

DEPARTMENT OF THE INTERIOR, ENVIRONMENT, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2008

TUESDAY, MARCH 20, 2007

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

The subcommittee met at 10:03 a.m., in room SD-124, Dirksen Senate Office Building. Hon. Dianne Feinstein (chairman) presiding.

Present: Senators Feinstein, Reed, Nelson, Cochran, Domenici, Bennett, Craig, Allard, and Alexander.

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

STATEMENT OF HON. DIRK KEMPTHORNE, SECRETARY

OPENING STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Good morning, ladies and gentlemen.

Let me begin by welcoming our former colleague, Dirk Kempthorne, Mr. Secretary, welcome. We're pleased to have you with us, and we look forward to hearing your perspective on the 2008 budget request.

I also want to welcome Tom Weimer, the Assistant Secretary for Policy, Management, and Budget, and Pam Haze, the Director of the Department's Budget Office. We very much appreciate your being here as well.

Mr. Secretary, in the 10 months that you've been at the Department of the Interior, I suspect you've come to appreciate that you have one of the most diverse and difficult jobs in Washington.

The Interior Department and its 73,000 employees, are responsible for managing—among other things—more than 500 million acres of land, operating 390 National Parks, 547 National Wildlife Refuges, and providing educational opportunities to 46,000 Native American children through 184 Bureau of Indian Affairs schools. As my granddaughter might say—that's a lot of stuff.

Obviously, the centerpiece of the Department's 2008 budget is the National Parks Centennial Initiative. The discretionary side of this proposal would provide an additional \$219 million for base operations at our National Parks. I know that additional rangers, guides, and maintenance workers funded through this initiative will be really, a welcome addition. I'm particularly pleased to see

that our Western parks will finally get the extra attention that they deserve.

I also want to commend you, Mr. Secretary, for putting a halt to the recent practice of not fully funding fixed costs. Over the past 6 years, the Department has absorbed more than \$450 million in fixed costs that were not budgeted for. As you know, the fact of the matter is, these costs do not go unfunded. Instead, they end up being nothing more than back-door cuts to programs and services.

So, I very much applaud your efforts on this front, and I'm glad to see that all of the \$214 million in fixed costs were provided for in your budget.

Now, unfortunately, the laws of budgeting are a lot like the law of nature. For every funding increase in one part of the budget, there's going to be a decrease in another. It appears that this budget is no exception.

For example, the land acquisition accounts, for Federal and State conservation projects have been cut \$58.5 million—that's a 58 percent reduction from the current enacted level. The construction budgets for the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management have been cut \$123 million—that's a 35 percent cut, and the construction budget for the Bureau of Indian Affairs has been cut by \$74 million, that's a 27 percent reduction. Most of it comes from the K-12 School Construction Program.

The Payments in Lieu of Taxes program, which both Senator Craig and I are very much interested in, known as PILT, has been cut by \$42.5 million, another 18 percent reduction. The Indian Land Consolidation Program, which helps alleviate trust management problems caused by fractionated Indian lands has been cut by \$24 million, or 71 percent.

I'm concerned, Mr. Secretary, that some of these proposals really don't make sense, and I believe some of my colleagues on this subcommittee have similar concerns. So, we really look forward to hearing from you, and then being able to ask some questions.

Now, let me now turn to my friend from Idaho, the ranking member of the committee, Senator Craig, for any opening remarks he may wish to make, and then—unless others have statements, we'll go directly to the witnesses.

We have a vote at 11 a.m., and I'm hoping to conclude this hearing, if it's agreeable to everybody, by that time.

Senator ALLARD. Madam Chairman, I do have a statement, I'd just like to make it a part of the record.

Senator FEINSTEIN. All right.

Senator ALLARD. Then—

Senator FEINSTEIN. Directly following the ranking member.

Senator ALLARD. Yeah, that's correct, yeah.

Senator FEINSTEIN. The order is early bird, so we've got that list, thank you.

OPENING STATEMENT OF SENATOR LARRY CRAIG

Senator CRAIG. Well, Madam Chairman, thank you very much, for holding this hearing today on the budget for the Department of the Interior. It's also an extreme pleasure for me to have before us today, Boise's former mayor, one of my Senators, my Governor, and

now our Secretary of the Interior, Dirk Kempthorne. Idaho is extremely proud, Secretary Kempthorne, to have you at the helm of the Department of the Interior and to be Idaho's second largest landlord. With that comes a local responsibility that I hope you won't forget.

Having delivered that message—

He wasn't your Governor.

Senator FEINSTEIN. It might be useful if he were.

Senator CRAIG. But having said that, your Department administers over 570 million acres of land—that's roughly one-fifth—of the land area of the United States. It's an extremely tough, and oftentimes controversial job, and I know that when our President chose you, I felt confident you would be able to handle it, and you're handling it very well.

The total request for the Department is \$9.7 billion, which is roughly \$190 million less, or 2 percent below fiscal year 2007's enacted level. Much of the decrease, the \$130 million, is explained by the bulk of the abandoned mine lands programs shifted across from discretionary to mandatory—we understand that. The most significant aspect of the Interior budget, the chairman has already mentioned, the National Park Service Centennial Initiative, this proposal would add about \$219 million for operations to our National Parks, that would be the single-largest increase ever proposed by any administration.

Part of the Centennial Initiative relies on authorizing legislation that would make available an additional \$2 billion on a matching basis, over a 10-year period. I think Americans given an opportunity to work with our government, and share in that responsibility for the sustenance of our parks is going to contribute at that level. I think that breaks out at, what, \$100 million a year to be matched, and that's going to be extremely important.

The chairman has already mentioned PILT—as a former Governor working with county commissioners and local communities, I think, Mr. Secretary, you know all too well that over the last three decades, or more, as Americans have fallen in love with their public lands. Often times it's local units of government that have to pick up the cost. We see it go on day after day as a hiker is lost, or a mountain climber is lost—who picks up the bill? In the first instance, it's oftentimes, it's either local government, or it could be State government, if the National Guard is employed, and all of those kinds of resources are used, and to cut PILT doesn't make a lot of sense to me.

Maybe it's OMB's way of looking at budgets and saying—as they often do—“Well, let's see, that's a program Congress really likes, so we know they'll fund it, so we can cut it.” I've watched that go on year after year, I hope that isn't the case here, but it obviously appears to be the case, and that's frustrating.

I also don't support the administration's decisions to eliminate the Range Improvement Fund of about \$10 million. Ranching still remains a vital part of public land resource management, both in Idaho, and across the Western Range Lands, and I think this cut really shifts to States a responsibility that they can't be very good stewards of, simply because of the Federal responsibility, and so I think we have to take a look at that.

Finally, we can also see from watching the nightly news over the last 2 weeks—the fire season has begun. Last year, a record season of 10 million acres of lands burned. That could well play out itself again this year. Moisture in our watersheds is at 50 to 60 percent of normal. We set a new heat record in Boise on Saturday—1 degree above a heat record in 1952, so you know what’s happening in the watersheds of Idaho—snow is disappearing very, very rapidly, and as a result of that, the ability of the Forest Service, the BLM, the National Fire Center in Boise, to work cooperatively together will be, I suspect, stressed dramatically.

Last, we’ve got a little problem that you’ve—by necessity, and I do not criticize it—had to recuse yourself of, and that’s a little issue of wolves. At minimum count, there are now over 700 wolves roaming the hills of Idaho, and probably a considerable amount more. Wolves are showing up everywhere—even in most of our small communities’ backyards and neighborhoods.

I have said, and said tragically, maybe we will get really excited about this when a life is taken—a human life. The wolves are marauding the back country, they’re destroying our elk and our deer base, they’re coming into our neighborhoods now, and taking dogs down, and cats—it is a problem that, I know, as Governor you started to deal with, I’m sorry that Secretary Scarlett is not with us today, I’ve been her kindest and loudest critic-friend on this issue, because this is an issue that deserves to be expedited.

At the same time, I understand that those who love the wolves—but don’t have to live with them—are probably going to sue us and take us through the walk, as we try to de-list the wolves for Idaho, and as we work on this issue to bring some balance, and allow our State Fish and Game Departments to once again, manage the wild-life in the public lands, instead of to allow Judges and the Endangered Species Act to do that.

So, I know you’re moving ahead on that, you have a friend in that issue, you also will have somebody who will be right behind you pushing, to make sure it happens as quickly as it possibly can.

Thanks for being with us, it’s great to see you again, Mr. Secretary.

Thank you, Madam Chairman.

Senator FEINSTEIN. All right, thank you very much, Senator Craig. The order is, Senator Alexander, Allard, Cochran and Nelson.

Senator ALEXANDER.

Senator ALEXANDER. Thank you, Madam.

Senator FEINSTEIN. If you have a comment, otherwise we’ll—

Senator ALEXANDER. No, I’d like to hear the testimony, and then I’ll come—

Senator FEINSTEIN. All right, thank you, Senator Alexander. Excuse me, Senator Allard.

Senator ALLARD. Madam Chairman, I just have my comments I’d like to have inserted in the record.

Senator FEINSTEIN. Thank you, so ordered.

[The statement follows:]

PREPARED STATEMENT OF SENATOR WAYNE ALLARD

Madam Chairman, thank you for holding this hearing today. I am pleased to have a chance to discuss the projected budget for the Department of Interior. I would like to welcome Secretary Kempthorne to his first appearance before this Committee. This is at least his first appearance on that side of the dias.

The Secretary states in his testimony that his department manages one in every five acres of land in this country, and the bulk of that land is in the West, so as a western Senator the budget for the Department of Interior is very important to me. There are many issues difficult issues that face the agencies under your purview. I won't address all of them, but I would like to touch on a few.

First, one of the biggest problems that public land is facing right now in my state of Colorado is the bark beetle. I know that this is a problem that also exists in the home states of the Chair and Ranking Member, as possibly other members of this subcommittee. The state, quite simply, has become a danger zone with beetle infested areas growing larger and larger all the time. We have to get a handle on these insects before they ensure that the entirety of our forests is wiped out. This is of gravest concern when we consider that, as a headwaters state, the condition of Colorado's waters have the potential to be severely impacted by the continued degradation of our forests. This will mean a great deal to our neighboring states that receive water that flows out of Colorado.

I would also like to touch briefly on the Endangered Species Act. As you are well aware there are a number of proposals before Congress to reform this Act and discussions on this issue will likely be ongoing. I firmly believe the best way to prevent extinction in species is not to place them on a list, but to work proactively up front to ensure that they never need to be listed. That said, compliance with the ESA costs landowners a great deal of money and time every year. The federal government needs to do more to help landowners comply with the ESA instead of simply forcing more mandates down their throats. I appreciate the work that the Department has done to this end thus far and look forward to hearing more about how the Department plans to continue these efforts.

It is my understanding that Landsat 8 is a project being worked on jointly by USGS and NASA. It is also my understanding that Landsat 5 and 7 have thermal infrared (TIR) sensing capability. This capability is very important to the state of Colorado. The state is using this technology to ensure it meets its interstate compact obligations on the Arkansas River. Other uses for this technology include surface and ground water management, interstate water use agreements, and dealing with drought and wildfire, and other emergency management and military applications.

In this year's budget request USGS has requested funds to develop the land-based Landsat control system, to collect and disseminate the data, but no funds for the satellite or thermal sensor. NASA has not requested the funds for the thermal sensor either and I will have a question on this during that portion of this hearing.

Finally I was interested to note in your testimony the request for Safe Indian Communities Initiative to combat methamphetamine—or meth—in tribal communities. As you may be aware, earlier this year the Colorado Methamphetamine Task Force report cited Denver as a major distribution center for meth in the United States. This led me to introduce the Methamphetamine Trafficking Enforcement Act of 2007 to help curb the trafficking of meth both within and across the Nation's borders. This problem is one that will not be solved without many people coming at it from many different directions and I am pleased to see that the Department is working to curb the meth problem in Indian Country.

I think that we are all aware that this is going to be another tough budget year. That is why hearings such as this one are so important. So I look forward to working with you, and the rest of the Committee, again this year, Madam Chairman, to see that worthy projects and programs continue to be funded in a responsible manner.

