, thereby making them eligible for Administrative Cost Grants.

Please ask the BIA to supply full, detailed information about the estimated Administrative Cost Grant need for each of the schools that will convert in School Year 1998–99. As you know, unless there is sufficient funding in this budget item, BIA will reduce every schools Administrative Cost Grant amount and thus none of us will get the funding level directed by law.

*Facilities operation & maintenance*.—The facilities O&M funding will continue to shrink as new square footage is added to the BIA school facilities inventory. This year alone (fiscal year 1997), a total of 800,351 in new square feet will be added which will require an additional $3.1 million in additional facilities O&M funding. But this added amount is not requested in the BIA budget request. As a result, the percentage of need that is funded will fall even lower than the 66 percent of need we currently get.

It makes no sense to us for the Federal Government to build new schools and dormitories—such as the $16 million construction project we just finished at the Pinon Dorm—and then fail to provide enough funding to maintain these buildings so that can be utilized for their full expected life. Next year, after the warranty on our new buildings expires, we will have to provide the full array of maintenance services, but we will not have the funds we need to properly protect the big investment the Federal Government has made in them.

We appreciate the opportunity to offer our views on the President's fiscal year 1998 IHS and BIA budgets.

---

## STATEMENT OF WALLACE TSOSIE, VICE PRESIDENT, GREASEWOOD SPRINGS COMMUNITY SCHOOL, INC., NAVAJO NATION, GANADO, AZ

The Greasewood Springs Community School, Inc. is located on the Navajo reservation in the community of Lower Greasewood, which is approximately 70 miles west of Gallup, New Mexico, and 110 miles northeast of Flagstaff, Arizona. Our school serves the educational needs of over 390 students, in grades Kindergarten through eighth. Since July 1, 1996, the School has been operated by a local Board of Directors through a Grant from the Bureau of Indian Affairs pursuant to the Tribally Controlled Schools Act, Public Law 100–297. The Greasewood School currently faces two serious problems: the need for a safe gymnasium facility, and the lack of an adequate health care facility.

### A GYMNASIUM IS BADLY NEEDED BY THE SCHOOL

The Bureau of Indian Affairs has requested $3.14 million in fiscal year 1998 for construction of a gymnasium facility for the Greasewood School, as an education Facility Improvement and Repair Project. We respectfully ask this Subcommittee to approve funding for this project, but would ask you to make two additions to it:

—$206,000 for unexpected demolition costs. When the original budget estimate was calculated several years ago, the BIA estimated that the cost to remove an existing structure on the site would be $150,000. Now that the demolition is complete, the BIA has informed us that the actual cost was $356,000, due to

the discovery of significant asbestos in the previous structure, and that we must reimburse BIA for this amount once construction funds are appropriated. Since the $3.14 million request does not include this additional cost, we respectfully ask that this Subcommittee approve an additional $206,000 for our gymnasium.

—$125,600 for basic design elements not provided for in the current construction budget, including: a pitched roof for the gymnasium (lasts longer in our climate); hardwood gymnasium floor (standard in all gymnasiums); asphalt paving (to reduce dust and mud); and landscaping. These items will greatly improve the quality of the gymnasium, for a modest additional cost.

In sum we request a total of $3.47 million to allow for the construction of quality gymnasium that will last for many years. We also ask this Subcommittee to approve the other projects contained within the President's request of $32,139,000 for Facility Improvement and Repair Projects.

This gymnasium facility is desperately needed by our School, and was promised to the School over ten years ago. In 1985, declining enrollments lead the Bureau of Indian Affairs to seek consolidation of Toyei and Greasewood Schools, both located in communities southwest of Ganado on the reservation of the Navajo Nation. To induce Greasewood to consent to this consolidation, the Central Office of the Office of Indian Education Programs agreed in 1985 that a new gymnasium would be constructed at the Greasewood School once the consolidation was completed, since the existing facility had no gym and the space used for physical education was inadequate. The communities consented, and the consolidation occurred with the consolidated facility called Greasewood Springs Community School. Over ten years have passed since Toyei and Greasewood were consolidated, yet a new gymnasium has still not been constructed.

The space currently used for physical education was not built as a gymnasium; it had to be modified to provide some space for physical education training to be held. According to a recent evaluation by the BIA's Navajo Area Engineering Office, this physical education space is undersized by 5988 square feet, representing a 110 percent deficiency for a student body the size of Greasewood. The space used for physical education is situated in the center of the school building and is surrounded by classrooms. This configuration hinders instruction, as the noise and flow of student traffic associated with gym classes often interrupts classroom instruction.

Further, there is not adequate outdoor space adjacent to the current facility for student athletic activities or parking. In fact, the outdoor space around the current facility is hazardous to the safety of the students because of its close proximity to several major access roads. Thus, the need for safe outdoor athletic space and adequate parking for sporting events is particularly acute.

At present, the gymnasium project is being handled by the Navajo Nation Design and Engineering Service (NDES) through a Public Law 93–638 contract with the BIA's Facilities Management and Construction Center (FMCC). NDES has completed the planning phase of the project; the design phase is nearing completion and should be concluded within a few months. The local Board of Directors is in the process of assuming control over this project from NDES. Once this transfer has been accomplished, the Board of Directors will complete any remaining design work, and then oversee actual construction of the gymnasium. If the necessary construction phase funding is provided by Congress, actual construction of the gymnasium should take less than a year.

The Board of Directors hopes that a new gymnasium for the Greasewood School will finally be constructed in fiscal year 1998. The planned gymnasium will be approximately 13,500 square feet, which is consistent with BIA space guidelines for a school of this size.

We respectfully ask this Subcommittee to provide $3.47 million for completion of the Greasewood gymnasium. This facility is desperately needed by the School. Providing this funding would keep a promise made to the Greasewood School over ten years ago, and ensure that the students of Greasewood have a safe facility suitable for their physical education needs. Please do not make us wait any longer.

A HEALTH CLINIC IS NEEDED FOR GREASEWOOD SCHOOL

We also would like to alert the Members of this Subcommittee to the inadequate level of health care available to the Greasewood community. Despite an estimated service population of over 3,000 people, the only health facility in our community is a small clinic located on the campus of the Greasewood School, which is only staffed by a doctor one day a week. This level of service is totally inadequate for the medical needs of the Greasewood community.

The Greasewood Clinic is currently operated by Sage Memorial Hospital, a contract care provider, but the Hospital has proposed to eliminate this clinic program.

The next closest health facility, Sage Memorial Hospital, is over 40 miles away, and the nearest IHS facility is over 80 miles away.

The Board of Directors is in the process of developing a plan to improve the existing clinic, possible through a Self-Determination Act contract with the IHS, or a joint services arrangement with Sage Memorial Hospital. Once an adequate plan is developed, the Board of Directors will return to this Subcommittee with a request for earmarked funds in the IHS budget for a properly staffed health clinic for our community. Thank you.

CONCLUSION

We appreciate this opportunity to present the needs of our School to the Members of the Subcommittee. We strongly urge you to take the steps necessary to provide adequate construction funding for a gymnasium for our school, and to be alert to the health care needs of our community. Thank you.

---

PREPARED STATEMENT OF PAUL A. ROOKS, CHIEF OF POLICE, OGLALA SIOUX TRIBAL PUBLIC SAFETY COMMISSION

The Oglala Sioux Tribal Public Safety Commission ("Commission"), the law enforcement agency on the Pine Ridge Indian Reservation, submits this statement in support of the Administration's request for an increase of $46.665 million to the Tribal Priorities Allocation ("TPA") account, which increase includes $8.7 million for law enforcement. We request that Congress place law enforcement allocations in a special account outside of the TPA account to insulate tribal law enforcement programs from any future cuts to the TPA account. We request that Congress continue efforts in funding programs under the Violent Crime Control and Law Enforcement Act of 1994 (the "Crime Bill").

*The commission*.—Under the Act of February 28, 1877 (19 Stat. 25), in consideration for the confiscation of Sioux lands and hunting rights worth billions of dollars today, the United States undertook to provide the Oglala Sioux with "all aid necessary for civilization" and "an orderly government," and to "protect [each Oglala] in his rights of property, person, and life." Originally, law enforcement was performed on the Pine Ridge Indian Reservation by the BIA. Since 1977, the Commission has provided public safety and enforcement of tribal, federal, and state laws pursuant to a contract with the BIA under the Indian Self-Determination Act, Public Law 93–638, as amended. The Commission currently employs approximately 36 officer positions under its Self-Determination Act contract with the BIA, and 62 officers using Crime Bill grants from the Department of Justice ("DOJ").

*Pine Ridge Indian Reservation*.—At 4,800 square-miles, the Pine Ridge Reservation is the second largest Indian reservation in the United States. It includes Shannon County, the poorest county in the United States according to the 1980 and 1990 censuses. The unemployment rate on the Reservation is about 85 percent, and is expected to increase due to federal budget cuts. The alcoholism rate is also very high. Poverty is expected to increase as a result of the Welfare Reform Act.

*Need for increase for BIA & tribal law enforcement*.—The BIA Budget Justification (p. BIA–62) for fiscal year 1998 notes that national standards recommend three law enforcement officers per 1,000 citizens, but that the BIA has adequate funds for only one officer for every 43 square miles of reservation and for every 465 members of service population. The proposed $8.7 million increase for law enforcement would be sufficient to hire 400 additional officers in Indian country—not enough to meet the unmet need, but a step in the right direction.

*The Commission's unmet needs*.—The Commission is in urgent need of its share of the requested increase within the TPA account to meet some of its more severe unmet needs. If Congress approves the requested general increase of $8.7 million, the Commission could realize an increase of approximately $450,000. These added funds could assist the Commission in the following manner:

*Need to hire more officers on a permanent basis*.—The Commission has historically not received adequate funding from the BIA under its Self-Determination Act contract. With a service population of about 50,000, the Commission would need 150 officers to meet the national standards mentioned above. In fact, the Commission would need about 110 officers just to meet the BIA average level of law enforcement services, based on its service area and population. But the Commission has never been able to hire anywhere near this many officers.

In fact, as the result of the fiscal year 1995 BIA budget cut, which decreased the Commission's BIA contract funding by nearly $284,000, the Commission had to reduce the number of officers funded under its BIA contract from 56 to 36. This would

have nearly crippled law enforcement on the Pine Ridge Indian Reservation if the Commission had not applied for and received DOJ grants.

The DOJ recognized the severe underfunding and understaffing of the Commission, and provided the Commission with grants under the Crime Bill, which enabled the Commission to hire an additional 62 officers starting in July 1995. A recent BIA study of the Commission (the "Review Team Report") stated: "These grants represent an impressive and determined effort on the part of Public Safety to secure additional resources." The DOJ grants have helped immensely to alleviate the shortage of officers, but only on a temporary basis. The grants last only 2¼ years, and the oldest of the three grants expires in February 1998. Thus, additional funding must be obtained in the interim in order to retain these officers; otherwise, the Commission will be left eventually with only 36 officers—fewer than it has ever had and far fewer than the numbers needed, as noted above.

Officers are being trained to do "Community Policing" throughout the Reservation under these grants. The Commission is also utilizing a cultural approach coinciding with community policing that emphasizes a traditional "Akicita" (warrior) society which complements community policing. It is the intention of the Commission to implement this concept through all facets of law enforcement in the next three years in conjunction with community policing. Other grants under DOJ have allowed the Commission to mobilize towards automation, additional training, and specialized services.

*Adequate salaries for officers*.—After the Federal Law Enforcement Pay Reform Act of 1990, Public Law 101–509, raised the minimum wages for federal law enforcement officers, Congress increased the BIA appropriation by $5.8 million (fiscal year 1992 and fiscal year 1994 total) to bring the salaries of BIA and tribal police officers up to Pay Reform Act levels. The BIA distributed this money proportionately to all BIA-funded law enforcement programs, however, rather than according to each program's need. The Commission's share of these increases ($188,400) was about $400,000 short of the amount needed to bring Commission salaries to the mandated levels. The Commission was able to bring salaries up to or close to the mandated levels in fiscal year 1994 by reprogramming other funds, but our officers' wages have lagged behind the Pay Reform Act levels since July 1995, when the reprogrammed funds ran out.

It is ironic that the recent BIA Review Team Report found "a high rate of turnover at the police officer position," which "is very costly" to the Commission, but also stated that the Commission need not pay its officers the salaries set by the Pay Reform Act. The Report should have acknowledged the obvious—that the high rate of turnover has been due in large part to the Commission's inability to pay adequate salaries.