Senator FEINSTEIN. Senator Cochran. Thank you.

Senator COCHRAN. I'll submit a statement for the record.

Senator FEINSTEIN. Thank you very much.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Madam Chairman, I am pleased to join you in welcoming my friend, Secretary Dirk Kempthorne to the committee this morning. Mr. Secretary, as you know, Mississippi is still suffering the effects of Hurricanes Katrina and Rita. I want to thank

you and your staff for helping with the recovery of the Gulf Coast region. A year and half later, we are still working to restore our coast and coastal islands, as well as the schools, homes, and businesses, and transportation resources that were devastated by these horrible hurricanes.

The Department of the Interior's budget is of great interest to me and the people of Mississippi. The National Parks and Wildlife Refuges in Mississippi receive thousands of visitors every year, and I am pleased to see that the fiscal year 2008 budget focuses on the importance of maintaining and protecting our natural treasures. I am interested in the new National Parks Centennial Challenge being proposed by the Department, and I am hopeful that Mississippi's Natchez Trace Parkway and the Gulf Islands National Seashore will have the opportunity to benefit from this initiative.

Mr. Secretary, we appreciate your outstanding public service, and I look forward to hearing your testimony.

Senator FEINSTEIN. Senator Nelson.

Senator NELSON. I may submit a statement for the record as well, thank you.

Senator FEINSTEIN. Thank you very much.

Secretary Kempthorne, welcome.

SUMMARY STATEMENT OF DIRK KEMPTHORNE

Secretary KEMPTHORNE. Thank you.

Chairman Feinstein, thank you very much for your opening statement, for the courtesy and the professionalism by which you conduct these hearings.

Senator Craig, thank you for your comments, as well. To all members, the distinguished members of this committee, it's a great pleasure to be before you.

As I looked at the membership of this committee, I had the honor of serving with 15 of the 17 sitting members of this committee, and those I did not, our gubernatorial routes intersected, so I appreciate this opportunity.

I'm pleased to present our 2008 Budget Request for the Department of the Interior to this committee. In undertaking this task, I committed to ensure that the Department of the Interior and its agencies would maintain high levels of service to the American people, and reach even higher levels of excellence.

I look forward to working with you, Chairman Feinstein, and other members of the subcommittee to achieve this goal, as we move forward in the budget process.

I thank you for your efforts for securing a final 2007 budget, after three continuing resolutions, and I appreciate the extra steps that you took to provide us a portion of the 2007 pay costs, and funding increases for some of our most important programs. We have developed our operating plans for 2007, and they have been submitted to you.

2008 BUDGET REQUEST

The President's overall 2008 budget request for the Department of the Interior is \$10.7 billion. This subcommittee has oversight responsibilities for most of our Department, excluding the Bureau of Reclamation and Central Utah Project. So, the 2008 budget for programs under the jurisdiction of this subcommittee, as you note, Senator Craig, is \$9.7 billion.

FIXED COSTS

Within this request, our budget includes an increase of \$214 million to fully cover the fixed costs of the entire Department. Madam Chairman, I appreciate what you said about this, and the significance of the fixed costs. This was critical to the well-being of the Department. The success of our programs depends on the skills and the dedication of our 73,000 employees.

My formal testimony outlines many specific features of our budget. This morning, I'd like to focus on four initiatives—our National Park Centennial Challenge, our Healthy Lands Initiative, our Safe Indian Communities, and our Improving Indian Education initiative.

NATIONAL PARK CENTENNIAL CHALLENGE

Our first initiative, the National Park Centennial Challenge, will foster a decade-long partnership with the American people to renew and to revitalize our National Parks system for its 100th anniversary in the year 2016. To inaugurate this effort, we propose a record \$2.4 billion budget for the National Park Service. This amount includes \$2.1 billion for park operations, \$219 million above the 2007 enacted level.

As part of the Park operating budget, we propose a Centennial Commitment of \$100 million, to upgrade both our park infrastructure and the experiences of people visiting our parks. This funding will allow us to hire 3,000 more seasonal National Park rangers, guides, and maintenance workers. It will enable us to repair buildings, to improve landscapes, and enroll more children in the Junior Ranger Program.

We believe our Centennial Challenge will inspire another generation of Americans to walk along the Appalachian Trail, to climb Mt. Rainier and marvel at the vibrant marine life at Dry Tortugas. Linking children to nature will help keep them physically fit, so that they can fully enjoy the world around them. It will also lay the foundation for this next century of conservation.

We're also requesting \$100 million in mandatory spending under the Centennial Challenge, to match contributions for signature sites and projects. We anticipate that with this incentive, Americans will provide \$100 million in contributions for projects that will improve our parks, and open the way for better visitor experiences.

Our budget request anticipates that Centennial Challenge funding will continue at this level for the next 10 years, providing at least an additional \$3 billion over the next decade to support our parks.

I look forward to joining with all Americans, in the historic celebration of our national parks in the year 2016.

HEALTHY LANDS INITIATIVE

Our second initiative, the Healthy Lands Initiative, will restore nearly half a million acres of Federal land in six targeted areas of the West through cooperative conservation. These six areas face growing challenges in maintaining wildlife habitat, while providing opportunities for energy production, recreation, and other uses.

We have requested \$22 million to partner with local communities and companies, and conservation groups, to rehabilitate and protect working landscapes. We anticipate our partners will provide an additional \$10 million, in voluntary contributions. Using these funds, we will transform land management from the current parcel by parcel approach, to landscape-scale management. Through our Healthy Lands Initiative, we will preserve habitat corridors and sites that benefit species such as sage grouse and pronghorn antelope.

SAFE INDIAN COMMUNITIES

Our final two initiatives will help ensure a brighter future in Indian country, especially for Native American children. A scourge of methamphetamine has devastated communities and families across our country in recent years, but few places have seen more devastation than Indian country. Tribal leaders I've met with describe a methamphetamine crisis, with a potential to destroy an entire generation, if left unattended. They call this the second small pox epidemic.

One of the challenges we face, is lack of adequate law enforcement on many tribal lands. As a result, organized crime and drug cartels have targeted Indian reservations as a hub for the distribution and the transportation of methamphetamine. We're requesting \$16 million in new investments for a Safe Indian Communities Initiative to empower tribes to shut down these peddlers of poison. With these funds, we will help tribes hire additional officers, and provide specialized drug enforcement training that they need to protect their communities.

For example, our budget will increase the number of officers that are certified drug enforcement activity officers from 11, currently, to 111—a 10-fold increase.

IMPROVING INDIAN EDUCATION

This is more than a budget issue—it's a moral issue. We must end this scourge. It's not enough to protect Indian children, however, we must also provide them a brighter future through better educational opportunities. We're requesting \$15 million in new funding, under our Improving Indian Education Initiative, to do just that. Using this funding, we will provide educational program enhancements and tools for lower-performing schools, in the school system which, Madam Chairman, you have identified.

PREPARED STATEMENT

Every child in America deserves a safe environment. Every child in America deserves a chance to succeed. Our initiatives will help Indian country achieve these goals.

Madam Chairman, I'd be pleased to respond to the questions which members of the committee would have, concerning the budget.

[The statement follows:]

PREPARED STATEMENT OF DIRK KEMPTHORNE

It is a pleasure to appear before you today to discuss the President's fiscal year 2008 budget for the Department of the Interior. This is my first appearance before

this subcommittee. During my time in the Senate, I had the pleasure of serving with fifteen of the current members of this subcommittee. I hope to work with all of you as we chart the future course for what I consider to be one of the most interesting and important cabinet agencies: the Department of the Interior.

Since becoming Secretary, I have traveled extensively in order to see Interior at work and to talk with Interior employees. I have addressed thousands of Interior employees. I have been impressed by the dedication and experience of the talented and dedicated Interior workforce. Every day, a Bureau of Indian Education teacher, a park ranger, a biologist, geologist, naturalist, or land manager is making a difference to help Interior fulfill its responsibilities.

Developing a budget for the Department of the Interior is an extraordinary exercise. We have an extensive mandate that rivals just about any governmental agency in its breadth and diversity—and its importance to the everyday lives of our citizens. Our 73,000 employees live and work in communities across America and its territories. We have 2,400 field offices. We manage 145,000 assets—second only to the Department of Defense. Our work stretches from pole to pole, from wildlife refuges in the Arctic to scientific research at the South Pole.

Managing one in every five acres in the United States, we oversee land and resources that stretch across 12 time zones from the Caribbean to the Pacific Rim. The sun literally never sets on the Department of the Interior. We have the third largest contingent of Federal law enforcement officers, with 3,400 officers and agents. Interior-managed lands and water generate one-third of the Nation's domestic energy supply. The Department serves American Indians, including 561 federally recognized Tribes, Alaska Natives, and our Nation's affiliated island communities. We undertake research and provide information to understand the Earth and to assist us in the management of the Nation's water, biological and mineral resources, and monitor all manner of natural hazards including volcanoes, earthquakes, and landslides. We also work with States to restore abandoned mine land sites and protect communities.

Our overall 2008 request for the Department of the Interior is \$10.7 billion. Included within that is \$9.7 billion for programs that this subcommittee oversees. Taking into account the shift of funding for the Abandoned Mine Land program from discretionary to mandatory, the budget is \$35.4 million below the 2007 Joint Resolution, enacted on February 15, 2007.

The 2008 budget was carefully crafted within the President's commitment to continue to fund the nation's highest priorities while eliminating the deficit in five years. The administration is on track to achieve this goal.

At the heart of our budget are four major initiatives:

- The National Parks Centennial Initiative to enhance National Parks as we approach their 100th anniversary in 2016;
- The Healthy Lands Initiative, which will allow access to public lands for a number of uses and provide for energy for the nation while also protecting critical lands and habitat;
- The Safe Indian Communities Initiative to combat the methamphetamine crisis on Indian lands; and
- The Improving Indian Education Initiative that will enable Indian children to grow up in an environment that allows them to achieve their dreams.

THE NATIONAL PARKS CENTENNIAL INITIATIVE

The President's 2008 parks budget totals a historic \$2.4 billion. The park operating budget, at \$2.1 billion, the largest budget for park operations ever, an increase of \$219 million over the level funded in the Joint Resolution. This is \$258.3 million over the 2006 level.

Last August, in honor of the 90th Anniversary of the National Park Service, and with an eye on the upcoming centennial in 2016, President Bush directed me to establish specific performance goals to help prepare the national parks for another century of conservation, preservation and enjoyment. In addition, the President asked that I identify signature projects and programs consistent with these goals and that continue the NPS legacy of leveraging philanthropic, partnership, and government investments for the benefit of the national parks and their visitors.

The President's budget for fiscal year 2008 sets the stage for the next 100 years of our national parks. It includes the National Parks Centennial Initiative, one of my highest priorities. This Initiative proposes up to \$3 billion in new funds for the national park system over the next ten years.

Within our operating budget increase, we propose a \$100 million Centennial Commitment over 10 years, for a total of \$1 billion dedicated to park operations. Our Centennial Initiative will also inspire philanthropic organizations and partners to

donate \$100 million per year over 10 years to the National Park Service. The Centennial Challenge Federal Fund will match all private donations up to an amount of \$100 million. These Federal mandatory matching funds and philanthropic contributions, together with the \$100 million annual Centennial Commitment in discretionary funds for park operations, would infuse up to \$3 billion into the park system over the next decade.

During the last five years, the NPS has built a strong foundation of improving parks, with more than 6,600 park improvements completed or underway. The Centennial Initiative funds are in addition to the nearly \$1 billion in the President's budget for National Park maintenance and construction programs. The proposed fiscal year 2008 budget will further improve our national parks during the next decade leading up to the 2016 centennial celebration.

The 2008 budget and the National Parks Centennial Initiative emphasize three key goals:

- To engage all Americans in preserving our heritage, history and natural resources through philanthropy and partnerships, with a special emphasis on linking children to nature. An increase of \$100 million is proposed for these programs, plus another \$100 million in mandatory funds to match donations.
- To reconnect people with their parks through enhanced technology and the seamless network of the trails system.
- To build capacity for critical park operations to sustain these efforts over the next century.

Our Centennial Challenge offers an outstanding opportunity to engage this Nation's youth with the outdoors. Our initiative will link children with nature through an expanded Junior Ranger program, increased visitor services, an improved trail system, and relevant interpretive programs for our young people. The Parks Centennial will help ensure that our parks offer improved physical activity, play and recreation, and opportunities for learning and social interaction.

Each year, the NPS welcomes more than 270 million visitors as they discover America the beautiful, the historical, the cultural. Our national parks preserve majestic natural wonders. They keep watch over battlefields hallowed by red badges of courage. They keep culture alive at sites dedicated to the performing arts, poetry, and music. Parks offer recreation and discovery through spectacular backcountry hiking and climbing. They honor great leaders like Thomas Jefferson, Abraham Lincoln, Frederick Douglass, Chief Joseph, John Muir, Eleanor Roosevelt and Martin Luther King, Jr. As havens of enjoyment, recreation, learning and personal renewal, national parks must endure. Our budget sets the stage for a new century of park excellence.

HEALTHY LANDS INITIATIVE

Another priority for me is my Healthy Lands Initiative, which will ensure continued access to public lands for traditional uses and recreation, while maintaining strong environmental protections for wildlife and habitat. This Initiative builds on the Department's strong track record in cooperative conservation to undertake landscape-scale conservation efforts and focus on the needs of species that cross jurisdictional boundaries.

As activities on public land increase, we are seeing growing conflicts among recreation users, energy developers, hunters, ranchers, and others all competing to protect, access, and use these public lands. BLM will join with the U.S. Geological Survey and the Fish and Wildlife Service to identify, restore, and mitigate the potential impacts of increased energy production in wildlife-energy interface areas and potentially prevent the listing of certain species such as sage grouse.

The potential listing of sage grouse as an endangered species could severely constrain public land use, particularly for current and future energy production. The habitat of the sage grouse covers over 100 million acres. Our Healthy Lands Initiative of \$22.0 million will implement a strategic vision to protect and restore sage grouse habitat, maintain migratory corridors for other species, and assure continued access to energy. These investments will support new land use planning techniques and new policy tools that will complement current activities and enable us to work with non-Federal partners to restore and conserve habitat and maintain access for energy and other uses.

Focused on six strategic areas, these funds will transform land management from the current parcel by parcel approach to landscape-scale decision making, drawing upon partnerships and new policy tools to help BLM provide increased access for energy and other uses, while simultaneously preserving important habitat corridors and sites for the benefit of species. In 2008, including this increase, over 400,000 acres will be restored in partnership with Federal leaseholders, private landowners,

state, local, and tribal governments—to benefit wildlife. The Healthy Lands Initiative includes \$15.0 million for BLM to conduct landscape-scale conservation, \$2.0 million for FWS, and \$5.0 million for USGS.

THE METHAMPHETAMINE CRISIS IN INDIAN COUNTRY

I would like to highlight two other 2008 priorities, our Safe Indian Countries and Indian Education Initiatives. While I recognize that the Senate Indian Affairs Committee has jurisdiction over these matters, I also know many of you represent States and Tribes that are struggling with the impacts associated with methamphetamine.

Methamphetamine is a highly addictive synthetic stimulant that creates intense euphoric highs for periods up to 24 hours. It is inexpensive and, unfortunately, has rapidly become the drug of choice for an increasing number of Americans. Organized drug cartels have targeted reservations to establish methamphetamine operations.

The President of the National Congress of American Indians has stated, “Meth is killing our children, affecting our cultures and ravaging our communities.” Many tribal leaders have told us methamphetamine is destroying lives in Indian country. Some leaders believe that on their reservations a whole generation of young people may soon be lost to this one drug.

The social effects of methamphetamine use are tragic. Addicted mothers are giving birth to drug-addicted babies. The drug is fueling homicides, aggravated assaults, rape, child abuse, and other violent crimes. Violent crime in Indian Country is reaching crisis levels at twice the national average.

Our budget includes \$16 million for a Safe Indian Communities initiative that reconfigures and tailors our focus to combat organized crime, break up drug trafficking, and interrupt the drug supply.

IMPROVING INDIAN EDUCATION

Improving Indian education is also a priority. One of only two school systems operated by the Federal government, the Bureau of Indian Education should oversee schools that are models of performance for the No Child Left Behind Act. Yet only 30 percent of the schools in the Bureau of Indian Education system are meeting NCLB goals.

In recent years, we have improved school facilities by replacing 32 schools and renovating another 39 schools. It is now time to focus on the classroom. Our 2008 budget proposes to invest \$15.0 million to improve the performance of students in Indian schools. Additional funding will provide educational program enhancements and tools for lower performing schools and educational specialists to guide Indian schools in achieving academic success. The request also provides additional funding for transportation to reduce the redirection of education dollars to pay for buses and fuel.

SUPPORTING THE DEPARTMENT’S MISSION

The 2008 budget aligns resources to achieve these and other high-priority goals guided by the Department’s integrated strategic plan. Recently revised for 2007–2012, the Department’s strategic plan links the Departments diverse activities into four common mission areas: Resource Protection, Resource Use, Recreation, and Serving Communities. A fifth area, Management Excellence, provides the framework for improved business practices, processes, and tools and a highly skilled and trained workforce.

Using our strategic plan as the blueprint for improved performance and accountability, since 2001, the Department has:

- Increased access to meet the Nation’s energy needs and enhanced energy security by more than doubling the approval of applications for permits to drill; provided greater opportunities for development of alternative energy, including wind energy; advanced oil shale and methane hydrates for potential future domestic use; and significantly expanded environmental protections with inspection and monitoring programs.
- Collected \$56.4 billion in revenues from offshore and onshore mineral leases that provided income for Indian communities, funded State infrastructure, and helped to finance Federal programs.
- Expanded relationships with partners to restore, improve, and protect three million acres of wetlands and other habitat for migratory birds, anadromous fish, and threatened and endangered species.
- Reduced risks to communities from the threat of fire, conducting over 6.7 million acres of fuels treatments through the President’s Healthy Forests Initiative.
- Improved park facilities for visitors by undertaking more than 6,600 projects at national parks and earned a 95 percent satisfaction rate from park visitors.

- Completed condition assessments and performance measures for all park facilities and nearly all Interior facilities.
 - Improved the educational environment for Indian children by funding 32 new Bureau of Indian Education replacement schools and 39 major school repair projects.
- Looking to the future, the Department of the Interior is committed to achieving the goals of our four initiatives and other priorities. Our budget will:
- Prepare the national park system for another century of conservation, preservation and enjoyment through the President's National Park Centennial Initiative.
 - Encourage increased donations for signature projects and programs in our national parks with up to \$100.0 million a year in matching funds through the National Parks Centennial Challenge.
 - Increase energy security for the Nation through a new Outer Continental Shelf five-year plan (2007–2012).
 - Launch a Healthy Lands Initiative to help meet the Nation's needs for access to public lands for energy and other uses while protecting wildlife and habitat in the West.
 - Leverage Federal funds through partnerships and cooperative conservation to restore 800,000 acres and 734 stream/shoreline miles. These efforts will support the President's government-wide goal of increasing the Nation's wetlands by three million acres by 2009.
 - Improve educational programs and meet the requirements of the No Child Left Behind Act by completing educational reforms in the Bureau of Indian Education.
 - Help Indian Country reduce methamphetamine crime and the afflictions it has brought to many Tribes through a new Safe Indian Communities Initiative.
 - Manage a network of parks, sanctuaries, reserves, and refuges to protect ocean and coastal resources as envisioned in the President's Ocean Action Plan.

BUDGET OVERVIEW

The 2008 budget request for current appropriations is \$10.7 billion. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional \$5.1 billion, for a total 2008 Interior Budget of \$15.8 billion.

The 2008 request includes \$9.7 billion for programs funded within the Interior, Environment and Related Agencies Appropriations Act.

The 2008 budget reflects the changes made in financing for the Abandoned Mine Land Reclamation Fund in the Office of Surface Mining that were required by the Surface Mining Control and Reclamation Act Amendments of 2006. Funding for State and tribal AML grants are no longer subject to appropriation and are funded as a mandatory appropriation. Federal AML components continue to be subject to appropriation.

The change results in a reduction of \$134.2 million in discretionary budget authority in 2008. After taking into account the AML shift of funding from discretionary to mandatory funding, the 2008 budget request reflects a decrease of \$35.4 million, or four-tenths of one percent below the 2007 Joint Resolution and \$68.7 million below the 2006 enacted level.

With enactment of the Joint Resolution, we now have a full year appropriation for 2007 of \$9.7 billion. Based on direction in the Joint Resolution, we have prepared detailed operating plans for each bureau for 2007. Based on these plans, we are preparing comparisons at the program level with the 2008 budget request, which will be available to the subcommittee very soon. The comparisons in our 2008 budget are with the third 2007 continuing resolution, which was in effect through February 15. Except where noted, comparisons throughout this testimony are on that basis.

In 2008, Interior will continue an exemplary record of producing revenue for the Treasury. Estimated receipts collected by the Department in 2008 will be \$15.6 billion, a record level of collections that offsets Interior's discretionary budget by nearly 1.5 to one.

The 2008 budget assumes enactment of a number of proposals for which legislation has been or will be transmitted to the Congress. The Centennial Challenge would provide up to \$100 million a year for ten years in mandatory funds to match private donations for signature projects and programs. These projects and programs will be identified in the Secretary's report to the President this May, after a number of public listening sessions and recommendations from park professionals. The costs for this proposal, contained in a legislative proposal transmitted to Congress, are offset within the President's 2008 budget.

The budget also assumes enactment of proposals to change the manner in which bonus bids for coal sales are received consistent with oil and gas programs, institute a net receipt sharing provision to return to a more equitable Federal-State distribution of onshore mineral revenues, and repeal deep gas and deep water OCS incentives that were included in the Energy Policy Act of 2005.

The 2008 budget also contains proposals that were assumed in the 2007 President's budget. Included are proposals to discontinue mandatory appropriations from the Range Improvement Fund and amend the Federal Land Transaction Facilitation Act to update the public lands available for disposal, authorize the use of receipts for restoration projects, and change the distribution of revenue. As in 2007, the 2008 budget proposes repeal of authorizations provided in the Energy Policy Act of 2005. Repeal of Section 365 would redirect rental receipts to the General Fund and authorize BLM to promulgate regulations to phase in cost recovery for energy permits, repeal of Sections 224 and 234 would restore the historical formula for distribution of geothermal energy receipts.

The budget also proposes leasing in the 1002 area of the Alaska National Wildlife Refuge, which significantly increases anticipated revenues in 2009 and later years. These proposals, in conjunction with the revenue enhancements described above, will increase revenues by \$136.3 million in 2008 and a total of 5.0 billion through 2012.

MAINTAINING CORE PROGRAMS

Department of the Interior programs encompass 390 parks and 547 wildlife refuges; 261 million acres of multiple use public land; 12 regional offices, 83 Indian agencies locations, and 184 elementary and secondary schools in Indian Country; and numerous laboratories, field research facilities, and other offices.

At each of these sites, the Department's 73,000 employees maintain facilities and resources and provide services to those who use or rely on them: park visitors, wildlife watchers and hunters, stockmen and miners, Tribes and individual Indians, farmers and electric power users. In my travels, Interior's managers have told me that funding for fixed costs is their highest priority need.

Pay and benefits for the Department's workforce are a significant cost component of Interior's core programs, comprising 58 percent of operating budgets. The proportion of Interior's budget committed to personnel costs places it among the top three Federal agencies. Only the Departments of Justice and Commerce have a higher proportion of salary and benefit costs to total budget. Maintaining this dedicated cadre of professionals is essential for the uninterrupted delivery of programs and services.

The Department's 2008 budget request includes \$214.2 million to fully fund increases for pay and other fixed costs. Of this amount, nearly 85 percent, or \$184.4 million, supports increases in employee compensation, including scheduled 2008 pay raises; two additional paid days; and projected increases in health benefits. The budget assumes a three percent pay raise in January 2008. The request also funds increases in workers' and unemployment compensation; rental payments for leased space; and centralized administrative and business systems, services and programs financed through the Working Capital Fund.