*Overall need for equipment*.—The BIA Review Team Report supports what the Commission has been saying for years—we need more equipment. The report shows that officers and criminal investigators do not have all of the equipment they need to perform their jobs. We agree, and we have been working to correct the situation, but we cannot remedy the problem without increased funding. Perhaps the best example of this is the report's recommendation that the communications system be upgraded and enhanced. For several years we have requested (either through a one-time appropriation or out of the BIA's law enforcement budget) $235,000 to remedy this situation, but the funds have not been provided.

*Special need for equipment for new hires*.—The Commission has no funds to purchase basic equipment for the 40 new officers hired in September 1996 with DOJ funds. A total of $350,800 is needed for uniforms, service revolvers, radios, leased vehicles, and other items. The DOJ funds cannot be used for these expenses. Due to lack of funding for these items, new hires have had to borrow equipment from other officers, buy the equipment using their own money, or make do without the least essential items.

*Conclusion*.—In furtherance of its recognition and support for law enforcement generally, and for the safety and welfare of the Indian people, Congress should support the Administration's request for an increase of $8.7 million in the TPA account for law enforcement. Congress should also continue funding under the Crime Bill.

---

## PREPARED STATEMENT OF THE NARRAGANSETT TRIBE

The Narragansett Tribe appreciates the opportunity to address the subject of Indian Health Service (IHS) and Bureau of Indian Affairs (BIA) funding needs for fiscal year 1998. Since Federal acknowledgment in 1983, we have exercised our right of self-government to contract programs serving Indians under the Indian Self-Determination Act. We contract and operate 13 BIA-funded programs as well as a com-

prehensive health program from the IHS, employing many of our tribal members to provide essential services to our more than 2,000 members. Our comments on the fiscal year 1998 budgets for IHS and BIA are as follows:

—IHS (Hospitals and Clinics). Fully fund staffing and equipment needs for our new health clinics through an earmarked appropriation of $947,949 to bridge the shortfall we face in bringing our new clinic fully on-line.
—Fund mandatory pay increases for salaries, inflation and population growth.
—Fully fund Contract Support Costs.
—BIA (Tribal Priority Account). Support, as a minimum, the President's fiscal year 1998 budget request for TPA.
—Fully fund Contract Support Costs.

*IHS budget (staff and equip Narragansett health clinic).*—In 1991, the first year we testified before this subcommittee, we identified as our goal the establishment, on our reservation, of a tribally operated, out-patient health clinic to provide essential health services to our tribal members. We are proud to report to you that in November 1996 our goal was achieved with the construction and dedication of a 5,000 square foot health clinic. We obtained private financing to build our health clinic from Washington Trust Bank. This would not have been possible, however, without a 90 percent BIA loan guarantee from the Eastern Area Office. The facility contains a Primary Health Clinic, Community Health program, Behavioral Health/Family Services, and Administrative Services. This is a proud achievement for our Tribe, but we will only recognize a portion of the clinic's potential due to a shortage of funds. We need your assistance if we are to realize the full potential of our direct service clinic.

The IHS has informed us that they are without funds to staff and equip our facility. In a February 24, 1997, letter from the IHS to the Tribe (enclosed), we have been informed that "there are no health service funds available from the IHS at this time to support your new facility" and any additional funding for our Tribe's program needs "would have to come from the Congress." With the exception of "some" Maintenance & Improvement and equipment replacement funds in the fiscal year 1998 budget, the agency is without funds to meet our needs. On top of this, the IHS expects to absorb approximately $100 million in inflationary costs this year.

In a meeting with Dr. Trujillo, his staff, and a representative of the Nashville Area Office February 3, we were informed that IHS policy does not recognize our clinic as an "expanded" program, thereby making us ineligible for existing IHS dollars. We are neither a "new tribe" nor are we an "expanded" program in the eyes of the IHS. We alerted the IHS Nashville Area Office in 1995 that we would soon have our clinic. They informed us then that we could not submit a new scope of work and budget for the clinic until it was actually built. Nonetheless, we thought that they were anticipating our clinic coming on-line and would include the required funding for staffing, maintenance and improvement funding and other start up expenses in the upcoming IHS budget request to Congress. We certainly believed that under existing law, as we expanded our scope of service, building a clinic which did not previously exist and transferring from a referral health care service to a direct care, out-patient facility, we would be eligible for "new and expanded" health program funds. This turns out not to be the case.

Dr. Trujillo did not know where additional funds could be made available to the Tribe. We are greatly distressed by the position of IHS which regards tribes such as us, which prior to contracting health services under Public Law 93–638, received no health services from the Department, as ineligible for "new and expanded" program funds.

Today, we are presently in transition from a referral based health program, whereby we referred our members to the surrounding medical community for their health care needs, to a more cost-effective direct service, health care system where we will hire local health care professionals to work full and part-time at our health clinic. Direct service health care provided under one roof will ensure that each dollar goes farther and that better health care will be administered to our members. Contract Health Service (CHS) referral costs totaled $700,000 in 1996 alone. We have cut our CHS budget by more than 50 percent, using these funds for staffing needs, but this only permits us to fill 17 of 27 health care positions, leaving us with a 37 percent staffing shortage. By moving CHS funds to staffing needs, we are increasing our need for Contract Support Costs which are already inadequate. Staffing funds require Contract Support funds. We will, however, save money in the long term.

Our current operating budget of $1.2 million will allow us to only bring on-line a portion of our clinic. Without additional appropriations we cannot afford to hire: a nurse technician; a pharmacist; a licensed practical nurse; a social services medical social worker; a social services patient services coordinator; a Behavioral Health

Service psychologist or psychiatrist; a Health and Human Services Director to manage the clinic; an Administration Planner; a Business Office Manager and Patient Services Coordinator; and maintenance personnel.

Until our full-time physician begins work in July, we have contracted with two local physicians to work part-time (2 days/wk) at the clinic. A licensed psychologist is working 1 day a week at the clinic. Our Community Health Service staff is conducting one-on-one sessions and intake for on-going contract referral health care needs until the clinic is officially open for business. Additional staffing needs alone will account for 48 percent of the additional $948,000 we are requesting. If we could afford a pharmacy, that would reduce our pharmaceutical costs by some 40–50 percent, saving us some $75,000 to put toward staffing needs. Pharmaceutical expenses totaled $170,000 in 1995 alone. We enclose a budget of our health care needs.

Third party billing of Medicare and Medicaid will allow us to make up some of the funding shortfalls and we hope that future health care reform will not deprive us of this necessary revenue source. The University of Rhode Island has offered us resources from their Audiology, Speech Pathology, Pharmacy and Nursing departments, and Rhode Island College has made a graduate level student in Social Services available to us as well as other resources. We are grateful for their assistance, but we still face severe funding shortfalls.

Our greatest medical challenge is monitoring and addressing the needs of our diabetic patients. Screening, preventive care and treatment of our 75 existing patients is very costly. Our Tribe has an unemployment rate near 40 percent. Of the last 10 cases of diabetes discovered, 8 were uninsured. To meet minimal standards requires a commitment of roughly $2500 per patient, or $187,500 annually. Through clinic screening and early detection, we estimate that the number of diabetic patients we serve may double in 1997, as we must now serve all Indians who enter our clinic. CHS referral funds, however, are only available to members residing in Washington County.

In addition, new welfare reform legislation has decreased funding for welfare mothers receiving Ritecare funds administered by the State. Children remain eligible for this funding through age 7, after which the Tribe becomes responsible. These children must now be covered under our Contract Health Services funding which we reduced 54 percent to cover staffing needs. We have some 37 pregnancies, 90 percent of which are low-income, most of which are high-risk.

In conclusion, we do not know how we are going to cover these shortfalls as well as absorb the costs associated with population growth, medical inflation and pay increases. By moving from a contract referral health care program to a direct service program, we anticipate cost savings which will help but not fully cover our start up needs. We are doing our part to stretch existing funding to provide essential health services to our members. Without additional funding from Congress, we have no choice but to limit the health services we can provide to our members. We ask that Congress continue to assist all tribes in meeting the health needs of the Nation's First Americans by adequately funding the IHS budget to increase the level of need we provide.

*BIA budget*.—We request that Congress, at a minimum, fund TPA at the President's fiscal year 1998 budget amount. As with the IHS budget, we continue to experience chronic shortfalls in carrying out contracted programs from the Bureau of Indian Affairs. Human Services programs such as Indian Child Welfare Act are so underfunded (and actually will decrease in fiscal year 1998 from the fiscal year 1997 level) that we simply cannot afford legal representation to monitor foster care placement of our tribal children. Education funding under Johnson O'Malley is slated for about a million dollar decrease under the President's fiscal year 1998 budget. Our Adult Vocational Training and Scholarship programs cannot keep pace with our need. Law Enforcement funding remains at the "feasibility study" phase of $10,000. For the past several years, we have emphasized the need for law enforcement funding. We have no alternate revenues (we possess no natural resources and have been denied the ability to raise revenue through gaming on our settlement lands by the 104th Congress) and cannot take funds from other TPA programs, which are strapped for funding, to establish an adequate law enforcement program.

Since the 1994 First Circuit decision, there is no longer a question that we exercise civil, criminal and civil regulatory jurisdiction over our settlement lands concurrent with the State. The local police do not patrol our lands and the State police are more than 20 minutes away. We have a new health clinic and community center which must be patrolled. We have applied for and been denied grants from the Department of Justice (COPS FAST and COPS MORE) because we didn't have even one full-time law enforcement officer.

Finally, Congress must fully fund contract support costs which enable tribes to meet their administrative expenses associated with carrying out our programs. Con-

gress has long recognized the need to fund this essential component. Each year tribes like us must make up for contract support cost shortfalls by using direct program funds, limiting the effectiveness of our already financially strapped programs. The Indian Self-Determination Act is clear—the Secretary must fully fund contract support cost needs. We request that Congress fully fund this essential program cost as required by law.

Thank you for providing the opportunity for the Narragansett Tribe to provide comments regarding the fiscal year 1998 BIA and IHS budgets.

---

PREPARED STATEMENT OF ERIC R. DAVENPORT, CHAIRMAN, INTERTRIBAL MONITORING ASSOCIATION

The Intertribal Monitoring Association on Indian Trust Funds (ITMA) submits this statement in support of the Administration's fiscal year 1998 budget request for the Office of Special Trustee for American Indians within the Department of the Interior. While we support the budget request, we also want to make it clear that an appropriation of the $39.3 million which has been requested will not be sufficient to enable the Special Trustee to implement the trust fund management systems which are necessary to correct the century of mismanagement of Indian trust funds and assets.

The Intertribal Monitoring Association on Indian Trust Funds is an organization composed of 34 Indian Tribes which represent over 80 percent of the trust funds managed by the Office of Special Trustee. ITMA was created in 1990 to monitor federal efforts to improve management of Indian trust funds and to keep the Congress and the trust fund account holders more fully informed. Among the tasks charged to ITMA by our member tribal governments are preparing tribes for account settlement by providing analysis of the reconciliation reports and technical assistance in analyzing tribal specific reports; assisting in the development of objective, fair and accurate methodologies for the reconciliation of the IIM accounts; and obtaining tribal input on continued implementation of the Trust Fund Management Reform Act.

ITMA supports the proposed fiscal year 1998 level totalling $39.3 million, an increase of $5.2 million over the fiscal year 1997 level. The $5.2 million requested increase would provide additional resources for trust systems improvements, but is far short of the funding needed to implement a plan to correct the existing flawed systems. ITMA also supports the proposal to increase staff of the Office of Special Trustee by 22 Full-Time Equivalent employees over last year, for a total staff of 310.

We appreciate the fact that the Administration's request contains $250,000 in fiscal year 1998 for ITMA, however we must note that this amount is not sufficient for ITMA to be able to fully meet its responsibilities to Tribes, the Congress and the Department. Our experience since the formation of ITMA in 1990 tells us that annual funding of $400,000 is needed to enable us to promptly and accurately monitor developments in the management of trust funds and provide timely information to the account holders and the Congress. We respectfully request that the Subcommittee consider funding for ITMA at the level of $400,000 for fiscal year 1998. ITMA does not support the use of any of the funding requested for fiscal year 1998 for purposes of litigation. The Department of Justice has the responsibility for representing the Department of the Interior in any litigation. We see no justification for taking the scarce resources that are so desperately needed to implement improvements in the management of the trust funds and diverting them to defray any of the costs or expenses incurred by the Department of Justice in its defense of the past mismanagement of the trust funds.