OTHER BUDGET PRIORITIES

In addition to the four key initiatives I have already highlighted, the budget includes the funding for key goals and objectives.

Achieving Energy Security.—In his State of the Union address, President Bush underscored that America must enhance energy security. The Department of the Interior plays a key role in advancing this goal. Nearly one-third of the energy produced in the United States each year comes from public lands and waters managed by Interior. To carry out the goals of the Energy Policy Act and enhance the availability of affordable oil, gas, and alternative energy sources, the 2008 budget for Interior programs includes \$481.3 million for energy programs. With these resources, the Department will enhance energy security through increased production, protect the environment, promote conservation, and expand the use of new technologies and renewable energy sources.

The BLM 2008 budget request for energy is \$142.9 million. Included in the BLM request is an increase of \$3.1 million for inspection and monitoring to ensure environmentally responsible energy development on public lands and proper reporting of production. The additional funds will provide BLM with the capacity to conduct an additional 1,572 inspections by 2009, with 522 additional inspections occurring in 2008. Also included is an increase of \$2.0 million for the Mining Law Administra-

tion program. This increase is expected to be fully offset by anticipated mining claim maintenance fees.

In 2008, BLM will implement fees for processing drilling permit applications to fully replace rental revenue currently available for processing oil and gas use authorizations, thereby maintaining BLM's capacity for timely permit processing. A legislative proposal will be transmitted to the Congress that proposes to repeal Section 365 of the Energy Policy Act. Section 365 redirected rental revenue deposits to the Treasury to fund BLM pilot offices. Estimated collections of permit processing fees in 2008 is \$21.0 million.

The MMS 2008 budget request for energy is \$290.8 million, \$16.7 million above 2007. The budget includes increases to facilitate OCS development and deepwater activities by implementing the 2007–2012 Five-Year OCS Oil and Gas Leasing program and completing environmental analyses necessary for newly available areas where data are old and for future OCS lease sales.

The Gulf of Mexico Energy Security Act of 2006, signed into law on December 20, 2006, significantly enhances OCS oil and gas leasing activities and production potential in the Gulf of Mexico. The Act opens up 8.3 million acres in the GOM for leasing, including 5.8 million acres previously withdrawn under Congressional and Presidential moratoria. The Act also shares revenues with Gulf-producing States and with the Land and Water Conservation Fund, with the first distribution estimated to take place in 2009.

The budget assumes an increase in the royalty rate for new offshore Federal oil and gas leases. The Department will begin implementing the royalty rate increase in the upcoming 2007 lease sale in the Western GOM planning area (Sale 204) scheduled for August 2007. The new rate is expected to increase royalty revenues by \$4.5 billion over the next 20 years, and substantially more after that.

The President's National Energy Policy aims to improve America's energy security by increasing domestic production of fossil fuels, promoting increased energy conservation, and stimulating the development of alternative fuels. The coastal plain in the Arctic National Wildlife Refuge is the Nation's single greatest onshore prospect for future oil. The 2008 budget assumes enactment of legislation opening the Section 1002 area of the coastal plain in ANWR to energy exploration and development, with a first lease sale occurring in 2009 that would generate \$7.0 billion in bonus receipts. The budget estimates a total of \$8 billion in revenue would be generated through 2012. These receipts would be split 50:50 between the U.S. Treasury and the State of Alaska.

Cooperative Conservation.—Through partnerships, Interior works with landowners and others to achieve conservation goals across the Nation and to benefit America's national parks, wildlife refuges, and other public lands. The 2008 budget includes \$324.0 million for the Department's cooperative conservation programs, \$34.6 million over 2007. These programs leverage Federal funding, typically providing a non-Federal match of 50 percent or more. They provide a foundation for cooperative efforts to protect endangered and at-risk species; engage local communities, organizations, and citizens in conservation; foster innovation; and achieve conservation goals while maintaining working landscapes.

The 2008 cooperative conservation budget includes \$21.0 million of the Department's Healthy Lands Initiative. Also new to the suite of cooperative conservation programs highlighted in 2008 are the multi-agency Open Rivers Initiative and the National Fish Habitat Action Plan. These fisheries conservation programs will leverage \$16.2 million in Federal resources with State, Tribal, local, nonprofit and private groups to protect, enhance, and restore aquatic habitats. A program increase of \$6.0 million for the Open Rivers Initiative will allow FWS to enhance its fish passage program by eliminating an additional 190 obsolete stream barriers such as small dams and open an additional 1,300 stream miles. The 2008 budget includes an additional \$2.3 million to implement the National Fish Habitat Action Plan, which will leverage resources provided by State, tribal, local, private, nonprofit, and private groups to protect, enhance, and restore aquatic habitats.

The 2008 budget continues funding for high-priority cooperative conservation activities, including \$13.3 million for the FWS Coastal Program, \$69.5 million for State and Tribal Wildlife Grants, \$4.0 million for Neotropical Migratory Birds, and \$80.0 million for the Cooperative Endangered Species Conservation Fund. The 2008 budget request for the North American Wetlands Conservation Fund is \$42.6 million, an increase of \$6.0 million above 2007. Funding for the Partners for Fish and Wildlife program is \$48.4 million, a net increase of \$5.7 million over 2007. These programs provide an effective, cooperative approach to conservation and leverage Federal funds. In 2008, these programs will attract over \$274 million in non-Federal matches and restore over 800,000 acres of habitat for species at-risk and migratory birds.

In 2008, Interior does not request funding for the Landowner Incentive and Private Stewardship Grant programs, in order to concentrate conservation funding in a smaller number of high-performing programs. This results in a \$22.0 million reduction from the 2007 level. The conservation of at-risk species would benefit from shifting resources from these two programs to other programs that can demonstrate increased results, such as the Partners for Fish and Wildlife and North American Wetlands Conservation Act programs. The Landowner Incentive and Private Stewardship grant programs will continue to allocate and administer grants from funds appropriated in prior years.

Refuge Operations and Species Protection.—Targeted increases for the National Wildlife Refuge System and other FWS species conservation programs will focus new resources on conserving and restoring the habitat necessary to sustain endangered, threatened, and at-risk species and prevent additional species from being listed under the Endangered Species Act. A program increase of \$4.7 million for refuge wildlife and habitat management will allow the refuge system to increase the number of recovery plan actions completed in 2008 by 111; protect or restore an additional 57,983 acres; and fill three new positions to manage the new Northwestern Hawaii Marine National Monument. The 2008 budget also includes \$2.2 million in programmatic increases for the recovery of the gray wolf and the Yellowstone grizzly bear.

Healthy Forests Initiative.—The 2008 budget for the Healthy Forests Initiative, a total of \$307.3 million, supports the Department's efforts to reduce the threat of catastrophic wildfire and improve forest and rangeland health. The 2008 budget request funds the Hazardous Fuels Reduction program at \$202.8 million, an increase of \$3.0 million for fixed costs over the 2007 level. An additional \$1.8 million in the hazardous fuels program will be shifted from program support activities to on-the-ground fuel reduction to help treat high-priority acres.

Wildland Fire Management.—The 2008 budget proposes \$801.8 million to support fire preparedness, suppression, fuels reduction, and burned area rehabilitation. This amount represents a net increase of \$32.6 million above 2007, including an increase of \$37.4 million for suppression operations. This budget will fully fund the expected costs of fire suppression in 2008 at \$294.4 million, based on the ten-year average. The 2008 Preparedness program is funded at \$268.3 million, a net reduction of \$6.5 million from the 2007 level. A significant portion of this reduction will be achieved by eliminating management and support positions and lower-priority activities. The 2008 Wildland Fire Management program will realign its preparedness base resources to better support initial attack capability, which will include the addition of over 250 firefighters. These actions will help maintain initial attack success.

Oceans Conservation.—Interior bureaus conduct ocean and coastal conservation activities that significantly advance understanding of the processes and status of ocean and coastal resources. The 2008 President's budget includes \$929.5 million to support the President's Ocean Action Plan. This funding will allow Interior bureaus to continue their high-priority work within the U.S. Ocean Action Plan and includes an increase of \$3.0 million for USGS. In 2008, USGS will begin to implement the Oceans Research Priorities Plan and Implementation Strategy by conducting observations, research, seafloor mapping, and forecast models. USGS will also begin to implement an interagency national water quality monitoring network. Also included is \$600,000 for three new positions to support management of the new Northwestern Hawaiian Islands Marine National Monument.

Indian Trust.—The 2008 request for Indian Trust programs is \$489.9 million, \$17.6 million above 2007. The Indian Land Consolidation program is funded at \$10.0 million, \$20.7 million below 2007. The 2008 budget also includes \$4.6 million in reductions to reflect efficiencies and improvements in services to beneficiaries, the completion of trust reform tasks, the completion of project task efforts, and management efficiencies. The budget includes a \$3.6 million increase for the Office of Historical Accounting to assist with the increased workload associated with additional tribal trust lawsuits.

The Office of the Special Trustee for American Indians is responsible for financial management of the funds held in trust for tribal and individual Indian beneficiaries. Currently, the sum of all positive Individual Indian Monies account balances is approximately \$6.0 million less than the sum of all financial assets currently invested by OST on behalf of the IIM beneficiaries. To address this imbalance the Department will transmit legislation to balance the accounts that would authorize up to \$6.0 million be made available to credit the investment pool.

Payments in Lieu of Taxes.—PILT payments are made to local governments in lieu of tax payments on Federal lands within their boundaries and to supplement other Federal land receipts shared with local governments. The 2008 budget proposes \$190.0 million for these payments. The 2008 request is a reduction of \$8 mil-

lion from the 2007 level. This level of funding is significantly above the historical funding level for PILT. From the program's inception in 1977 through 2001, the program was funded in the range of \$96–\$134 million.

CONCLUSION

I believe that our 2008 budget will—in its entirety—make a dramatic difference for the American people. We will better conserve our public lands. We will improve our national parks. We will protect our wildlife and its habitat. We will help craft a better future for Indian country and particularly for Indian children. And we will produce the energy that America needs to heat our homes and run our businesses. This concludes my overview of the 2008 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.

Senator FEINSTEIN. Thank you very much, Mr. Secretary, for those comments.

Let me begin the 5-minute rounds, again, the early bird.

1998/1999 LEASES

In February, our subcommittee held a hearing on the problems the Interior Department is having with the collection of royalties from energy companies who operate in the deep waters of the Gulf of Mexico. The taxpayers stand to lose, as you know, some \$10 billion, because of the Department's failure to include price thresholds for leases signed in 1998 and 1999.

Your Assistant Secretary Allred testified that you had been able to persuade six of the companies who hold leases without price thresholds, to voluntarily begin paying their fair share. That's a good start.

My first question is, how many companies have now voluntarily started paying royalties, and how many are still holding out?

Secretary KEMPTHORNE. Madam Chairman, thank you. This is a critical issue. As you have identified, it occurred in 1998 and 1999. We believe that's the only time that that omission occurred. We believe that there was a decision for that, but we don't know what the motivation was.

Since then, those price thresholds have been in place. One of the actions I've taken, Madam Chairman, is a secretarial directive to our Solicitor, so that all future leases—a solicitor will sit there with the representative from Minerals Management Service, reviewing the entire document, so that it would not occur again. Six companies have currently stepped forward and have volunteered to pay that share.

Senator FEINSTEIN. But it is my understanding that the 40 companies which are responsible for 80 percent of the production from these specific lease sales are not paying royalties—is that correct?

Secretary KEMPTHORNE. I believe that number is accurate.

Senator FEINSTEIN. Okay. We asked Mr. Allred to work with us—we have not had success in doing that. The idea is extending the 1998 and 1999 leases for those companies that agree to pay royalties. What is your opinion of that? In other words, to provide some incentive for the payment? Not that we—we shouldn't have to be required to provide incentive—every one of these companies has made record profits, and they haven't, you know, paid for the right to drill oil on what is, essentially, public waterways.

Secretary KEMPTHORNE. Madam Chairman, I appreciate what you're saying.

I believe that those companies are waiting to see if, in fact, there's going to be action taken by Congress. Therefore, I don't believe, at this time—even though discussions continue—that we're seeing any further movement beyond those six.

Senator FEINSTEIN. Well, it would be my intent, then, to draft the legislation along the lines that I've suggested, which would be, you know, that we would extend leases in return for these payments, and if Senator Craig would be interested in working with me, I would be very appreciative of that.

Secretary KEMPTHORNE. Madam Chairman, I know you're looking at it, and the Energy Authorizing Committee is looking at it. I think to give companies an opportunity to step forward by the initiative you're talking about makes a lot of sense.

I also understand everybody's frustration, at the same time. In searching for what might have been—but nobody knows, a violation or an intent—these are valid contracts, and valid relationships. Contract law is sacred, and that's what we're all struggling with here. Do you step in and break a contract? No, you don't do that.

So, I think it's going to take the kind of initiative you're talking about, and it is my observation that there's a wait-and-see situation here, until Congress finally solidifies where they want to be on this issue, but we're talking a lot of money.

Senator FEINSTEIN. I understand. Thank you very much, Senator.

DRUGS ON FEDERAL LANDS

Second question—drugs on Federal lands—big problem. The Mexican drug cartels have stopped running drugs over the border, and have now simply moved their operations onto Federal lands.

I've seen reports which say that in 2006, Federal authorities seized some 3 million marijuana plants, worth between \$10 billion and \$15 billion, and I'm told that half of that came from public lands in California.

What I'd like to know is this—what are the National Park Service and the Bureau of Land Management doing to address this problem? How much money is in the Department's 2008 budget request for this?

Secretary KEMPTHORNE. Madam Chairman, you've identified a very important, and a very serious problem. You are correct—the drug cartels, the organized crime have found that it is now more efficient and effective for them to locate their assets on the public lands, such as the National Parks, to grow the marijuana plants, and harvest and then sell them here in this country, rather than growing them in Mexico and bringing them across the border.

I will note, however, Madam Chairman, the crossing of the border is a significant problem, which at some point we may discuss today as well.

These plots where they are growing the marijuana, it is not unusual to find that they are being operated by heavily armed individuals. Individuals who have been told—in no uncertain terms by the drug cartels—you are to defend this product with your life. Because, anything less than that, and there may be repercussions

with your family members back in Mexico. That is the leverage which they're using. It is truly significant what is taking place.

Now the Department itself, our 2008 budget includes \$680 million for law enforcement activities. That's an increase of \$48 million. I will tell you that, we are also now moving into flexible funds within the Park Service so that we can use these funds. We have three different teams of law enforcement entities with the Park Service, that we use for this specific use of interdiction of the drugs.

In Sequoia, for example, in 2004, we increased the budget there \$450 million, we have maintained that, and will see an additional increase in that area in the 2008 budget, as well. We've seen significant progress. But I will tell you, Madam Chairman, if you look at a chart at the amount of production that is taking place in the United States, it would be a steady increase, and then suddenly this spike, which is happening. Because, as you have identified, they have now determined it is better to grow it in the United States than to try to smuggle it across the border.

Senator FEINSTEIN. Thank you, Mr. Secretary, my time is expired.

Senator Craig.

METHAMPHETAMINE

Senator CRAIG. Mr. Secretary, would you continue that theme, but talk to us about obviously the initiative you have on, in Indian country with meth. We're talking, marijuana grown on public lands, but we're talking meth brewed in Mexico.

Secretary KEMPTHORNE. Yes.

Senator CRAIG. Now, in large part, meth labs being brought down in this country are fewer and fewer simply because of the tightening up of the ingredients, and State efforts, along with the Feds.

You found something startling, and related to me in a conversation earlier, would you tell the Committee your experience on our southern border? Because you have a responsibility for a lot of mileage of border down there. The meth movement across that border today, and what Homeland Security is—and is not—doing about it.

Secretary KEMPTHORNE. Yes. Senator Craig, I appreciate your interest in this issue.

The Department of the Interior has jurisdiction for 40 percent of the U.S.-Mexico border—that includes our parks, our wildlife refuges, Indian country, et cetera. That's 755 miles. After the first of the year, when I went down there for the first time to see what the situation was, my impression was that I would see a great deal of illegal immigration. I will tell you that this is truly organized crime, and it is the drug cartels.

We anticipate, for example, in one Park, Organ Pipe Cactus National Park that daily there is as much as \$3 million in illegal drugs going through that Park. That is one area of the Southern border that has the vehicle barrier fence that's in place, which was put in shortly after the shooting death of Kris Eggle, a National Park Ranger who was shot down and killed, because of drugs.

They've learned to breach that fence. So, they're crossing. We now have a situation, Senator, where in certain areas along the border, we do not allow employees, park employees, for example, to go perform their normal duties, without being escorted by two armed officers. The drug cartels have issued the message that they will shoot park rangers on sight, they will shoot border patrol officers, they will shoot the helicopters from the sky.

This is huge business for the drug cartels. This is organized crime, and so it takes an organized effort. We're working with the Department of Homeland Security, we're working with DEA and the Office of Drug Control. But I have great concerns, because we're seeing, perhaps, upwards of 50 percent of our budgets for parks and refuges down in that area, that is now moving more and more toward law enforcement, instead of what the original intended purpose was.

Senator CRAIG. Well, thank you very much.

Madam Chairman, a couple of weeks ago, I was holding a town meeting in Meridian, Idaho, and a man stood up in the back of the room and said he was a retired Boisean who'd been to Organ Pipe as a photographer, and he was told by the Park Service, there were areas of that preserve or reserve that he ought not enter for his own security and his own life.

FIRE PREPAREDNESS

Let me talk briefly about fire preparedness, the Budget Request for fire preparedness for fiscal 2008 is lower than that enacted in 2007, yet the proposed budget claims to be maintaining an initial attack success rate of 95 percent. How can you maintain this success rate with less money? That would be one question.

One of the efficiencies you plan to employ is the elimination of 78 management and support positions—are these anticipated to be employees with direct fire support experience? I mean, those are some of the concerns we have, obviously, with the anticipated fire season coming off of last season.

Secretary KEMPTHORNE. Yes, Senator first, like you, I'd like to acknowledge the firefighters themselves, these men and women and what they do day in and day out fighting these fires for us. As you've noted, the National Inter-agency Fire Center—an outstanding resource for the Federal Government.

In 2008, the fire budget is \$801 million. That's \$43 million above the 2007 budget. It includes \$37 million for suppression. So, while the budget is up, Senator, in the areas such as the Wildland-Urban Interface, that's been very effective, the Healthy Forest Initiative, that has been very effective—we continue that. Because we believe that prevention is the best step that you can take.

We also have made a shift in strategy, based on the input from fire professionals and management, to the initial response. So, rather than waiting until the fire has gotten to the point that it is hundreds of thousands of acres, as we have experienced in Idaho, it's to move resources from that effort to the initial attack, and to hit them faster, and more aggressively. To try to knock them down before they take off and reach such large magnitudes, where the only way to effectively, then, finally put them out, is when the snow begins to fall.

So, the total fire budget is actually up, but you are seeing—in that area of suppression—a shift.

Senator CRAIG. Thank you, Madam Chair.

Senator FEINSTEIN. Thank you.

I'm going to alternate sides, and so I'll give you the order now, it will be Senator Nelson, Senator Alexander, Senator Reed, Allard, Cochran, Bennett, and Domenici.

Senator Nelson?

PLATTE RIVER RECOVERY IMPLEMENTATION

Senator NELSON. Well, thank you, Madam Chairman.

Mr. Secretary, I want to thank you for your efforts, particularly on the efforts of your Department, regarding the Platte River Recovery Implementation Program. I'm glad to see a \$6.4 million increase for the Great Plains Region, to implement the program in your proposed budget.

I was proud to have signed that cooperative agreement back when I was Governor of Nebraska in 1997, and I'm equally proud to be a co-sponsor of the Senate bill, together with Senator Allard and others. This bill, when enacted, will authorize your continued participation in this very important program.

I look forward to working with the Senate Energy and Natural Resources Committee, so we can get that bill moving and we can further the basin-wide effort between the Department and the States of Nebraska, Colorado and Wyoming, to help recover species in the basin. I look forward to working with my colleagues in this committee to ensure the appropriate funding.

I know your efforts to date have been very, very significant, and the funding requested would be recognized, the importance. I hope that we can continue to have that a priority for Interior.

STREAMGAGES

I have a question regarding streamgage activities. At the time when the Plains States are suffering from an historic drought, all of the components of the Department seem to be cutting back on the streamgage programs and other projects that monitor water levels, stream flows, and similar programs. I wonder if you have an explanation for this. It doesn't appear that streamgage activities and programs are a priority, and I'm perplexed by that, and I wonder if you might help clarify that, if you can.

Secretary KEMPTHORNE. Yes, Senator Nelson—the 2008 request with regard to the streamgages is held level with 2007. Now, we will look at that, and I will get information back to you, but at least it is being held level.

[Information follows:]

INCREASED FUNDING FOR STREAMGAGES

In 2007, USGS increased funding for streamgages. The 2007 operating plan includes \$16.6 million for the National Streamflow Information Program, which includes an increase of \$2.3 million for the streamgages operating network. In the 2008 President's budget, USGS has requested an additional \$1.65 million, including \$250,000 that would enable installation of three new streamgages in southern California and deployment of storm surge monitors in support of the bureau's ongoing hazards program.

Senator NELSON. Yeah, I'm not suggesting it is being cut back, I'm just suggesting that it doesn't seem to be picking up any support for the future because of the increasing need and importance of having streamgauge activities, given the drought conditions. Unfortunately, they haven't gone away, they continue.

INVASIVE SPECIES

One other question—does the Department give any priority or preference to States or regions of the country where invasive species are choking rivers, and consuming scarce water supplies in drought-stricken areas of the country, especially considering the concerns in the Republican Platte River Basins. Are you taking into account water problems that come about because of the invasive species? Red cedar and other species that are invasive?

Secretary KEMPTHORNE. Senator, we do, and I'm very familiar with invasive species. It's something that, as a Governor, I dealt with, and that we always included in our State budget. It's something, ironically, Senator, that I served on the National Invasive Species Commission. I remember attending one of the early meetings, and they didn't think I would show up, because they didn't think I would understand what the issue was, but we lived that issue. We do prioritize. Invasive species are a critical, critical issue.

Also, Senator, going back to Senator Craig's comments about the forest fires. It's not unusual to see the devastation of the entire loss of a forest, it doesn't necessarily mean that the forest will come back, because with invasive species, you might get a monoculture of something you don't want.

Senator NELSON. That's right.

Secretary KEMPTHORNE. I was down in New Mexico, Senator Domenici's State and saw the creosote plant that is now an invasive species, and what it's doing. We do prioritize, and it's something that we do put a great deal of emphasis on.

Senator NELSON. Well, I hope that you would take a particular look at the Platte and Republican River basins, because the influx of invasive species there, due to the drought, similar situation to a forest fire, the removal of water, or the removal of timber can result in an even greater invasion.

Secretary KEMPTHORNE. Senator, I'd be glad to do that. I appreciate your work on the Platte River, and I signed that Memorandum of Understanding late last year, and again, thank you for leadership that has been there for the years. I've signed it now with the Governors of Nebraska, Wyoming, and Colorado. Senator, may I just take a moment and acknowledge—this is a little bit like *deja vu*, in that when I was a Member of the Senate, and you were the Governor of Nebraska, and I brought forward with Senator Glenn our efforts to stop unfunded Federal mandates, you sat at the witness table, and I was up there, so, you did a great job.

Senator NELSON. Well, sometimes roles are reversed.

Secretary KEMPTHORNE. Yes, they are.

Senator NELSON. Thank you, Madam Chairman.

Senator FEINSTEIN. Thank you, Senator.

Senator Alexander.

Senator ALEXANDER. Thanks, Madam Chairman.

Secretary Kempthorne, thank you for coming.

If I were authorized to give out report cards—which I’m not—I’d give some A pluses in your direction, and I’d give the President an A plus for the Centennial Challenge, I’d give you one for being bold enough to suggest it at a time of fiscal tightness. I would give you an A plus for your decision on the management policies, to preserve conservation as the primary part of the National Park’s mission, and I’d give you at least a pat on the back for your picking the Great Smoky Mountains National Park as your first visit—

Secretary KEMPTHORNE. Yes.