The objectives ahead in fiscal year 1998, as the Office of Special Trustee and Office of Trust Funds Management continue trust management reform efforts, are demanding: putting in place an accounts receivable system to track, collect and account for funds derived from Indian trust assets, and an automated accounting system for IIM accounts. ITMA has strongly advocated that adequate resources must be made available to the Special Trustee for the necessary systems and personnel—including building the infrastructure required for the daily collection, investment, accounting, and disbursement of trust funds—to accomplish the required management reforms. Until these and other reforms are completed, the government's "breach of trust" to tribal and individual Indian account holders continues and the federal government's liability increases. In fact, until these reforms are achieved, the Department remains in violation of the provisions of the American Indian Trust Fund Management Reform Act.

In addition, the Special Trustee is holding consultation meetings with tribes throughout the country on his draft Strategic Plan. Elements one through eight of Phase I of the draft plan are supported by ITMA. We have concerns with element

nine of the plan, which calls for the transfer of all trust functions and the related funding to the American Indian Trust Development Authority (AITDA). We believe that the AIDTA element of the Strategic Plan needs more thorough thought and note that it has been strongly opposed by most Tribal governments. We have not had sufficient time to consider elements ten through sixteen of the draft plan.

Phase II of the draft Strategic Plan calls for the creation of a Development Bank. This portion of the plan is virtually identical to the proposal for a comprehensive settlement which has been proposed by the Special Trustee's Advisory Committee. ITMA does not support the establishment of a Development Bank as part of a settlement at this time for a variety of reasons, not the least of which is a concern about how such an institution would be capitalized and owned.

ITMA has reviewed the settlement options which were proposed by the Department on December 11, 1996. ITMA has officially taken a position opposing those options. We understand that the Department is refining a proposal for a comprehensive settlement of trust fund mismanagement claims based on consultation with Tribes during January of this year. We will, of course thoroughly review any such proposal when it becomes available. However, if it contains the options identified in the December 11, 1996, proposal ITMA will oppose it because of its inherent unfairness on a host of issues ranging from the payment of interest to the netting of amounts deemed to be due to or due from Tribes as a result of the reconciliation project. As we have stated previously, the task before all of us right now is to repair the system for management of the trust funds. Very few, if any, of the account holders have sufficient and reliable information at this time on which to base a reasoned judgment about settlement.

ITMA believes that the emphasis for the use of federal resources should to be on fixing existing management systems, so that account holders will have reliable information and the possibility of new claims against the federal government will be minimized. We are committed to doing everything we possibly can to assist the Congress, the account holders and the Special Trustee to complete this important work and bring the management systems into compliance with the Trust Funds Reform Act.

The Intertribal Monitoring Association on Indian Trust Funds looks forward to continuing to work with the Office of Special Trustee, the account holders, and the Congress to support efforts to improve management of Indian trust funds. We believe that we all share a common vision—that tribal and individual Indian account holders should achieve the simple justice any other citizen would expect from the institutions, be they commercial or governmental, entrusted with the management of their money: a fair accounting and a fair return.

---

## PREPARED STATEMENT OF THE NAVAJO NATION

### INTRODUCTION

Mr. Chairman and Members of the Subcommittee the Navajo Nation, America's largest Indian nation. On behalf of the Navajo people, greatly appreciates this opportunity to present our views and recommendations regarding the fiscal year 1998 appropriations for the Department of the Interior and Related Agencies (DOI). This testimony highlights our request for fiscal year 1998 appropriations.

### THE NAVAJO NATION

The Navajo Nation is the largest Indian Nation in America with a population of 250,000 members. Spanning Arizona, New Mexico and Utah, the Navajo Nation encompasses 17.5 million acres—one-third of all Indian lands in the lower 48 states—and is larger than the States of Connecticut, Delaware, Maryland, Massachusetts and Rhode Island. Unlike those states, however, the Navajo Nation is home to the poorest of America's rural poor. While the average unemployment in America today is 5.8 percent, the unemployment rate on the Navajo Nation averages 38 percent to 50 percent, depending on the season. Over 56 percent of the Navajo people live in poverty. Per capita income averages $4,106, less than one-third of that in the surrounding states. Only a few Navajos enjoy basic "necessities" of life that are taken for granted elsewhere in the United States—77 percent of Navajo homes lack plumbing, 72 percent lack adequate kitchen facilities, and 76 percent lack telephone service. Though the Navajo Nation is slightly larger than the state of West Virginia, only 2,000 miles of our roads are paved. This is barely 11 percent of West Virginia's 18,000 miles of paved roads. Until recently, we had just three banking facilities within our entire 27,500 square mile land area.

Ironically, Mr. Chairman, the Navajo Nation is perceived as one of the more prosperous of Indian nations. Tragically, these types of living conditions exist on hundreds of other Indian nations throughout the United States. Nationwide, unemployment rates on Indian nations average 56 percent.

Mr. Chairman, I focus my testimony on several of the Navajo Nation's specific requests for fiscal year 1998 funding for critically-needed projects. But in a larger sense, I urge the Committee to "reinvent" its own approach to Indian country funding. Rather than, chipping away year-after-year, generation-after-generation, in a piecemeal approach at existing conditions in Indian country, why not marshal all available federal resources in a coordinated, comprehensive and government-wide effort similar to the plans used to rebuild Germany and Japan after World War II. Such efforts can rectify the massive infrastructure deficiencies that prevent us from competing on a level playing field against even the most economically-distressed non-Indian communities.

Such approach would redirect, government-wide federal resources and programs from those program which have already realized their purposes to Indian programs. Scarce federal resources can be targeted and invested in areas, like the Navajo Nation, where they are really needed. The goal must be to develop self-sustaining reservation economies consistent with Indian self-determination and self-governance.

Enactment of welfare reform marks a significant reversal of federal entitlement policy that will greatly affect Indian nations. With respect to Indian reservations, the rationale that ending welfare assistance will force people to work simply ignores the lack of economic development, and subsequent employment opportunities. America must acknowledge the grim reality on Indian reservations—there are no jobs. The chronically high unemployment rate on Indian reservations is indicative of a seriously flawed economic development climate. The Navajo Nation has consistently pointed out major barriers to economic development, most significant are double taxation and the lack of infrastructure and economic development incentives that Congress must address before economic development opportunities can occur.

Navajo culture encourages individual self-sufficiency and resourcefulness. However, there is a limit to the ability of Indian nations to unilaterally improve their unemployment situation. If our needs are not addressed, the unemployment situation will only worsen. Terminating welfare assistance, without creating the necessary job opportunities for welfare recipients, will severely reduce on-reservation spending, thereby negatively affecting reservation economies. The limited reservation businesses will not only be forced to lay off employees, but some may even be forced to close their doors. This will in turn increase our 38 percent unemployment rate and 56 percent poverty rate.

While current efforts to eliminate the accumulated federal deficit are commendable, the Navajo Nation cannot stress enough that the federal budget should not be balanced at the expense of the Navajo Nation and other Indian nations for several reasons. First, such efforts will result in termination of treaty obligations that the federal government has with the Navajo Nation. Secondly, Indian nations did not benefit from the enormous build up of the deficit beginning in the 1980's. Lastly, Indian nations, due to consistent inadequate funding, have and will remain severely impoverished and underdeveloped compared to the rest of the United States.

Congress's own analysis, prepared by the Congressional Research Service, unequivocally shows that since 1985, per capita federal expenditures on Indians equaled approximately $2,400. This is $1,000 per person less than the rest of the U.S. population. During the years of federal deficit spending many programs, principally benefiting non-Indians, received enormous funding increases while Indian program funding remained constant or actually decreased. Now that the bill has come due on the federal debt, Indian programs are slated to receive the burden of cuts. The unfairness and the inequity of this result surely was not the federal government's intent.

The U.S. Government entered into a solemn treaty with the Navajo Nation in 1868. This treaty has the force of law and imposes explicit contractual obligations upon the United States government. These obligations for such matters as education, agricultural, natural resources preservation, and others require adequate federal funding to execute and fulfill. Budget cuts for Indian programs would, therefore, violate these treaty obligations, and amount to termination of such obligations by appropriations.

In great part, due to the neglect of the United States to live up to its trust and treaty obligations and very little or no assistance from states in which Navajo People are also citizens, living conditions on the Navajo Nation are comparable to third world conditions. The Navajo Nation has an enormous deficit in all aspects of development when compared to other rural areas of America. These conditions are perpetuated by inadequate funding or lack of funding and the federal agencies lack of

awareness or unwillingness to fulfill trust and treaty responsibilities to the Navajo Nation.

The Navajo Nation has identified, through a preliminary needs assessments, a minimum of $2.97 billion needed in the six primary areas of rural development to achieve a level playing field with the rest of America. These needs prevent the Navajo People from achieving prosperous rural livelihoods and from realizing full potential for social and economic productivity and well-being. The "pursuit of life, liberty and happiness," the cornerstones of American democracy, are therefore denied to the original inhabitants of this great land.

We recognize that budget cuts are inevitable. But, we also recognize the compassion and fairness of this Committee, the Congress, the American leadership, and the American People. That compassion and fairness are demonstrated by the consistent large funding for foreign countries. The compassion and fairness of the American people can also be demonstrated by living up to promises made to the Navajo people in the Treaty of 1868.

REQUESTS FOR DOI FISCAL YEAR 1998 BUDGET INCLUSIONS

Today, the Navajo Nation merely highlight parts of our overall request for fiscal year 1998.

*Education*

The Navajo Nation strongly requests $14 million for Many Farms High School Construction. The Navajo Nation also requests $13.9 million for Navajo undergraduate scholarships. In 1996, the Navajo Nation Higher Education Grant Program received over 17,000 applications and only 3,152 students were awarded scholarships. The Navajo Nation requests that a funding formula be based on native population that fairly distributes scholarship funds accordingly to Indian nations. For the Johnson O'Malley Program, the Navajo Nation requests that the Subcommittee request $18 million (the fiscal year 1997 enacted level) for services to support over 51,209 eligible Indian students between grades K–12 and employ over 224 professional/para-professional staff in major Navajo school districts. The Navajo Nation requests that the Subcommittee provide funding for the Indian Adult Education program at the fiscal year 1997 level of $2.5 million

The Navajo Nation requests $467 million for funding of Bureau operated schools and dormitories on the Navajo Nation, school operations, particularly the $296.2 million for Indian Schools Equalization Program (ISEP). The Nation has 66 Bureau funded schools and expects an increase in enrollment for the school year 1996–97. Ten (10) Bureau-operated schools will be converting to Public Law 100–297 Grant Schools by July 1, 1998 and will require an additional $1.589 million above the President's $2.5 million increase for Administrative Cost Grants; the Navajo Nation also requests that full funding be provided for severance pay to federal employees upon conversion of Bureau-operated schools to Grant schools, estimated at $5.7 million. The Navajo Nation requests $500,000 for tribal departments of education to enhance their capacity to manage BIA education programs. Additionally, the Navajo Nation requests that the Subcommittee restore funding for the Institutionalized Handicapped which will allow Navajo schools to provide important specialized services.

For the Navajo Community College (NCC), the Navajo Nation requests $7.5 million for the operating budget. Furthermore, $2 million is requested for desperately needed funds for renovation and construction. This funding will address health and safety requirements and compliance with the American with Disabilities Act at the NCC campuses. For its Shiprock campus, the Navajo Nation requests $1.2 million for the mandatory asbestos abatement and roof replacement.

*Natural resources development*

The Navajo Nation very strongly recommends $38.5 million for the Navajo Indian Irrigation Project (NIIP). Much of this will be used toward the construction, operation, and maintenance of NIIP. NIIP was authorized by Public Law 87–483 and further amended by Public Law 91–406, but is currently 30 years behind schedule. An additional $6.33 million is requested to fund operation, maintenance, and replacement costs of NIIP's existing canal system.

The Navajo Nation requests $5.375 million for water resource development and maintenance programs, including: $3.98 million for the development and rehabilitation of livestock water facilities; $500,000 for operation and maintenance of irrigation projects; $570,000 for the Navajo Nation water monitoring and inventory program; $100,000 for technical studies for Navajo Nation San Juan Irrigation projects; and $225,000 for technical studies for Navajo Nation Clear Creek/Chevelon Water Supply Protection. Further, the Navajo Nation requests $1.535 million for Navajo

water rights protection and to conduct technical studies in the Little Colorado and San Juan River Basins. This funding would allow the Navajo Nation to adequately prepare for litigation over water rights.