Senator ALEXANDER [continuing]. On your listening tour.

I would suggest something that would seem to some listeners as counter-intuitive—I think quietly, the administration is building up a conservation and environmental record that’s under-appreciated. I mean, if you added those things together—the law that the extension of conservation easements by the last Congress, which is the fastest growing conservation movement, the EPA rules on sulfur and nitrogen, the low-sulfur diesel rules that President Clinton started, and President Bush put in place, the passage of Lease 181 for the expanded drilling in the Gulf of Mexico, to put in what, we sometimes call the Domenici one-eighth, which took \$1 out of every \$8 from that expanded drilling and made it a conservation easement to go into the Land and Water Conservation Fund. So, that’s an under-appreciated record, I think.

GREAT SMOKY MOUNTAINS NATIONAL PARK

I have three questions to go along with my A pluses. One is—as much as we appreciate the extra funds for the Great Smokies, and the other Tennessee national parks—when I looked in the report in USA Today, Yosemite, Yellowstone, Grand Canyon were all receiving more than the Great Smokies, both in amounts, and by percentage increase, which surprises me, since the Smokies have 10 million visitors a year, which is two or three times more visitors a year than any other park.

I wonder if you would take a look at that, and help me—today—but, if later, you could help me understand why the percentage increases for other parks are higher, it would appear, than the percentage increases for the Smokies?

Secretary KEMPTHORNE. Senator, I’d be glad to get back to you, and work with you on that, and certainly note that the chairman would probably be watching what we do with those numbers.

[The information follows:]

GREAT SMOKY MOUNTAINS NATIONAL PARK

The fiscal year 2008 funding level of \$18,690,000 includes an increase for Great Smoky Mountains National Park of \$1,459,000 over the fiscal year 2007 enacted level of \$17,231,000. The park has experienced 49 percent growth in base funding over the last 10 years, which is equal to the average growth for all parks in the system, and exceeds the growth rate at large park units such as Yosemite National Park, Yellowstone National Park, Grand Canyon National Park, Gateway NRA, and the National Mall. The fiscal year 2008 budget growth rate for Great Smoky Mountains National Park likewise exceeds that of many of its peer parks, including Yellowstone National Park, Grand Canyon National Park, Independence NHP, and the National Mall.

The fiscal year 2008 increase for Great Smoky Mountains National Park of \$1,459,000 includes +\$676,000 to cover planned pay and cost of living increases and projected cost increases for health benefits; +\$316,000 to fund 26 maintenance seasonals during the peak visitation season; +\$214,000 to fund 17 interpretation

seasonal rangers during the peak visitation season; +\$157,000 to fund 12 visitor and resource protection seasonals during the peak visitation season; and +\$96,000 to provide a volunteer coordinator, improving the training and certification of volunteers, and providing additional funds for housing, and recruiting materials.

Senator ALEXANDER. I respect that as well.

LAND AND WATER CONSERVATION FUND

The second is, the Land and Water Conservation Fund hasn't fared too well over the last few years, it's authorized for \$450 million a year in the Federal account, and in the State account, the President's not asked for much if, or nothing.

You and Senator Nelson were talking about role reversals—I remember when I was testifying as Governor 20 years ago, and suggested that the Great Smokies, which is managed, basically, as a wilderness area, ought to be declared a wilderness area, and the whole western side of the Energy Committee nearly went into cardiac arrest at the thought of another wilderness area.

But, there are big differences in the West and the East. I mean, we're not like Idaho, we're not mostly owned by the Federal Government, we are a rapidly growing State as well, and we have very little park space. As you found when you were down there in a very highly Republican, conservative area, we like the Smokies managed as a wilderness area, and around it we need more park space. For example, Alcoa, and the Nature Conservancy and others have arranged for 10,000 acres between the Cherokee National Forest and the Great Smokies, to be purchased. So we need the extra money for open space. My question is—you have the authority this year to take some of the funding that Congress gave you, and put it in the Land and Water Conservation Fund State account or Federal account—do you plan to do so?

Secretary KEMPTHORNE. Senator, as you know from conversations you and I have had, I'm a great advocate for the State side accounts. I'm dealing in a world of limited resources right now, and that's one of the problems. One of the things I would like to do and would hope that we would be able to do, is work with you to identify new funding sources in the future, so that we can properly put the funds into that account.

Senator ALEXANDER. Well, I appreciate that, and I hope that we can work together as we expand drilling for oil and gas in the Gulf of Mexico or other appropriate places, that we can continue this idea that the last Congress passed of the Domenici one-eighth, the idea of a conservation royalty, to begin to build up funding for the Land and Water Conservation Fund, at least the State side, where there's very little controversy about it.

Secretary KEMPTHORNE. Senator, I agree with that. I would look forward to working with you, and too, may I say that we did have our first listening session in the Great Smokies, which is the number one visited National Park in our system, in the Nation. Dale Ditmansen and the team down there—he is your superintendent, of course, but it was very apparent, too, that they recognize that you are the great champion of parks. That is all across the country, as well, so we appreciate your leadership.

Senator ALEXANDER. Thank you, Mr. Secretary.

Thank you, Madam Chairman.

Senator FEINSTEIN. Thank you very much, Senator.
 Senator REED?
 Senator REED. Thank you, Madam Chairman.

WEAVER'S COVE LNG PROJECT

Welcome, Mr. Secretary. Last October I joined Senator Kerry and Senator Kennedy writing to you about the Weaver's Cove LNG project up in Massachusetts, but it also affects the Taunton River and the Narragansett Bay Estuary, which is a large part of my State. I wonder if you might give us an update on that project—there are some concerns, in fact, I think reflected by the Department of the Interior scientists, that the dredging for the project could harm the natural resources and fisheries of both the Taunton River, and the Narragansett Bay Estuary.

Secretary KEMPTHORNE. Senator, I don't believe I can give you great details, I will just tell you that—

Senator REED. Could you follow up?

Secretary KEMPTHORNE. Yes. The Fish and Wildlife Service and the National Park Service are working in conjunction on this issue. So, I would be glad to follow up, though, and give you—

Senator REED. I wish you would, Mr. Secretary. This is—as you can imagine—a very important issue in our way, Taunton is in, and Fall River is in Massachusetts, but the transit of these ships and the impact is all through—mostly through Rhode Island, as they transit from Narragansett Bay up into Fall River.

The real issue here is making sure that scientific and legal procedures are followed, particularly, if the best science of your Department is used.

Secretary KEMPTHORNE. Right.

Senator REED. I would urge you to take all of those steps necessary to make that happen.

Secretary KEMPTHORNE. Very good. I appreciate that.

Senator REED. Thank you. I would also appreciate any information you could follow up with in to my office.

Secretary KEMPTHORNE. Absolutely.
 [The information follows:]

WEAVER'S COVE LIQUID NATURAL GAS (LNG) PROJECT

The Weaver's Cove LNG Facility planned for Fall River, Massachusetts on the lower Taunton River called for 2.5 million cubic yards of dredge, resulting in 11 acres of permanent intertidal/subtidal habitat loss. The Department of the Interior has been coordinating the development and review of potential permit conditions based on scientific review by National Park Service and U.S. Fish and Wildlife Service staff. In particular, FWS has provided technical assistance regarding impacts of dredging on anadromous fish species, which use the Taunton for migration and spawning habitat. The issue is the number of months the company can dredge the river and avoid potential adverse effects to anadromous fish species using the river.

The U.S. Coast Guard issued a preliminary finding in May 2007 that the most recent Weaver's Cove proposal did not sufficiently address potential navigational and security challenges, that the Federal Energy Regulatory Commission (FERC) Environmental Impact Statement (EIS) is deficient in analyzing safety and environmental issues, and that a supplemental EIS or separate National Environmental Policy Act (NEPA) review (Environmental Assessment or EIS) is needed. As of July 12, 2007, this additional NEPA review had not been initiated.

The Massachusetts Department of Environmental Protection issued a letter in June 2007 to Weaver's Cove Energy (WCE) advising that the Department had stopped processing the required 401 Water Quality Certificate for the proposed LNG development, and will resume only when the Coast Guard issues have been ad-

dressed. The Army Corps of Engineers confirmed to the National Park Service that they will not proceed with processing of its permit for the LNG facility until both the Coast Guard and State 401 issues have been settled. Movement on these permits is not anticipated until the additional NEPA analysis cited above has been completed and the Coast Guard has finalized their position relative to navigational safety and environmental concerns.

ENDANGERED SPECIES ACT REGULATIONS

Senator REED. I also understand that your Department is working on regulations for the Endangered Species Act. Can you give us an update on those regulations?

Secretary KEMPTHORNE. Senator, I can't tell you that there's anything that's been defined, or any conclusion reached, I will tell you that, in meeting with the President who has stressed during his entire term, cooperative conservation, we held 25 different cooperative conservation listening sessions across the United States. Some 2,000 different speakers came forward, we had over 30,000 written comments, based on these listening sessions.

The number one topic—in fact it was the number one topic by a 6-to-1 ratio—was the Endangered Species Act. People, as you can well imagine, the full spectrum from, “The Act is doing what it's supposed to do, do not touch it,” to those who think that it should be rescinded.

But, the bulk of the comments were, we believe that the intent of the act is proper, but that improvements could be made in how it is administered. So, those are some of the things that we're looking at.

Senator REED. But, will that be reflected in regulations that you propose in the near future? Do you have a work plan to revise the regulations?

Secretary KEMPTHORNE. Senator, at this point, I can't tell you there's any conclusion. It's just—it is all part of the discussion at the current time.

Senator REED. Do you have any notion, Mr. Secretary, when you might, sort of, reach a conclusion? At least begin proposing regulations? Or is this still in morphs, that you don't have any idea?

Secretary KEMPTHORNE. I'll just tell you that it's very much in the discussion phase, and I'd be happy to sit down with you, if you'd like, as we get closer to it.

Senator REED. Well, thank you.

SAVE AMERICA'S TREASURES

There's one other program that's been very helpful to my State, that's the Save America's Treasures program, it's very important for historic preservation, it's done a lot, actually, for the economic well-being of Providence. It's a city that's really coming back, a renaissance. When we've used this program, very effectively, to leverage private contributions and private development, and I understand that the budget request would cut funding below the amount of the last several years. I think this is a program that works, and I wonder what the justification is for cutting it.

Secretary KEMPTHORNE. Senator, I can't argue with you on all of the positive attributes that you've said. Save America's Treasures speaks for itself. Again, in tight budget restraints, yes, there is a reduction. I wish it were otherwise, but in the total scheme of look-

ing at the budget, and trying to make things work, that was one area that had a reduction.

Senator REED. Thank you, Mr. Secretary. I appreciate your effort, and I wish you well, and we will stay in communication, on Weaver's Cove, and Endangered Species and historic treasures.

Secretary KEMPTHORNE. Very good. Thank you very much.

Senator REED. Thank you.

Senator FEINSTEIN. Thank you, Senator.

Senator Allard.

Senator ALLARD. Madam Chairman, thank you very much, and welcome, Secretary Kempthorne.

Secretary KEMPTHORNE. Thank you, Senator.

GOVERNMENT PERFORMANCE AND RESULTS ACT

Senator ALLARD. Over a decade ago, the Congress passed an act called the Government Performance and Results Act, I think you're familiar with that, where it directed the agencies to set up objectives that are measurable, and then those results get reported. Both the Clinton administration and now the Bush administration have been working on this program, we have some agencies that are rated, as being ineffective, by OMB—they are the ones that sort of help manage this and I'm sure that you talk to your agencies. I have introduced an amendment in the Budget Committee that said that we're looking at those programs that are ineffective, and saying, "Well, we need a 25 percent reduction in that group of programs."

You know, to me it's hard to explain why we would let taxes increase, and the debt increase when we have taxpayer dollars going to these ineffective programs. I think even more egregious than agencies who have attempted to measure their results and failed, are those programs that absolutely have not put together any plan at all in how they're going to do it.