The Navajo Nation requests $1.9 million for non-renewable resources programs, including: $1 million per year for establishment of a Navajo Nation Surface Mining Program; $220,000 for Inspection of Navajo Oil and Gas Leases and Operating Agreements; and $700,000 for Minerals Audit Program. Additionally, the Navajo Nation requests $4.3 million for the abandoned mine lands reclamation program ($3.96 million) and UMTRA program ($344,178).

The Navajo Nation requests $2.07 million for forest management and wildlife projects, including: $1.5 million for the management of 600,000 acres of timberland and 4 million acres of woodlands. Management will consist of using the "best management practices" with modern techniques and equipment, while addressing the Navajo publics' concerns. The Navajo Nation also requests $298,710 for the Navajo Natural Heritage Program and $275,000 for wildlife management and enforcement.

The Navajo Nation requests $21.95 million for Navajo cultural and historic preservation projects, including: $10 million for direct grants to Indian nations to support tribal preservation projects and programs; $10 million for grants to Indian tribes to repatriate human remains and sacred and ceremonial items; $1.487 million for the development of a comprehensive historic preservation and cultural resource management plan; and $463,000 for public protection, management, research, and interpretation of the Chacoan Outliers sites. To meet the responsibilities of the Navajo Nation Safety of Dams Program, the Navajo Nation requests $13.7 million, of which, $13 million will be used for the rehabilitation of the Many Farms Dam; $200,000 for the development of an early warning system for dams located on the Navajo Nation; and $500,000 for maintenance and administration funds.

*Economic development*

The Navajo Nation requests $10,503,000 to develop Antelope Point Infrastructure near Page, Arizona. The appropriation would provide basic utilities and power distribution, telephone service, internal roads, public launch ramp, parking trails and walkways, signage, fire and police facilities, and landscaping for public areas to the Antelope Point Recreation Area.

The Navajo Nation requests $3,925,000 to plan, develop and construct a regional water and sewer system to support future business and community development efforts near Monument Valley (Arizona and Utah). This includes basic utilities for the development of a gift shop, visitors center complex, hotel/motel designation, resort and rest area, and public signage.

*Indian Health Service facilities requests*

The Navajo Nation supports the President's fiscal year 1998 Budget Request for $25 million for Phase I construction of the Fort Defiance Comprehensive Health Care Facility. The proposed facility will have 58 beds and will provide medical/surgery, pediatric, adolescent psychiatric, intensive/CCU, nursing and ambulatory services. The adolescent psychiatric unit will be the only one of its kind within the IHS health care system. This facility is one of two special initiatives on the IHS priority list.

The Pinon Health Center is fourth on the national IHS priority listing for outpatient facilities construction. The Navajo Nation request $966,000 for the architectural and design phase of the proposed health center in Pinon, Arizona.

In the Indian Health Service (IHS) budget, the Navajo Nation requests $1.249 million in supplemental appropriations for Red Mesa Health Center's architectural design. The design phase of the health center will commence upon approval of the planning documents by the IHS Headquarters. Approval is projected by the end of April 1997.

*Environment*

The Indian Lands Open Dump Cleanup Act of 1994 (Public Law 103–399) mandated the Indian Health Service (IHS) to address the closure of open dumps on Indian lands. Navajo Area-IHS has failed to meet the requirements of the Act due to lack of funding. The Navajo Nation is greatly concerned that both the IHS and the BIA have grossly underestimated the severity of the Navajo Nation's open dump problem. For example, BIA has claimed responsibility for only 25 active dump sites on the reservation and has committed to proceeding with closure activities only on these sites. Likewise, Navajo Area-IHS submitted a list of 65 dump sites to IHS Headquarters for inclusion into a final report for Congress, as required under Public Law 103–399. Yet, in June 1996, the Navajo Nation completed its own open dump site inventory—sites that are used by four or more families—and have estimated that there at least 465 sites that need to be closed by October 1997. The Navajo

Nation estimates that $5 million will be needed in order to complete Phase I closure (which consists of consolidating small dump areas where there is no mechanical manipulation of the site into larger community dump sites and closing and covering the larger community dumpsites). The Navajo Nation requests that the Subcommittee provide this amount and direct both IHS and BIA to reevaluate their inventory processes to include the sites identified by the Navajo Nation and request funding accordingly.

*Social services*

The Navajo Nation requests $2.5 million to continue providing prevention, intervention and treatment services to Navajo children, who are victims of child sexual abuse and child abuse and their families. In recent years, child sexual abuse and molestation crimes has become one of the most reported criminal activity on the Navajo Nation. Also, the incidents of child abuse and neglect is on the rise, as well. This becomes an issue, especially when there is no one to advocate on their behalf and our Navajo children cannot protect themselves. On the Navajo Nation, our Navajo children are our most important vital resource, therefore, their health, safety and welfare must be made a priority, at all cost. At this time, the Navajo Nation Child Sexual Abuse Prevention Project is assigned the responsibility of providing services for children who have been sexually abused and their families. The therapeutic and treatment services is provided using the Western Medicine approach or if the family wishes, by use of the traditional medicine and ceremonies. There are currently five direct service offices located on the Navajo Nation, one at each of the agency office, and one office at the Central Office, that oversees the administration of the program and the funds.

The Navajo Nation has to address its domestic violence issues and problems to curb the incidents of family violence. This is done by subcontracting with five nonprofit domestic violence organizations or battered families shelter homes located on the Navajo Nation, who provide the therapeutic and treatment services needed by the victims of domestic violence and their families. Currently, the facilities are under funded and have limited resources to address their overburdened caseloads and for the daily operation of shelters and safehomes. Therefore, the Navajo Nation requests full appropriation, as originally authorized by Congress, in Public Law 101–630, Indian Child Protection and Family Violence Prevention Act, an Indian-Specific Legislation designed to combat child sexual abuse, child abuse and neglect and domestic violence in Indian country.

The Navajo Nation requests restoration of a 17 percent funding cut to the fiscal year 1995 level for welfare assistance programs which include child welfare services and adult care. Without restoration of the 17 percent cut some programs will receive a 38 percent funding reduction and over 2,300 eligible Indian beneficiaries per month will be denied services.

*Navajo-Hopi*

The Navajo Nation seeks $31 million for special rehabilitation projects in the Former Joint Use Area and Western Navajo Agency. Due to the federal relocation program, litigation over ownership, and the related construction freezes, little or no development has taken place in the last 27 years. During the freeze period, Navajo residents were denied assistance from federal, state and Navajo Nation programs that target low income citizens. Hundreds of millions of dollars are needed to elevate the living conditions of the people in these areas.

Of the amount requested, $15 million would be for planning, housing, community services and infrastructure development in the Hopi Partitioned Land. Over 250 Navajo families remain on the Hopi Partitioned Land. Due to the construction freeze, these families now live in deplorable conditions.

This funding request also includes $15 million for housing, community services, and range restoration in the Navajo Partitioned Land. Influxes of relocatees and refugees created by the federal relocation program have led to overuse of already limited land and infrastructure, high rate of unemployment, and overcrowding and dilapidated housing. Finally, $1 million dollars is requested for planning purposes in anticipation of the lifting of a 27-year federal construction freeze in the Bennett Freeze Area.

The Navajo Nation also requests the reauthorization of appropriations for the Navajo Rehabilitation Trust Fund for fiscal year 1998 through fiscal year 2001 in an amount not to exceed $10,000,000 in each fiscal year. This fund has provided critically needed resources to address the tremendous development and services deficiencies experienced in the "land dispute" area.

*Public safety*

In fiscal year 1998 the Navajo Nation requests $29 million for law enforcement activities including, funding for corrections facilities and criminal investigators. A 1992 Consent Decree limits available detention space for criminals and requires the Navajo Nation to upgrade and replace jail facilities. All five Navajo adult detention facilities are listed on the BIA's Planning of New Institutions (PONI) priority list. No funding has been provided. The Navajo Nation requests $2 million to renovate detention facilities and $200,000 for needs assessments of adult detention facilities.

The Navajo Nation also requests $1.4 million for the completion of the design and planning phase of three juvenile detention facilities: Crownpoint—$400,000; Kayenta—$300,00; and Shiprock—$700,000. The Navajo Nation is experiencing an increase in crime rates, especially violent juvenile crime. The Navajo Nation does not have sufficient juvenile detention facilities and lacks rehabilitative services.

CONCLUSION

The Navajo Nation thanks Chairman Gorton and the Members of the Subcommittee for their leadership and support of these programs.

---

PREPARED STATEMENT OF PEARL CAPOEMAN-BALLER, PRESIDENT, QUINAULT INDIAN NATION

SUMMARY—QUINAULT NATION APPROPRIATIONS REQUESTS: TRIBAL PRIORITIES

*1. Quinault Cultural Preservation Center (QCPC) +$300,000*

Start-up funds for construction and development of a Cultural Preservation Center and Museum is needed to preserve the cultural heritage of the Quinault people—a nation which consists of 7 tribes. Through Self-Governance funding, a small cultural program was developed, however, a facility is needed in order to properly restore, preserve and display artifacts, family heirlooms and other archeological findings. Request start-up construction funds of $300,000.

*2. Seniors/Elders Assisted Living Program—I.H.S.—Community Health Program +$250,000*

As our elderly population increases, there has been a associated increase in the need for assisted living care. Our Public Health/Community Health Program is unable to provide continuous care due to lack of staffing. We are in great need of 24-hour care for many of our seniors in both villages on the Quinault Reservation. Request earmark of $250,000 initial funding and $150,000 on a recurring basis to establish an elders assisted living program in the villages of Queets and Taholah.

QUINAULT INDIAN NATION REQUESTS AND RECOMMENDATIONS: NATIONAL LEVEL

*Office of Special Trustee—American Trust Fund Management Reform Act of 1994*.—Request language directing the Office of Special Trustee to complete analysis, true consultation and report back to Congress before implementing the Draft Strategic Plan of the Special Trustee for American Indians.

*BIA/IHS contract support funds*.—Provide sufficient contract support funding for increased tribal acquisition of programs, services and activities in all DOI/BIA and I.H.S. programs. Instruct the BIA to establish a contract support funding process similar to the process established by the Indian Health Service.

*Tribal priority allocations*.—Restore the BIA budget—Tribal Priority Allocations to the fiscal year 1995 levels, to ensure tribal programs are not diminished. The underlying principle for the establishment of the Tribal Budget System was to provide for each Tribe's base budget to receive annual adjustments for inflation. This has not happened since 1995. Request increase of $73 million to TPA (to $830 million) to bring funding levels to same level as fiscal year 1995 for Tribal Priority Allocations.

*Welfare reform implementation programs*.—Require establishment of necessary infrastructure on Indian Reservations of job training, adult and basic education and early childhood development programs.

*Elevation of Indian Health Service*.—The Indian Health Service is the largest direct health care provider within the Department of Health and Human Services and should answer directly to the Secretary to insure that issues which impact the agency are addressed. There are many legal and cultural issues which are unique to Indian Health programs and tribes rely on the Director of the I.H.S. to address these concerns. During the last Congress, the Honorable Sen. John McCain introduced legislation (S. 311) which would elevate the Director of the I.H.S. to the Assistant

Secretary level within the DHHS. Since the elimination of the Assistant Secretary of Health, the need for this legislation has increased.

*IHS mandatories*.—During fiscal year 1998, it is imperative that funding be provided for all mandatory costs increases incurred by the Indian Health Service, including medical inflation, mandatory payroll increases and population growth (including new tribes). In the Northwest where Indian Health programs must purchase all inpatient and specialty care from private providers, it is particularly important that inflationary cost increases for the Contract Health Services program be funded. In past years, deferred medical and dental services in the Northwest have been as much as $4 million annually. This is a great disservice to Indian people and should not be allowed. Request full funding of mandatories for fiscal year 1998.

*Joint BIA/I.H.S. issues*.—Contract support funds are required for tribes to successfully manage their own programs. The IHS has an estimated shortfall of $30 million and the BIA has an estimated contract support shortfall of $5 million in fiscal year 1998 and $16 million in fiscal year 1997. Even with the proposed $10 million increase in fiscal year 1998, these shortfalls deprive Tribes of needed administrative services. These shortfalls prevent the realization of the Congressional goal of Self-determination for tribes awaiting these funds. Recommend full funding of contract support costs.

*Northwest Portland area Indian Health Board*.—Indian Health programs and services are provided to over 80,000 Indian people in the Northwest (Oregon, Washington and Idaho). The partnership forged by Congress with tribal governments and the Indian Health Service over the last 30 to 40 years has resulted in significant improvement in health care delivery to Indian people. Even though health status measurements of American Indians are still lagging, progress has been made. Death rates of Indian people from infectious diseases, gastrointestinal diseases and tuberculosis have dropped considerably; maternal death rates have declined by 65 percent since 1973 and immunization rates for Indian children exceed 90 percent, compared with the national average of 67 percent. As Congress is required to control spending, it should not cut out model programs that have demonstrated success. To dismantle this successful public health care system could create disastrous consequences for the health of all American people and could relegate health care services to Indian people to that of third world countries.

QUINAULT INDIAN NATION FUNDING NEEDS

*BIA Self-governance: Tribal Priority Allocations public safety and justice—tribal courts +$100,000*

Funding to enhance the judicial court system to provide adequate pretrial and post-trial services to clients of the Quinault Nation Court. The historically underfunded Quinault Tribal Court currently suffers from lack of funding in several areas including: research and law clerk functions, court appointments, guardian ad litems, preparation of written decisions, process services, and clerical services. Despite these many deficiencies, the Court has managed to operate relatively well due primarily to multi-talented, cross-cultural and hard-working staff who are dedicated to the field and to justice. With proper funding, the possibilities for an exemplary court system are limitless.

*Tribal priority allocations: Resource management—water resources +$50,000*

Funding required to continue Coordinated Tribal Water Quality Program (CTWQP) to collect new water quality and stream flow data and to correlate all available scientific information. This program currently is funded by EPA, which will end in fiscal year 1998. Request increase to QIN TPA allocation to continue this critical data collection, interpretation and development of water quality standards.

*Construction: Natural resources facility +$500,000*

Construction funds are needed to complete the construction of Phase II Administration Complex. This building will supply the facility and infrastructure necessary for the Nation to move into the 21st Century with its Natural Resource Management responsibilities. The Natural Resources Department consists of 47 employees located in four buildings scattered across the reservation. Request a Congressional earmark of $500,000 towards construction of facility.

*Tribal priority allocations: Wildlife and parks—"Shale Creek Pond" +$75,000*

This facility was built in 1988 by Washington State Department of Fisheries as part of a cooperative wild coho supplementation program, and has become an integral part of the Quinault Indian Nation's efforts to improve productivity of the Queets River wild stock of coho salmon. The level of salmon harvest opportunity in Washington ocean fisheries is often linked to the status of this stock, a key indicator

of wild coho stocks coast-wide. Increasing production of this wild stock provides for increased harvest opportunity to Indian and non-Indian ocean fisheries alike. Request $75,000 to fund operating costs of this facility which will benefit commercial and recreational fisheries in the Pacific Ocean and Queets River.

*Construction: Fisheries building +$75,000*

The fisheries building located in Queets is used to house biologists, technicians and equipment to conduct wild salmon studies. The building is in an extreme state of disrepair. Thirty years ago it was a fire station and currently the walls, roof and foundation are all crumbling. A garage with storage space and interior offices are required. Estimated cost is $75,000.

*National Park Service: Historic preservation fund Quinault Cultural Preservation Center (QCPC) +$300,000*

Start-up funds for construction and development of a Cultural Preservation Center and Museum are needed to preserve the cultural heritage of the Quinault people—a nation which consists of 7 tribes. Through Self-Governance funding, a small cultural program was developed. However, a facility is needed in order to properly restore, preserve and display artifacts, family heirlooms and other archeological findings. Request earmark in Historic Preservation Fund.

*Indian Health Service: Elders assisted living program +$250,000*

The Quinault Nation Seniors program is in dire need of an ongoing assisted living program. More and more elders are in need of around-the-clock care. Families can provide some of the care, and the Nation's Community Health Program is able to provide only minimal assistance, however, more and more of our elders are requiring assisted care. We are unable to provide this care without hiring additional nurses and aides to provide this much-needed care. Request earmark of $250,000 initial funding and $150,000 on a recurring basis to establish an elders assisted living program in both villages on the reservation.

---

## PREPARED STATEMENT OF BENITO VALENCIA, CHAIRMAN, PASCUA YAQUI INDIAN TRIBE OF ARIZONA

### INTRODUCTION

The Pascua Yaqui Tribe of Arizona is pleased to offer written testimony regarding the President's Budget Request for fiscal year 1998 Indian Programs and Services. We would like to acknowledge that the Tribe concurs with the comments submitted to the Senate Committee on Indian Affairs, by President Ron Allen of the National Congress of American Indians on February 26, 1997, concerning the proposed fiscal year 1998 budget. The fiscal year 1998 funding requests to this Subcommittee of the Pascua Yaqui Tribe include: Sufficient funding through the Indian Health Service to provide health services to all our eligible tribal members under our HMO arrangement estimated by IHS to be $8 million over the budget request in fiscal year 1998 (the $10.7 million originally stated in our House testimony has been revised by the IHS to more accurately reflect the costs); and $200,000 through the Bureau of Indian Affairs to conduct seven critical studies that were authorized by the Congress in Public Law 103–357 in 1994.

### BACKGROUND INFORMATION

As you may be aware, the Pascua Yaqui Tribe, through Congressional enactment of Public Law 103–357, was authorized to open tribal enrollment until October of 1997. The Tribe's population is expected to grow to approximately 14,000 to 16,000 tribally enrolled members. This fact will makes us one of the largest tribes in the country. Having said this, however, we remain one of the most severely underfunded tribes. Let us illustrate this point with the following information concerning the Pascua Yaqui Tribe's Health Care funding crisis.

*A. Tribal health funding*

We are asking for your support and assistance in resolving a crisis situation regarding our future health care. As of today, we do not know what type of health care services we will be receiving or who will be providing the health services after October 1 of this year.

Since the time we received federal recognition, the Pascua Yaqui Tribe has received health care services through a pre-paid contract with a private HMO provider. When Indian Health Service approached the Tribe about participating in the HMO program in the early 1980's, our tribal leaders expressed concern about the

uncertainty of funding for future tribal members and the potential of changing providers every three years. They reluctantly agreed to the arrangement. In retrospect, the concerns our tribal leaders expressed then have become a reality. On December 13, 1996, the Indian Health Service advised us that they were no longer going to be able to continue funding the HMO program after the current contract expires on May 31 of this year. They identified a shortfall of $844,588 needed to continue the HMO program through September 31, 1997. Since the notification, the IHS has provided emergency one-time funding of $585,000 to continue the program until September 31. However, based on their financial projections, the Indian Health Service estimates they need an additional $3.1 million dollars in fiscal year 1998 to fund the program just for the 4,500 tribal members currently enrolled in the HMO and capping enrollment in the HMO at 4,500. But, we currently have over 3,500 applications that are likely to be approved before the October open enrollment deadline. These new members will need health care services. Therefore, an additional $4.9 million will be needed to fund the HMO program for the new tribal members. The Indian Health Service has provided us with financial information that outlines how much funding it will take to provide direct services to our current population and the new tribal members. Using their resource requirement formula, they estimate the cost for providing direct health care services at $16 million dollars, compared to the $4.1 million currently allocated for the HMO or the total of $12.1 million needed to fund the HMO for all our tribal members. As you can see, the HMO arrangement is more cost effective than a direct IHS program and we want the HMO program to continue.

Health care is a priority for us. Utilizing our own tribal funds, we are nearing completion on a $2.7 million health complex with 25,000 square feet. The complex will include a small satellite clinic, a ten-chair dialysis center and a public health wellness center. Also, an additional $1.7 million in tribal dollars are approved annually to our tribal community health programs to supplement the $1.3 million dollar funding we receive from the Indian Health Service.

The Indian Health Service has not been supportive or proactive in working with us to identify a long-term solution that will provide health services through the HMO program to all our eligible tribal members. We request the Committee direct the IHS to work with the Pascua Yaqui Tribe in developing a plan to submit to Congress no later than January 1, 1998. In addition, direct the IHS to continue to fund the HMO in fiscal year 1998 without an enrollment cap or reduction in the benefits package in the HMO program.

*B. Department of Interior*

*Bureau of Indian Affairs*

A second important issue to the Tribe is the appropriation of funds for the purpose of conducting 7 critical studies that were authorized by the Congress in Public Law 103–357 in 1994. Because of the Tribe's open enrollment, the studies were needed to adequately prepare for the expanded population. Let us specifically cite what those studies were. Among the authorized studies that we are requesting appropriations for are:

"(a) IN GENERAL.—The Secretary of the Interior shall conduct one or more studies to determine—

(1) whether the lands held in trust on the date of enactment of this section by the United States for the Pascua Yaqui Tribe are adequate for the needs of the tribe for the foreseeable future;

(2) if such lands are not adequate—

(A) whether suitable additional lands are available for acquisition by exchange or purchase; and

(B) the cost and location of the suitable additional lands;

(3) whether the Pascua Yaqui Tribe has sufficient water rights and allocations to meet the needs of the tribe for the foreseeable future;

(4) if such water rights and allocations are not adequate

(A) whether additional water can be acquired; and

(B) the potential sources and associated costs of such additional water;

(5) whether the Bureau of Indian Affairs and the Indian Health Service have limited funding to the Pascua Yaqui Tribe based on the determination of the tribal enrollment in 1978, rather than the current enrollment;

(6) if funding has been based on 1978 enrollment, how the funding levels can be adjusted to ensure that the Pascua Yaqui Tribe receives a fair and equitable portion of Bureau of Indian Affairs and Indian Health Service funding;

(7) the genealogy of the Pascua Yaqui Tribe; and

(8) the economic development opportunities available to the tribe as a result of the North American Free Trade Agreement."

25 U.S.C. S 1300f–3.

To date, only the genealogy study was funded by the Bureau of Indian Affairs in fiscal year 1996 for $35,000. We are requesting $200,000 for fiscal year 1998 to commence studies on expansion of tribal land base, water allotment planning, additional water acquisition, and NAFTA economic development opportunities. The Tribe is prepared to provide matching funds of $50,000. Thank you.

---

## PREPARED STATEMENT OF THE BERING SEA FISHERMEN'S ASSOCIATION

### ABSTRACT

The Bering Sea Fishermen's Association (BSFA) requests the Senate Appropriations subcommittee on Interior and Related Agencies to authorize an appropriation of $1,000,000 to BSFA to conduct salmon research and restoration projects in western Alaska and Interior river systems. Funds would continue to be authorized under the BIA Wildlife & Parks, Tribal Management and Development program. As it has done with the fiscal year 1994—fiscal year 1997 appropriations, BSFA would design and implement cooperative projects with Alaska Native villages in Kotzebue Sound, Norton Sound and the Yukon and Kuskokwim rivers. This proposal aims to maintain the Western Alaska Salmon Investigations Program on the original course set by Congress in fiscal year 1994: the monitoring and restoration of depressed salmon stocks under the management of one organization that serves and represents all the affected fishermen.

*BSFA: 17 years of service to western Alaska Native villages*

Formed in 1980, the Bering Sea Fishermen's Association (BSFA) is non-profit extension service organization serving the needs of western Alaska commercial and subsistence salmon and herring fishermen. BSFA is governed by a 12-member Board of Alaska Native fishermen. BSFA provides services to Alaska Native villagers in four broad regions: Bristol Bay drainage, Yukon-Kuskokwim Rivers, Norton Sound and Kotzebue Sound. Services provided include: Assistance in dealing with state and federal regulations for seafood harvesting, processing and marketing; design and implementation of fisheries processing facilities; and scientific research to aid in management and development of local fisheries.

BSFA, through a combination of state, federal and private grants, has played the major role in ensuring Alaska Native participation in the development and management of dynamic fisheries. Some of these accomplishments include ensuring local control and sustainability in emerging fisheries, developing user participation in research and cooperative management regimes, and design and implementation of the Community Development Quota (CDQ) program for sablefish, halibut and pollock.

*BSFA's western Alaska (Arctic-Yukon-Kuskokwim) salmon restoration & research program*

In response to drastic declines in chum salmon, in fiscal year 1994 the Congress authorized a direct appropriation of $800 000 to BSFA to conduct salmon monitoring research restoration and enhancement projects in western Alaska. From early 1994 to late 1995, BSFA conducted the following projects:

*Kotzebue Sound*.—Sikasuilaq hatchery: annual operation costs/Kobuk River test fishery/regional subsistence harvest surveys/formation of regional aquaculture association.