You have a number of those programs that are listed in the Department of the Interior. We have about seven of them in the Bureau of Indian Affairs, for example. By the way, some of these programs, I support because of their benefits. But, on the other hand, we want to see taxpayer dollars spent effectively, we want accountability on how they're spent.

The land-use planning section of the Bureau of Land Management is one of those that aren't doing anything to try and measure their results. Also there's a mining law provision, Southern Nevada Land Sales, rural water, Colorado water management projects, and planning construction, land and water conservation and farmland acquisition which, you said, "Well, you need more resources there," but how do you know that the dollars are going to be well spent if you're not doing anything to measure performance and how the taxpayer dollars are coming?

So, I hope that you, in the Department of the Interior will look at these lists—there's about 21 altogether—you will look closely at these, and tell them at the least there's one Member in the Senate who's concerned, and I think I'm joined by a lot of other Members, who want to see our taxpayer dollars spent in a responsible way, and hope that they can report.

Now, I understand that in some cases, you maybe do need to give them more money to be more effective, and get their job done. On the other hand, if they absolutely refuse to measure their performance, I think that sends the wrong message back to Congress on what we're expecting of the agencies.

I'm wondering if you might comment a little bit about your efforts on the PART Program of the President, and what you're doing, and what you're going to do about these programs that refuse to even demonstrate, and do anything that even demonstrates any results.

Secretary KEMPTHORNE. Right. Senator, the fact that you flagged it, I think is significant.

Senator ALLARD. I hope so.

Secretary KEMPTHORNE. It is, indeed.

Senator ALLARD. Yeah.

Secretary KEMPTHORNE. I will tell you that we have been working with the Inspector General in our Department, in going through and looking at these different entities which you've identified. Some have been completed, some are nearing completion, but we need to do this. It was prescribed to us, and we need to do so. We've been working with OMB. I cannot tell you what the final conclusion will be. I can tell you, Senator, that this is one of the measures. Approximately 1 or 2 months ago, there was another measure that was given to us by the Office of Personnel Management. It has been used for the past few years, and my point to the Assistant Secretaries, to the Bureau Directors is, in fact, that, that is a measurement—what are we going to do about it? We need to use these measuring tools. If the tools need to be fine-tuned, then we ought to step forward and suggest any changes to that.

I believe, part of my role in the months that I have remaining, is to do what I can to ensure that we have an effective, efficient Department.

Now, I'm very proud to be at the Department of the Interior—it's a great Department, outstanding individuals. I believe we can continue to make improvements, however.

Senator ALLARD. Well, thank you. I'm sure when you were Governor of Idaho that you used the management objectives to kind of bring accountability to your programs, or under your administration. I have all of the confidence in the world, and I'll bring up the question next year and see how well things are going.

LANDSAT SENSORS

Secretary KEMPTHORNE. I appreciate that, Senator.

Senator ALLARD. There's a program on thermal sensing technology, this money for this program goes, is funded jointly by the USGS as well as NASA. The technology is used to measure water flows, among other things. The State of Colorado uses it to meet its interstate compact obligation—you know, we're kind of at the top of the heap, we have some seven drainage systems that come out, and a lot of them are downstream, but it's particularly useful in the Arkansas River, where we've had some lawsuits because Kansas wanted to make sure they had enough water going down there.

I see that neither USGS or NASA has provided the dollars for that program, and I'm concerned that maybe we've got a tug-of-war between the two agencies, and this is not being taken care of like it should.

I wonder if you have a response for us on that, if you don't, some kind of written response would be helpful.

Secretary KEMPTHORNE. Senator, I believe Assistant Secretary Weimer can comment on that.

Mr. WEIMER. Yes, I believe, Senator, you're referring to the Landsat sensors—

Senator ALLARD. Yes, that's it.

Mr. WEIMER [continuing]. On the new Landsat satellite.

Senator ALLARD. Yes, that's it.

Mr. WEIMER. Yes, conversations are continuing with NASA, I believe, between USGS Director Myers, looking at the need for that new sensor. I'm not sure exactly where those conversations are now, so we'll have to get back to you on that.

[The information follows:]

THEMAL SENSOR FOR THE LANDSAT DATA CONTINUITY MISSION

Landsat data continuity, which is the collection of data to continue a long-term record, includes the acquisition of thermal data. Landsats 5 and 7 both have thermal sensors and have been collecting thermal data to add to the USGS data set of 35 years. These data are increasingly important to States, water districts, and others, for the management of western water resources, particularly agricultural water use.

NASA and the Department are partners in Landsat Program Management. NASA built and launched Landsats 5 and 7, which are now owned and operated by USGS. The USGS also manages the Nation's Landsat data archive and distributes products to a wide variety of domestic and international customers.

Both USGS and NASA have clearly defined roles for the development and operation of the upcoming Landsat Data Continuity Mission, or Landsat 8, due for launch in 2011:

- NASA will develop and procure the LDCM spacecraft, sensor(s), mission operations element (flight software), and launch vehicle. NASA is also responsible for end-to-end mission integration, in consultation with USGS. To date, NASA has not included a thermal sensor in its design of Landsat 8. USGS is working closely with NASA to influence this issue.
- The USGS will develop and procure the LDCM ground data processing and archive systems plus a flight operations facility, in consultation with NASA. The USGS will also own and operate the spacecraft after launch, and manage and distribute the LDCM data.

Senator ALLARD. Well, it's really important for our ranch management, I happen to use the Arkansas River, because right now it's got everybody's attention, but I think on these interstate compacts, it's important to know what's happening on water flows and this is an important program in that regard, and I hope you're serious about your discussions.

Senator CRAIG [presiding]. The chairman has given me the gavel, Mr. Secretary. What else would you like in your budget?

Having said that, let me turn to Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you very much.

Mr. Secretary, I wanted to congratulate you for the leadership you're showing on a wide range of subject fronts, and as Secretary of the Interior, I specifically appreciate the leadership and the off-shore gulf coast area planning and supporting legislation to make it possible to invigorate the production of natural resources, energy products from that region, sharing royalties with the gulf coast

States, that's really a breakthrough in my view, and it's going to mean a lot, not only to helping satisfy our energy needs, but to environmental protection and restoration of those offshore islands, which were so devastated by Hurricanes Rita and Katrina. The leadership you're providing in that area is to be commended, I thank you for that.

Secretary KEMPTHORNE. Thank you, sir.

NPS CENTENNIAL CHALLENGE

Senator COCHRAN. One other area I think deserves mention, too, and that's the Centennial Challenge which you have developed to help spur the protection and resource conservation in the national parks. This is something that's definitely needed—I wondered, in the area of the mandatory match that you foresee coming from private contributions, what is your assessment of the reception to that proposal—are there any early indications that this is really going to be something that will achieve the results you anticipate?

Secretary KEMPTHORNE. Senator Cochran, I appreciate you focusing on that.

The response has been extremely positive. I've met with many members of the friends organizations that support our national parks. There's 144 different entities, each of which supports a different Park. They had told me early on, as did NPCA—the National Park Conservation Association, different foundations and the private sector—they are willing to step up and be the margin of excellence, but they do not want to be the margin of survival for the Parks. They said, "We need to see the Federal Government step up and to do its part."

The NPCA, for example, had said, "We'd like to see you really reach, and using 2006 as a benchmark, if you could increase your operating budget by \$250 million," they knew that was a real stretch for us, but the President came in with \$258 million. So, they're very supportive.

Now, we turn to that part about the local matches—the philanthropy is part of the heritage of national parks. The Great Smoky Mountains that Senator Alexander referenced, the Rockefeller family stepped forward initially, and said they would put forward \$10 million in a match if the private sector would come forward, that's what was accomplished. I think something like 30 of our parks are the result of families or foundations that have stepped forward. Historically, we have raised approximately \$20 million per year from the private sector. We believe now, that with this incentive, that we can achieve \$100 million.

A recent example would be in Philadelphia when we announced this, Rebecca Rimel who is the Director of the Pew Foundation said that the Pew Foundation would bring forward \$6 million for the renovation and restoration of the Ben Franklin Museum in Philadelphia. She'd spoken to Governor Rendell where the State and private entities would match that \$6 million if the Federal Government would use its \$6 million as a match. So, there's \$18 million that's real, that shows you the response that we get from the foundations and the private sector.

Senator COCHRAN. Well, that's very encouraging, and again, I think it points to the effectiveness of your personal involvement

and hard work in this area. We are hopeful that some of this will spill over into our State and be helpful to us as we try to develop tourist-friendly sites along the Natchez Trace Parkway for visitors who choose to use that scenic parkway as a way of transportation and an educational experience, traveling all the way from Nashville to Natchez, Mississippi, the Merriweather-Lewis Area where that famous person died. There's an initiative underway to enhance that particular area for education benefits, for those who are interested in early-American history.

We're also urging the Department to look carefully at developing the Chickasaw and Choctaw Native American historical areas of interest. Those were the civilizations that were quite prominent in the State of Mississippi, but the Cherokee Nation in Tennessee is another example of early history, early-American history that is very interesting, and these National resources can be used as a way to make us all more familiar and appreciate the contributions to our country that these Native American tribes have made.

So, your support for initiatives that we're trying to develop for that Parkway would be appreciated, as well.

Secretary KEMPTHORNE. Senator Cochran I appreciate what you have said, and one of the areas that we are emphasizing with the National Parks Centennial, are the trails, so that we can link these magnificent entities to one another, and continue to have the tourism be very much a part of this.

It resonates very strongly with me when you talked about the revenue-sharing that we're doing with offshore oil and gas. I agree in revenue-sharing, I believe in incentives. I think this is a very effective tool that's there, and it can certainly help with Coastal restoration. I commend you for your leadership, post-Katrina, in helping Mississippi to rebuild, and the great progress which you're making there.

Senator CRAIG. Thank you very much, Senator Cochran.

Now, let me turn to Senator Pete Domenici. Pete.

Senator DOMENICI. Well, thank you very much, Mr. Chairman. It's my privilege to be here today. I had to attend an earlier hearing on appropriations, and I'm glad that—

1998/1999 LEASES

Senator CRAIG. Senator, thank you. Before you arrived, both the Secretary and the chairman and I dialogued for a moment about the lease issue in the gulf, and the chairman had talked about using an extension of lease—I know it's something you've looked at seriously—to bring those companies into compliance. The Secretary was observant, I think, to that conversation, and offered to get something done.

Senator DOMENICI. Yeah, well the 1998, 1999 leasehold, I'm not going to take much time, other than to tell you that it will be my proposal that we extend those leases 3 years, the first opportunity I have, whichever is first, this committee, or the other Committee on Appropriations, or Senator Bingaman's Committee on Natural Resources is just authorizing, I will offer that, and indicate that that's going to be made available to those who were part of that bid process, that time, and I think there's an awful lot of them that are willing to sign on, in exchange for which they will receive,

under my proposal that you all have been referring to, they'll receive the extension of their leasehold.

Thank you for bringing that to my attention so I would not waste time.

INDIAN WATER RIGHTS SETTLEMENTS

The other matters that are, obviously very, very important, I'm sorry the Senator isn't here, but let's put them on the table—Indian water rights settlements. I say, Mr. Secretary, this year, this Congress, we have three big ones, that are New Mexico in origin, and we have been sort of waiting around, wondering when the government would be ready, and it looks to me like we can't do that, we have to be a bit more active, than just being observant, waiting around to see when they will do something.

We will not—we will be much more proactive, we will tell the Secretary, and we start today, so that it's totally clear, and we are looking for the money that the settlements envision and that we are not, we're not going to just say, just run away when somebody from your Department, Mr. Secretary, says, "Well, where is the money?" You know, that's kind of a two-way street. The money's going to be—we're going to ask you all where the money is, too, not just you ask us to go to the appropriators to find the money.

The government is going to get stuck with these because we're going to be passing the bills, and passing them along, and I can't imagine the President of the United States, literally, wanting to veto a bill compensating the three Indian tribes in New Mexico for 40-year old water rights, 40-year old suit, one's 40, one's 30, one's 28—that's how long we've been in court—and in one instance, there's been some real give, a big kind give, and we've got to get around to the Federal Government understanding that with that, you've got to proceed.