*Norton Sound*.—Sockeye salmon: Habitat analysis, Chum salmon: habitat analysis, incubation units/Niukluk and Snake Rivers spawning escapement towers/regional subsistence harvest surveys.

*Yukon River*.—Chum salmon: Productivity analysis, egg incubation & rearing/public forums: Inseason management/Pilot Station main river sonar operations/Kaltag Creek spawning escapement tower & chum salmon incubation/Nulato River spawning escapement tower/Tanana Village salmon abundance test fishwheels/Anvik River terminal harvest fishery.

*Kuskokwim River*.—Public forums: Inseason management/Eek Island salmon abundance gillnet test fishery/Aniak River coho salmon escapement sonar/Nunivak Island salmon abundance study Bristol Bay Wood River coho salmon escapement tower

In fiscal year 1995 BSFA was awarded $336,809 in a BIA competitive grant process and used the funds for the following projects:

*Kuskokwim River*.—Chum salmon migration timing and distribution study.

*Yukon River*.—Mountain Village fall chum test fishery/Andreafski River coho salmon escapement weir/Galena village fall chum test fishwheel/Tanana village fall chum test fishwheels/Tanana River fall chum population study.

For fiscal year 1996 BSFA was appropriated $804,500 and used the funds for the following projects:

*Kotzebue Sound*.—Regional salmon spawning surveys/daily catch sampling public forums: Inseason management and project plarning.

*Norton Sound*.—Eldorado River, Snake River and North River spawning escapement towers/Pilgrim River spawning reconnaissance/regional subsistence harvest surveys.

*Yukon River*.—Public forums: Inseason management and project planning/Andreafsky River weir/Pilot Station sonar/Kaltag Cr., Nulato River, Clear River spawning escapement towers/Mountain Village, Tanana Village and Ft. Yukon test fisheries/Toklat & Nenana Rivers spawning surveys/Tanana chum population studies.

*Kuskowkim River*.—Public forums: Inseason management and project planning/Kanektok, Takotna and Kwethluk escapement towers/George River weir/Aniak River sonar.

For fiscal year 1997 BSFA was appropriated $805 000 by Congress and has just begun work on implementing many of the same projects above as well as designing new projects.

For all of these projects these last 3 years, BSFA has worked directly with and contracted with Alaska Native individuals, villages and regional Native non-profit associations. Through using the BIA appropriation as matching funds, BSFA has leveraged several thousands dollars of project support from the Alaska Department of Fish and Game and the U.S. Fish & Wildlife Service. Finally these BSFA-administered projects were implemented with a low indirect cost rate of only 18 percent.

*Fiscal year 1998 proposed projects*

The BSFA Board and staff, in consultation with Alaska Native organizations and tribes, would continue to exercise the leadership role in coordinating salmon research and restoration projects. BSFA is the only group that represents and works with all fishermen (commercial and subsistence) and villagers throughout the entire Arctic-Yukon-Kuskokwim region. BSFA Board and staff are intimately familiar with salmon research needs in the A-Y-K region.

BSFA will continue to contract with local and regional Alaska Native organizations and other appropriate entities as well as with individual fishermen. BSFA staff will work with these organizations and individuals as well as with state and federal agency staff to design, coordinate and implement projects. BSFA staff would include a Fisheries Biologist and Program Director as well as part-time administrative personnel to work directly with subcontractors and cooperating agencies. Having BSFA as the single responsible program management entity will assure both the development of tribal expertise and the fulfillment of Congressional intent to rebuild salmon returns in an efficient manner.

We request a continued direct appropriation of $1,000,000 to Bering Sea Fishermen's Association for fiscal year 1998 to continue to conduct salmon research & restoration projects in the affected Arctic-Yukon-Kuskokwim region of western Alaska. Funding for BSFA would continue to come from the BIA's Wildife & Parks/Tribal Management & Development program.

Projects meeting the following criteria would be implemented: Priority funds to continue scientifically-useful projects developed in fiscal year 1994 thru fiscal year 1997; must fill a gap in the database on western Alaska salmon; if applicable, work in cooperation with state and federal land agencies; and majority of contractors hired must work in the field and be local hire.

We appreciate the trust Congress has shown in BSFA by having us direct this program. The last few years of research has dramatically improved the ability of fisheries managers to meet the commercial and subsistence needs of western Alaska Native communities. Thank you for this opportunity to submit written testimony.

---

PREPARED STATEMENT OF ROBERT W. SUTTON, EXECUTIVE DIRECTOR, AMERICAN INDIAN GRADUATE CENTER

Mr. Chairman and Members of the Subcommittee: The American Indian Graduate Center (AIGC) is grateful for the opportunity to present testimony in support of the BIA's Special Higher Education Program (SHOP). AIGC has administered the SHEP since 1972, the only national scholarship program in the country focusing on Amer-

ican Indian and Alaskan Native graduate students. We respectfully request $3 million for this Bureau of Indian Affairs Program in the 1998 fiscal year Budget.

BACKGROUND

AIGC is a national, Indian, non-profit organization established in 1969 to assist American Indian and Alaskan Native students needing financial aid for graduate school. From 1972 to the present, AIGC has administered the BLA Graduate program in all professional degree areas. Until this year the Graduate Center was assisting approximately 90 percent of all Indian graduate students nationwide. Nearly 90 percent of all SHEP funds goes directly to students in fellowship grants, and 10 percent or less is for administrative costs.

The Graduate Center also raises funds from private sources. However 90 percent of our fellowship awards come from the SHEP contract funds. There have been over 4,000 students served by this program in 25 years. Last year, the 1995–96 Academic Year, we awarded over 500 students over $2 million. The fiscal year 1996 appropriation reduced our funding by 50 percent, from $2.6 million to $13 million. The fiscal year 1997 funding remained at $0.3 million. Due to the devastating cut in funding, we were only able to help our 250 continuing students. There were over 800 requests from new students that we could not help. Many of these students were unable to continue their education and will probably never be able to continue. The continually increasing number of students, over 1,300 requests for next year, will substantially reduce the amount each student receives to a point where the SHEP award will be insignificant. This coupled with the continually increasing cost of education will have a significant impact on the student's ability to remain in school. As the Indian undergraduate student population increases this program will not be able to assist them in advancing their skills without increased funding. Former recipients of this program, such as Lorraine Edmo, Executive Director of NIEA and Assistant Secretary Ada Deer of the BIA, are successful leaders in the Indian community.

The report in "Indian Nations at Risk: An Educational Strategy for Action," issued by the Department of Education in October of 1991 stated: "An increase in funding to train Native educators for elementary, secondary, and university teaching and other professions in science, mathematics, law, engineering, and medicine, business, the social sciences and related fields as a national priority," was needed for the tribal communities throughout the country. These will be trained, Indian professionals who are not only critical to the well-being of American Indian communities, but to the country as a whole. We all know that Education is the key ingredient to self-sufficiency.

CURRENT FUNDING AND STUDENT STATISTICS

For the current 1997 fiscal year the contract amount is $1,333,000. The following is a final breakdown of the number of students and their fields of study from the 1995–96 academic year and preliminary figures for the 1996–97 academic year.

NUMBER OF STUDENTS AND FIELD OF STUDY

| Field of study | Academic year— | |
|---|---|---|
| | 1995–96 | 1996–97 |
| Business | 49 | 20 |
| Education | 59 | 23 |
| Engineering | 8 | 2 |
| Health | 160 | 89 |
| Law | 164 | 99 |
| Natural resources | 3 | 1 |
| Other | 95 | 48 |
| Number of males | 196 | 110 |
| Number of females | 342 | 172 |
| Total tribes represented | 123 | 86 |
| Total colleges represented | 197 | 130 |
| Masters candidates | 230 | 87 |
| Doctorate candidates | 295 | 192 |
| Dual degree programs | 13 | 3 |

NUMBER OF STUDENTS AND FIELD OF STUDY—Continued

| Field of study | Academic year— | |
|---|---|---|
| | 1995–96 | 1996–97 |
| Total | 538 | 282 |

Applicants to AIGC must apply for campus-based aid through the federal financial aid process. Our program limits assistance to only a portion of their unmet need. The unmet need last academic year was $7.3 million compared to this year of $4 million. The average award this year is only $3,300, which represents a small percentage of their costs. Over the last three years there has been a reduction in our maximum award from $8,000 to $4,000 because of the increasing number of eligible applicants and escalating college costs.

We have been able to operate the SHEP at a cost efficient level for the past ten years. The low overhead costs are due to a well-trained staff and the use of modern computer technology. This has enhanced our ability to service our students. We have perfected our methods of delivering services, office procedures and internal systems. We are confident we can continue to successfully administer the Special Higher Education Program, at a cost savings to the Government.

SUMMARY REQUEST

The American Indian Graduate Center requests Congress continue funding the Special Higher Education Program at the proposed level of support. Additionally, allowing for increases in student applicants and costs of education, we desperately need the program increased to at least $3 million in the 1998 fiscal year BLA budget. We greatly appreciate your continued support of Indian graduate education. Your efforts will ensure a pool of skilled professionals to improve the economic conditions on Indian reservations and support the greater social environment as productive members of society.

# LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS


Page

Alexander, Jane, Chairman, National Endowment for the Arts ..... 321
Biographical sketch ..... 337
Prepared statement ..... 334
Allen, Wm. Ron, commissioner, U.S. Section of the Pacific Salmon Commission; and president, National Congress of American Indians, prepared statements ..... 923, 929, 931
American Association of Retired Persons, prepared statement ..... 717
American Gas Association, prepared statement ..... 727
American Public Power Association, prepared statement ..... 703
Apesanahkwat, chairman, Menominee Indian Tribe of Wisconsin, prepared statement ..... 921
Arita, Steven J., environmental coordinator, Western States Petroleum Association, prepared statement ..... 830
Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, prepared statement ..... 881
Atwine, Ruby, chair, Tribal Business Committee of the Ute Indian Tribe of the Uintah and Ouray Reservation, prepared statement ..... 891
Aunan, Lauri G., executive director, Friends of the Columbia Gorge, prepared statement ..... 797

Babbitt, Hon. Bruce, Secretary of the Interior, Office of the Secretary, Department of the Interior ..... 409
Prepared statement ..... 417
Bahr, Dr. Thomas G., on behalf of the National Institutes for Water Resources, prepared statement ..... 840
Barnett, Jack A., executive director, Colorado River Basin Salinity Control Forum, prepared statement ..... 847
Beard, Daniel, P., senior vice president for policy, the National Audubon Society, prepared statement ..... 805
Beetham, Mary Beth, legislative associate, Defenders of Wildlife, prepared statement ..... 832
Begay, Jones, president, Association of Navajo Community Controlled School Boards and Navajo Nation Council Delegate, prepared statement ..... 919
Bennett, Hon. Robert F., U.S. Senator from Utah ..... 139, 297
Bering Sea Fishermen's Association, prepared statement ..... 964
Billie, James E., chairman, Seminole Tribe of Florida, prepared statement ..... 906
Bingaman, Hon. Jeff, U.S. Senator from New Mexico, on behalf of the Interstate Oil & Gas Compact Commission, prepared statement ..... 693
Blackhawk, John, chairman, Winnebago Tribe of Nebraska, prepared statement ..... 858
Blue Eyes, Faye, executive director, Shiprock Alternative Schools, Inc., Navajo Nation, Shiprock, NM, prepared statement ..... 938
Bond, Hon. Christopher, U.S. Senator from Missouri ..... 412
Booth, Hon. Jack, mayor, Metlakatla Indian Community, prepared statement ..... 939
Boxer, Hon. Barbara, U.S. Senator from California ..... 323
Bristol Bay Area Health Corp., prepared statement ..... 868
Brown, Robert D., president, National Association of University Fisheries and Wildlife Programs, letter from ..... 820
Bumpers, Hon. Dale, U.S. Senator from Arkansas ..... 329

Page

Burns, Hon. Conrad, U.S. Senator from Montana ..... 180
Prepared statement ..... 325
Questions submitted by ..... 290, 635
Burr, Joyce, superintendent, Circle of Nations School, prepared statement ..... 952
Business Council for Sustainable Energy, prepared statement ..... 705, 714
Byrd, Hon. Robert, U.S. Senator from West Virginia ..... 411
Questions submitted by ..... 92, 302, 355, 396, 597

Cabral, Robert J., supervisor, San Joaquin County, chairman of the board, San Joaquin Valley Unified Air Pollution Control District, prepared statement ..... 752
Camara, Elias H., president and CEO, M-C Power Corp., prepared statement ..... 678
Campbell, Hon. Ben Nighthorse, U.S. Senator from Colorado ..... 1, 326
Prepared statement ..... 328
Questions submitted by ..... 173, 289
Capoeman-Baller, Pearl, president, Quinault Indian Nation, prepared statement ..... 960
Charles, Frances G., chairwoman, Lower Elwha Klallam Tribe, prepared statement ..... 878
Chino, Wendell, president, Mescalero Apache Tribe, letter from ..... 128
Circle of Nations Wahpeton Indian School Board, Wahpeton, ND, prepared statement ..... 901
Clark, Les, vice president, Independent Oil Producers' Association; and on behalf of the Kern County Valley Floor Habitat Conservation Plan Industry and Government Coalition, prepared statements ..... 752, 830
Clean Coal Technology Coalition, prepared statement ..... 709
Clinton, Hon. Bill, President of the United States, letter from ..... 475
Coachella Valley Mountains Conservancy, prepared statement ..... 858
Coal Utilization Research Council [CURC], prepared statement ..... 686
Cochran, Hon. Thad, U.S. Senator from Mississippi ..... 330
Prepared statement ..... 380
Questions submitted by ..... 107, 157, 174, 300, 621
Colnes, Andrea L., director, the Northern Forest Alliance, prepared statement ..... 792
Colorado River Indian Tribes, prepared statement ..... 908
Comanor, Joan, Deputy Chief, State and Private Forestry, Forest Service, Department of Agriculture ..... 177
Conrad, Gregory E., executive director, Interstate Mining Compact Commission, prepared statement ..... 774
Cox, Patrice, president, Sacramento Open Space, letter from ..... 830
Crawford, Tommy, chair, Southern Manufactured Housing Alliance, New York, NY, letter from ..... 682
Cukro, George, executive director, Black Mesa Community and School of the Navajo Nation, prepared statement ..... 936
Cunha, Manuel, Jr., president, Nisei Farmers League, prepared statements ..... 752, 830

Darguzas, Joseph N., Sargent & Lundy, L.L.C., prepared statement ..... 691
Davenport, Eric R., chairman, Intertribal Monitoring Association, prepared statement ..... 954
Deer, Hon. Ada E., Assistant Secretary for Indian Affairs; and Chair, National Indian Gaming Commission, Bureau of Indian Affairs, Department of the Interior ..... 111, 160
Biographical sketch ..... 167
Prepared statement ..... 115, 164
Derbyshire, Dr. Frank, director, University of Kentucky, Center for Applied Energy Research, prepared statement ..... 680
Dessecker, Daniel R., forest wildlife biologist, prepared statement ..... 795
Dombeck, Mike, Chief, Forest Service, Department of Agriculture ..... 186
Letter from ..... 226
Prepared statement ..... 188
Domenici, Hon. Pete, U.S. Senator from New Mexico ..... 21
Questions submitted by ..... 294, 632
Doolittle, Warren T., president, International Society of Tropical Foresters, Inc., letter from ..... 790
Dorgan, Hon. Byron, U.S. Senator from North Dakota ..... 32
Prepared statement ..... 32

Page

Questions submitted by ..... 109, 158, 308, 667
Dutz, Joseph, Chief Financial Officer, Bureau of Indian Affairs, Department of the Interior ..... 160

Ebel, John E., director, the Weston Observatory of Boston College, prepared statement ..... 836
Electric Transportation Coalition, prepared statement ..... 700

Fedman, Alan, Director of Enforcement, Bureau of Indian Affairs, Department of the Interior ..... 160
Fond du Lac Band of Lake Superior Chippewa, prepared statement ..... 885
Franklin, Thomas M., wildlife policy director, the Wildlife Society, prepared statement ..... 763
Fregien, Gary O., president, California Parks and Conservation Association, letter from ..... 829

Gainesville, FL, city of, regarding the Sweetwater Branch/Paynes Prairie stormwater project, prepared statement ..... 755
Gallery, Audrey, honorary chairman, U–505 Restoration Committee ..... 669
General Electric Power Systems, prepared statement ..... 744
George, Father William L., S.J., assistant for Federal relations, Georgetown University, prepared statement ..... 708
Geringer, Hon. Jim, Governor, State of Wyoming, prepared statement ..... 781
Gipp, David M., president, United Tribes Technical College, prepared statement ..... 861
Gorton, Hon. Slade, U.S. Senator from Washington ..... 23, 111, 177, 321
Grey, Andrew, chairman, Sisseton-Wahpeton Sioux Tribe, Lake Traverse Reservation, prepared statement ..... 894
Gunn, Susan H., director of budget and appropriations, the Wilderness Society, prepared statement ..... 825

Hackney, Sheldon, chairman, National Endowment for the Humanities ..... 371
Prepared statement ..... 375
Herrera, Stanley, president, Alamo-Navajo School Board, Alamo, NM, prepared statement ..... 935
Hertfelder, Eric, executive director, on behalf of the National Conference of State Historic Preservation Officers, prepared statement ..... 851
Hocker, Jean, president, Land Trust Alliance, letter from ..... 803
Holmer, Steve, campaign coordinator, Western Ancient Forest Campaign, prepared statement ..... 795
Hutchison, Hon. Kay Bailey, U.S. Senator from Texas, questions submitted by ..... 664

Indigenous People's Council for Marine Mammals, prepared statement ..... 857
Integrated Petroleum Environmental Consortium, prepared statement ..... 732
Interstate Council on Water Policy, prepared statement ..... 838

James, Gordon, chairman, Skokomish Indian Tribe, prepared statement ..... 867
James, Hon. Sharpe, mayor, on behalf of the city of Newark, NJ, prepared statement ..... 754
James, Ted, planning director, Kern County Planning Department, prepared statement ..... 830
Janger, Stephen A., president, Close Up Foundation, prepared statement ..... 874
John, Hon. Ismael, senator, Nitijela of the Marshall Islands on behalf of the Enewetak/Ujelang Local Government Council, prepared statement ..... 898
Jollivette, Cyrus M., vice president for government relations, on behalf of the University of Miami, prepared statement ..... 849
Judd, Joe, commissioner on behalf of the Kane County, Utah Commission, prepared statement ..... 845

Kellstrom, Todd, mayor, city of Klamath Falls, OR, letter from ..... 844
Kennamer, James Earl, Ph.D., vice president for conservation programs, National Wild Turkey Federation, prepared statement ..... 799
Kenny, Michael P., executive officer, California Air Resources Board, prepared statement ..... 752
Kilham, Alice, cochair, Upper Klamath Basin Working Group, prepared statement ..... 782
Knight, Robert H., on behalf of the Family Research Council, prepared statement ..... 672

Page

Kripowicz, Robert S., Principal Deputy Assistant Secretary, Office of Fossil Energy, Department of Energy ..... 1
Biographical sketch ..... 12

Lackey, J. Kevin, conservation programs director, Rocky Mountain Elk Foundation, letter from ..... 788
Lawson, Richard L., president, National Mining Association [NMA], prepared statement ..... 741
Leahy, Hon. Patrick, U.S. Senator from Vermont ..... 227
Questions submitted by ..... 108, 310
Lee, Dr. Bernard S., president, Institute of Gas Technology, prepared statement ..... 697
Linehan, Dr. Thomas E., president, Ringling School of Art and Design, on behalf of the Association of Independent Colleges of Art and Design, prepared statement ..... 674
Loretto, Leonard, governor, the Pueblo of Jemez, prepared statement ..... 889
Lundy, Jeff, on behalf of the State of Mississippi Oil & Gas Board and Ground Water Protection Council, prepared statement ..... 750
Lyons, Hon. Jim, Under Secretary, Natural Resource and Environment, Forest Service, Department of Agriculture ..... 177
Prepared statement ..... 184

Maddox, Deborah J., Director, Office of Tribal Services, Bureau of Indian Affairs, Department of the Interior ..... 111
Manuel, Hilda A., Deputy Commissioner of Indian Affairs, Bureau of Indian Affairs, Department of the Interior ..... 111
Mason, "Bud" Russell, board chairman, United Tribes Technical College, prepared statement ..... 861
Maulson, Tom, tribal chairman, on behalf of the Lac du Fambeau Band of Lake Superior Chippewa Indians, prepared statement ..... 883
McDivitt, James H., Acting Director, Office of Management and Administration, Bureau of Indian Affairs, Department of the Interior ..... 111
McDougle, Janice, Acting Deputy Chief, National Forest System, Forest Service, Department of Agriculture ..... 177
Meeker, B. Sharon, chairperson, Lamprey River Advisory Committee, letter from ..... 849
Mejia, Margie, chairperson, Lytton Ranceria/Lytton Band of Pomo Indians of California, prepared statement ..... 870
Melissaratos, Aris, vice president of science, technology and quality, Westinghouse Electric Co., prepared statement ..... 730
Mitchell, Jeff, C., tribal chairman, the Klamath Tribes, Chiloquin, OR, letter from ..... 586
Mondre, Judith L., executive director, city of Philadelphia Energy Office; and chair, Urban Consortium Energy Task Force, prepared statement ..... 721
Mooney, Ross, Dam Safety Officer, BIA, Bureau of Indian Affairs, Department of the Interior ..... 111
Morris, Joann Sebastian, Director, Office of Indian Education Programs, Bureau of Indian Affairs, Department of the Interior ..... 111
Moses, Joe, chairman, tribal council, the Confederated Tribes of the Warm Springs Reservation of Oregon, prepared statement ..... 896
Munoz, Vince, Governor, the Tigua Indian Reservation, El Paso, TX, letter from ..... 587
Murphy, Virgil J., chairman, Stockbridge-Munsee Community Band of Mohican Indians, prepared statement ..... 876

Narragansett Tribe, prepared statement ..... 951
National Association for State Community Services Programs [NASCSP], prepared statement ..... 692
National Association of Energy Service Companies, prepared statement ..... 688
National Indian Child Welfare Association, prepared statement ..... 864
Natural Gas Industry Research, Development and Demonstration Initiative, prepared statement ..... 724
Navajo Nation, prepared statement ..... 955
Nimmons, John T., managing director, Alliance to Commercialize Carbonate Technology, prepared statement ..... 736

Pacelle, Wayne, vice president, government affairs, the Humane Society of the United States [HSUS], prepared statement ..... 821

Page

Padilla, Nicolas J., on behalf of the Susanville Indian Rancheria, prepared statement ..... 941
Palmer, James I., Jr., director, Mississippi Department of Environmental Quality, Jackson, MS, letters from ..... 624
Peña, Federico F., Secretary of Energy, Office of the Secretary, Department of Energy ..... 1
Biographical sketch ..... 11
Prepared statement ..... 4
Penney, Samuel N., chairman, Nez Perce Tribal Executive Committee, prepared statement ..... 853
Peter, Hon. Neptali, mayor, Enewetak Atoll, on behalf of the Enewetak/Ujelang Local Government Council, prepared statement ..... 917
Peterson, R. Max, executive vice president, International Association of Fish & Wildlife Agencies, prepared statement ..... 809
Petroleum Technology Transfer Council, prepared statement ..... 683
Pinkham, Jaime, president, Intertribal Timber Council, prepared statement ..... 871
Pinon Community School Board, Inc., prepared statement ..... 947
Polles, Sam, executive director, Mississippi Department of Wildlife, Jackson, MS, letters from ..... 623, 624
Poynter, Ken, executive director, Native American Fish & Wildlife Society, prepared statement ..... 818

Rawlings, Hunter R., III, president, Cornell University, on behalf of the Association of American Universities, American Council on Education, National Association of State Universities and Land-Grant Colleges, prepared statement ..... 670
Reheis, Catherine H., managing coordinator, Western States Petroleum Association on behalf of the California Industry and Government Coalition, on PM–10/PM–2.5, prepared statement ..... 752
Richardson, Linda, Director of Audit and Evaluation, Bureau of Indian Affairs, Department of the Interior ..... 111
Robert, Hollis E., president, Inter-Tribal Council, the Five Civilized Tribes, letter from ..... 588
Rock Point Community School, prepared statement ..... 944
Romm, Joseph J., Principal Deputy Assistant Secretary, Office of Energy Efficiency and Renewable Energy, Department of Energy ..... 1
Biographical sketch ..... 13
Rooks, Paul A., chief of police, Oglala Sioux Tribal Public Safety Commission, prepared statement ..... 950
Runnels, Bruce, chief conservation officer, the Nature Conservancy, prepared statement ..... 778
Ryan, John, Water Trucks, letter from ..... 226

Satterfield, Steven, Director, Program Development and Budget Staff, Forest Service, Department of Agriculture ..... 177
Saulque, Joseph C., chairman, Owens Valley Indian Water Commission, prepared statement ..... 916
Sault Ste. Marie Tribe of Chippewa Indians, prepared statement ..... 879
Savitz, Dr. Maxine, general manager, AlliedSignal Ceramic Components, prepared statement ..... 747
Sawyer, Andy, chapter chair, Sierra Club, Mother Lode Chapter, letter from ..... 828
Schweigert, Jerry, facilities transition program staff, Bureau of Indian Affairs, Department of the Interior ..... 111
Scudero, James, E., acting mayor, Council Annette Islands Reserve, Metlakatla Indian Community, Metlakatla, AK, letter from ..... 585
Sletteland, Trygve, Pacific Rivers Council, prepared statement ..... 785
Sloan, Mary Margaret, conservation director, American Hiking Society, prepared statement ..... 772
Slocum, Dr. Edward, superintendent, New Town Public School District No. 1, prepared statement ..... 913
Smedley, Elizabeth E., Acting Chief Financial Officer, Department of Energy ..... 1
Biographical sketch ..... 13
Speight, James, D.G., chief executive officer, Western Research Institute, letter from ..... 718
Startzell, David N., executive director, Appalachian Trail Conference, prepared statement ..... 768

Page

Steinbach, Thomas, director of conservation, Appalachian Mountain Club, prepared statement ..... 761
Stevens, Christine, secretary, Society for Animal Protective Legislation, prepared statement ..... 824
Stevens, Hon. Ted, U.S. Senator from Alaska, questions submitted by..... 148, 618
Stewart, Ron, Acting Deputy Chief, Programs and Legislation, Forest Service, Department of Agriculture ..... 177
Stone, Wanda, chairperson, CEO, the Kaw Nation, Kaw City, OK, letter from ..... 588
Stout, Elaine M., president, the Back Country Land Trust, letter from ..... 760
Strong, Ted, executive director, Columbia River Inter-Tribal Fish Commission, prepared statement ..... 926
Styles, Gary A., manager, planning and analysis power systems development facility, Southern Company Services, Inc., prepared statement ..... 712
Sutton, Robert W., executive director, American Indian Graduate Center, prepared statement ..... 965

Thompson, Clyde, Acting Deputy Chief, Administration, Forest Service, Department of Agriculture ..... 177
Tice, R. Dean, executive director, the National Recreation & Park Association, letter from ..... 757
Tijm, Peter J.A., manager, Syngas Conversion Systems, Air Products & Chemicals, Inc., prepared statement ..... 739
Tsosie, Wallace, vice president, Greasewood Springs Community School, Inc., Navajo Nation, Ganado, AZ, prepared statement ..... 948

Unger, David G., Associate Chief, Forest Service, Department of Agriculture .. 177

Valencia, Benito, chairman, Pascua Yaqui Indian Tribe of Arizona, prepared statement ..... 962
Virden, Terry, Director, Office of Trust Responsibilities, Bureau of Indian Affairs, Department of the Interior ..... 111

Walsh, Donald, L., Bulldozer Service, letter from ..... 226
Webb, David O., senior vice president, Policy and Regulatory Affairs, on behalf of the Gas Research Institute [GRI], prepared statement ..... 675
Weber, Barbara, Acting Deputy Chief, Research, Department of Agriculture ... 177
Werbelow, Karen, executive director, Foundation for North American Wild Sheep, prepared statement ..... 756
Whitefeather, Bobby, chairman, Red Lake Band of Chippewa Indians, letter from ..... 854
Wilde, Harry, cochair, Lower Yukon and Gilbert Huntington, cochair, Upper Yukon of the Yukon River Drainage Fisheries Association, prepared statement ..... 866
Wilder, Ilene, Sargent & Lundy, L.L.C., prepared statement ..... 691
Williamson, Lonnie L., vice president, Wildlife Management Institute, prepared statement ..... 800
Willis, Lorene, president, National Indian Education Association, prepared statement ..... 903
Wilmer, John, Sr., chairman, the Bad River Band of Lake Superior Chippewa Indians, prepared statement ..... 887
Wright, Mervin, Jr., chairman, Pyramid Lake Paiute Tribe, prepared statement ..... 913
Wynne, Bruce, chairman, Spokane Tribe of Indians, prepared statement ..... 910

# SUBJECT INDEX

## DEPARTMENT OF AGRICULTURE

### Forest Service


| | Page |
|---|---|
| Additional committee questions | 240 |
| Associates, introduction of | 187 |
| Awards | 201 |
| Beaver management | 204 |
| Bison contingency plan | 217 |
| Brucellosis | 217 |
| Budget request | 177 |
| Columbia basin ecosystem | 231 |
| Fire: | |
| And forest health | 195 |
| Equipment | 225 |
| Flood funding | 236 |
| Forest management | 194, 224 |
| Forest Service organization | 196 |
| FTE hits | 215 |
| Grasslands | 216 |
| Grazers | 217 |
| Infested timber | 210 |
| Insect and disease | 208 |
| Law enforcement | 233 |
| National monument | 238 |
| Native Americans | 179 |
| Organization changes | 191, 192 |
| Performance awards | 200 |
| Purchaser credits | 202 |
| Recreation | 193 |
| Demand | 207 |
| Roads | 213 |
| Salvage sale programs | 229 |
| Sawtooth range management | 220 |
| State and private forestry programs | 228 |
| Stewardship | 214 |
| Tahoe basin/forest health | 205 |
| Takoo River | 209 |
| Thinning program | 195 |
| Timber sale: | |
| Level | 203 |
| Targets | 233 |
| Tongass timber | 198, 199 |
| Trails | 222 |
| Washington State, issues | 237 |
| Water: | |
| Quality | 206 |
| Rights | 222 |
| Western Director Office | 235 |

Page

## DEPARTMENT OF ENERGY

### Office of the Secretary


Additional committee questions ..... 41
Allocation to subcommittee ..... 26
Arctic National Wildlife Refuge ..... 40
Arthur D. Little study ..... 37
Clean coal technology rescission ..... 35
Codes and standards ..... 31
Electricity deregulation ..... 27
Elk Hills, sale of ..... 23
Energy efficiency and renewable energy ..... 18
EPA standard on particulates ..... 36
Federal Energy Technology Center consolidation ..... 19
Federal energy:
    Management program ..... 36
    Technology program direction ..... 19
Fossil energy ..... 15
    Research and development accomplishments ..... 28
Fuel cell technology, new ..... 30
Home energy rating system pilot program ..... 39
Morgantown, environmental management program at ..... 20
National Renewable Energy Lab ..... 15
Naval petroleum and oil shale reserves ..... 14
Oil, decrease in domestic production of ..... 17
President's budget, increases in fiscal year 1998 ..... 22, 25
Renewable energy—use and future projections ..... 17
Repayment provisions ..... 31
Rocky Flats ..... 14
Strategic petroleum reserve ..... 24
Vehicles, partnership for a new generation of ..... 38


## DEPARTMENT OF THE INTERIOR

### Bureau of Indian Affairs

### Indian Gaming Commission


Additional committee questions ..... 146, 173
Associates, introductions of ..... 113
Budget request ..... 111, 160
Bureau of Indian Affairs, long-term goal for ..... 140
Dams, safety of ..... 134
Education ..... 130, 131
    Facilities ..... 125
    Program performance ..... 137
Enforcement activities ..... 164
Funding possibilities ..... 172
Funding proposal ..... 167
Gaming in:
    California ..... 168
    Washington ..... 170
Indian country in Alaska ..... 145
Indian reservations, construction of ..... 137
Laguna industries ..... 131
Law enforcement facilities ..... 134
Mescalero Apache proposal ..... 128
NIGC mission ..... 161
Political contribution ..... 144
Programs subcommittee is responsible for ..... 141
Regulations, compliance with ..... 168
Seminole decision ..... 169
Status of activities ..... 163
Tribal government, source of money for ..... 119
Tribal:
    Fund distribution ..... 120
    Shares ..... 123

Page

OFFICE OF THE SECRETARY


Additional committee questions ..... 488
Alaska roads ..... 479
Bison:
  Herd:
    Integrity ..... 475
    Management ..... 475
  Management plan ..... 475
  On Federal land ..... 476
  Yellowstone ..... 474
Budget:
  Priorities ..... 482
  Request ..... 409
  Resolution ..... 441
    User fees ..... 443
Bureau of Land Management ..... 416
C&O Canal ..... 486
Canaan Valley:
  Funding ..... 432
  National Wildlife Refuge ..... 430
Central Utah project ..... 486
Connecticut River partnership ..... 446
Eastern Shawnee Tribe trust petition ..... 433
Endangered Species Act ..... 415
Everglades ..... 482
Federal rights ..... 424
Fee demonstration project ..... 414
Fort Smith National Historic Site ..... 442
Funding:
  Committee ..... 410
  Eco-regional plans ..... 481
  Problem ..... 438
George Washington, parkway ..... 432
Indian:
  Gaming ..... 439
  Programs ..... 416
  Relationship with Federal Government ..... 443
  Schools ..... 444
Interior:
  Columbia River basin study ..... 480
  History ..... 422
  Program direction ..... 413
Invasive species ..... 448
Land:
  Acquisition funding ..... 483
  And water conservation fund ..... 447
  Land ..... 435
  Management agencies ..... 414
Lower Mississippi Delta Region Heritage Center ..... 442
Mining royalties ..... 441
Missisquoi National Wildlife Refuge ..... 447
National Conservation Training Center ..... 429
National Park:
  Harper's Ferry ..... 432
  Hot Springs ..... 442
  Service maintenance backlog ..... 449
  Yellowstone—roads ..... 474
National parks, roads in ..... 425
National wildlife refuges ..... 416
Nevada Bureau of Land Management ..... 435
New World Mine ..... 478
Park:
  Housing ..... 473
  Infrastructure priority list ..... 474
  Service funding ..... 484
Parks, transportation in ..... 415

Page
Petroglyphs National Monument ..... 445
Presidio ..... 485
Revised Statute 2477 ..... 422
History ..... 422
Rights of Congress ..... 428
Rights-of-way ..... 423
Legislation ..... 426
Policy ..... 427
Rim Rock Run ..... 439
Secretarial accolades ..... 446
Southwest:
Fisheries Center ..... 446
Willow flycatcher ..... 445
Supplemental appropriations ..... 447
Veto proposal ..... 426
Three-State area ..... 473
Training ..... 430
Tribal self-determination ..... 439
U.S. Geological Survey ..... 445
Wild horses ..... 438
Program funding versus park funding ..... 436
Yosemite flood damage ..... 415

NATIONAL ENDOWMENT FOR THE ARTS

Additional committee questions ..... 348
American Canvas ..... 344
Application and grant statistics ..... 340
Arts:
Federal role in the ..... 331
Need for government investment to the ..... 333
Private sector funding of the ..... 332
Society's need for the ..... 329
States support of the ..... 346
Budget request ..... 321
Chairman's action grants ..... 346
Cultural treasures, preservation of ..... 326
Distribution of funds appropriated through subcommittee ..... 323
Economic consequences of agency elimination ..... 342
Endowments:
Possible consolidation of ..... 339
Support for continuation of ..... 323
Importance of NEA to California ..... 324
Income recovery policy ..... 347
NEA:
Makes the arts accessible ..... 332
Money, geographic distribution of ..... 343
Partnership with States ..... 340
Preservation of native American culture ..... 327
Programs for at-risk youth ..... 343
Reorganization of ..... 340
Support of American artists abroad ..... 347
NEH, President's request for ..... 324
Penal systems, importance of the arts in ..... 341
Romanov exhibit ..... 338
Status of NEA:
Appropriation in the House ..... 339
Reauthorization ..... 339
Value of the arts to society ..... 333

NATIONAL ENDOWMENT FOR THE HUMANITIES

Additional committee questions ..... 388
Budget:
Request ..... 371
Transition to a lower ..... 374
NEH and NEA, merging of ..... 385
National Trust for the Humanities ..... 387

Page

NEH:
And American heritage rivers initiative ..... 386
Chairman, advice for next ..... 384
Maintaining a nonpartisan ..... 384
Public service and the temper of the times ..... 380
State humanities councils compared to State arts agencies ..... 385
Summer seminars for schoolteachers ..... 382
The conversation and American values ..... 374
The National Conversation and Civil Society ..... 373

○