ENERGY

We've got a BLM, present, has indicated \$141 million in energy and minerals management, a 31 percent increase, we think that's, that's much-needed, and we salute him for putting it up, and we want to see if we can get the best possible use for that.

The Department of Energy estimates that technically, in recoverable oil—shale in the United States is roughly equivalent to three times Saudi Arabia reserves. Section 369 of the Energy Policy Act directs the Secretary of the Interior, that's you, sir—and it directs you to move ahead and I'm very pleased that you included \$4 million in your, to add to your ongoing oil shale activity.

You will be feeling in your Department, the vitality of that investment as the year goes by. You don't have \$4 million invested out there in shale not to find some real action. Between Shell Oil and a couple of others, and the others and the activity in shale development this year, will be a big, big item. I don't think we ought to hide it from the rest of the world, Mr. Secretary. I believe you ought to flaunt it, and make sure that the Arab countries know we have it, and it's usable, and it's big, big amounts. If done properly, within a decade, you might have a very large shale production on the continent side of the United States that will be ours.

Now, that doesn't satisfy some in America, who think we need to just not use oil, and this is oil, but to me, it satisfies us in the if we get it working, we don't need to go down in the gulf and get it, we use our own, and we'll be able to use our own. That's something which I think is vitally important. I hope you feel the same way.

If we pursue it with vigor, it wouldn't hurt you, would it, Mr. Secretary?

Secretary KEMPTHORNE. Senator, it would not. I share your enthusiasm. I think it's one of those areas where we need to look at the innovation. I will tell you that this summer, we will be coming forward with a programmatic EIS that allows us to do so. So, again, I appreciate—and may I, if I may just reference your comments concerning Indian water rights?

Senator DOMENICI. Yes.

INDIAN WATER RIGHTS

Secretary KEMPTHORNE. I know how important that is to you. It's important to the tribes. Senator Craig and I know from our own experience of water rights settlements, and how critical—especially with water, it's this finite resource. The leader of my team within the Department who is charged with that responsibility just returned from New Mexico, that was his second trip down there, meeting with—

Senator DOMENICI. Who was that?

Secretary KEMPTHORNE. Michael Bogert.

Senator DOMENICI. Yes.

Secretary KEMPTHORNE. He'll be meeting with your staff as well, and Senator Bingaman, because we know of your intention, and we want to work with you on that.

Senator DOMENICI. Thank you very much.

Secretary KEMPTHORNE. Thank you.

Senator DOMENICI. Thank you, Mr. Chairman.

1998/1999 LEASES

Senator CRAIG. Well, thank you very much, Senator Domenici, and I'm anxious to sign on with you, this initiative to try to extend those leases. I think that your leadership there solves potentially a very big problem that needs to get solved, sooner rather than later, and that seems to be a reasonable way to approach it.

I believe this morning she expressed support for that approach of the extension. Yeah.

Senator DOMENICI. We will have a nice bipartisan group on the committee taking it out of here to the full committee, I think we'll be on top of it. Some will complain that it doesn't pick up everybody, but nothing picks up everybody.

Senator CRAIG. No.

Senator DOMENICI. I think ours picks up the most. That's good. We don't have to, then, do anything to other people that is damaging to their rights and privileges as citizens, citizen-entities in the United States, we hope that's the case.

Senator CRAIG. Thank you.

HEALTHY LANDS INITIATIVE

Mr. Secretary, one last question of you before we let you go—the Department’s budget includes \$22 million for the Healthy Lands Initiative split between U.S. Geological Survey, U.S. Fish and Wildlife Service, and BLM for large-scale land management approaches. Can you describe how healthy, how the Healthy Lands Initiative is different than the approaches the Agency is currently employing?

Secretary KEMPTHORNE. Yes, Senator, this will be a joint effort between the Bureau of Land Management, Fish and Wildlife Service, and USGS. Again, historically there have been efforts dealing with parcel by parcel, or where there is energy development, wellhead to wellhead, instead of looking at the large landscape. This is now to change the emphasis, so that we’re looking at the entire landscape.

I’ll give you a specific approach to this, which we’re seeing in New Mexico. I mentioned the creosote plant. It is now, what traditionally had been taking up something 10 to 15 percent of the landscape, is now approaching 80 percent. And nothing grows where the creosote plant is. So, what happened? What was past practices? Or what was the past practice? It was the Chisholm Trail.

Senator CRAIG. Yeah.

Secretary KEMPTHORNE. Now we’re using aerial application by helicopter with pellets that are specific to the plant and with the rains, it is the demise of that plant. The natural grass seeds are already there. So we’re now seeing a return of the historic grasses.

When we talk about this, Wyoming, for example, you have significant wildlife corridors that have been there for centuries, and they need to be there for centuries. So we need to look at the total landscape so that we don’t get down to such fine detail that we inadvertently, somehow, squeeze those landscapes. We need to ensure that energy development and world-class habitat are not mutually exclusive. We’re now to the point that, with technology, instead of 10 acres per wellhead, we’re down to a footprint of a half an acre. That’s part of what this effort is, is to be sensitive to the world-class environment we have, knowing that we need to have energy development for the well-being of the country.

Senator CRAIG. Well, I appreciate that explanation. When you were talking creosote, I was hoping maybe we could apply that in relation to the Juniper, in part, in Eastern Oregon, Southwestern Idaho, which has become an invasive species, literally wiping out tens of thousands of acres of rangeland, upland game bird habitat, as you know. Like creosote, Juniper takes over, controls, robs the land of moisture, and obviously other vitalities.

Secretary KEMPTHORNE. Yes, and Senator, in this Healthy Lands Initiative, there’s six targeted areas, one of which includes Idaho, because of the sage grouse.

Senator CRAIG. Good.

Secretary KEMPTHORNE. Because of the critical nature, we want to get ahead of the herd, ahead of the curve, with regard to the Sage Grouse so that we don’t have difficulties that could inadvertently cause us to look at the energy development.

Senator CRAIG. Well, thank you very much, on behalf of the Chairman and myself, let me thank you for your presence here today, we'll look forward to working with you as we shape these budgets and get them ready. Well, we're in the debate over the budget this week, and that will then allow us, this subcommittee, to move forward with your budget and the appropriating process.

Secretary KEMPTHORNE. Senator, I appreciate again, number one, your friendship, and your years of service to the State of Idaho and to the Nation. You're one of our leaders. It's so sorely tempting with you as the Chair, and myself sitting here, unanimous consent for something.

Senator CRAIG. Okay. Thank you very much.

SENATOR BENNETT'S STATEMENT FOR THE RECORD

Senator Bennett has submitted a statement that will be made part of the hearing record at this time.

[The statement follows:]

PREPARED STATEMENT OF SENATOR ROBERT F. BENNETT

Madam Chairman, thank you for holding this hearing today to examine the Department of the Interior's fiscal year 2008 budget proposal. I am pleased to see my friend, Secretary and former Senator Kempthorne, this morning, and look forward to working with him during this year's appropriations process.

I am sure that Secretary Kempthorne has heard from a lot of people regarding the department's oil and gas program in my state. Let me give you the senator from Utah's perspective on this program.

Utah is a public land State. Nearly two-thirds of the State is managed by a federal agency. The Department of the Interior, through the Bureau of Land Management, oversees the management of approximately 23 million acres of surface area and an additional 10 million acres of subsurface rights in Utah. This represents around 44 percent of my State.

I am pleased at the progress the BLM's oil and gas program has made, not only in terms of production but also in terms of conservation and efficiency. For example, compare these numbers: in 1984, the BLM leased almost 20 million acres for oil and gas resources in Utah. Today, that number is only around 4.5 million acres.

Another interesting fact is that the surface disturbance from an average well is only about one-quarter of the acreage that it was 30 years ago. Opponents of this program often fail to acknowledge that in Utah, only approximately 30,000 acres experience actual surface disturbance from oil and gas operations—that's less than 1 percent of BLM managed land in Utah.

I am also pleased to see your Healthy Lands Initiative included in the president's budget. This will help to mitigate oil and gas leasing activities, including secondary impacts, and to benefit endangered species, such as the sage grouse. We have funded a similar program in the Agriculture Appropriations Bill that has been very successful in Utah. I also understand that the State has appropriated funds that will be used in conjunction with federal funds for this program. This program represents real progress, and I am excited at its future prospects.

These successes notwithstanding, we will continue to hear from the alarmists that claim that BLM is not properly managing our natural resources. I would urge the department to not overreact to such claims. I believe that under Secretary Kempthorne's watch, the department has taken positive steps to balance responsible development with conservation, and has used the appropriate discretion. I would encourage you, Mr. Secretary, to continue your course of action, and not be dissuaded by the ill-informed.

Thank you again for the opportunity to discuss the department's budget, and I look forward to productive discussions about this appropriations bill.

ADDITIONAL COMMITTEE QUESTIONS

Senator CRAIG. 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:]

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

SAN FRANCISCO BAY RESTORATION

Question. I would like to direct your attention to a matter of critical concern to me and hundreds of thousands of people who live and work near the San Francisco Bay. A few years ago I brokered a transfer of land for the Fish and Wildlife Service from the Cargill Corporation. Cargill conveyed the land in the south bay for salt production so that it could be restored to its natural state—tidal flats and marshland perfectly suited for wildlife habitat. In exchange for its generosity to the United States, the responsibility for restoring the salt ponds fell to the new owners, the Fish and Wildlife Service.

The earthen water control structures at the salt ponds also serve as the flood protection for the communities and businesses along the south bay. Unfortunately, this presents a serious threat because the levees and dikes are made of clay and sand and sit near a fault line. The Corps of Engineers acknowledges that the earthworks are inadequate. An earthquake or major flood could turn the levees to mush. If this happens, we could face a Hurricane Katrina-type catastrophe because much of the occupied land near the south bay is 25 feet below sea level. Salt water would inundate the valley, causing untold loss of life, property, and agriculture.

What can the Department of the Interior do to address the public safety and ecological problems facing the San Francisco Bay?

Answer. The Fish and Wildlife Service, in partnership with the many State, Federal and local agencies, is working on a long-term restoration plan for the salt ponds. The final plan and environmental documents are expected to be completed by the end of 2007. Phase I of the South Bay Salt Pond Project is expected to begin in fiscal year 2008. Interim steps have already been taken that have increased fish and wildlife populations in the area. The South Bay Salt Pond Project will restore and enhance a mosaic of tidal marshes and managed ponds. Restored tidal marshes will provide critical habitat for the endangered California clapper rail and the salt marsh harvest mouse. Large marsh areas with extensive channel systems will also provide habitat for fish and other aquatic life as well as areas for harbor seals. In addition, the restored tidal marshes will help filter and eliminate pollutants. Many of the ponds will continue to be managed ponds, while enhancing to maximize feeding and resting habitat for migratory shorebirds and waterfowl traveling the Pacific Flyway.

When the Fish and Wildlife Service acquired the salt ponds, the Service agreed to maintain the levees in a manner similar to how Cargill had done in the past. In fiscal year 2004, the Service reprogrammed \$2.5 million in construction funds that has been used for levee maintenance at the salt ponds. In the fiscal year 2007 Continuing Resolution budget, the Service is allocating \$1 million in construction funds to maintain the levees.

The salt pond levees in question were never constructed to provide flood control for neighboring communities. Rather, Cargill Salt and its predecessors constructed and maintained the levees to provide for commercial salt production (i.e., the levees were not designed or engineered to meet flood control standards). However, with the land subsidence that has occurred in the South Bay, these salt pond levees have been providing de facto flood protection. Since the Service is not a flood control agency, it is cooperating with the Army Corps of Engineers, Santa Clara Valley Water District, and Alameda County Flood Control agency, to complete a Shoreline Study that will provide a long-term flood protection strategy for the South Bay.

INSPECTOR GENERAL REPORT ON INTERIOR DEPARTMENT CONTRACTING

Question. The Department's Inspector General reported this January that Interior's franchise fund, GovWorks, and its working capital fund have repeatedly and routinely violated Federal appropriations law and contracting regulations. The most damaging finding was that there was a continuing pattern of abuse of the Antideficiency Act by Departments of Defense and Interior. DOD purchasers routinely used Interior revolving funds as places to "park" or "bank" funds that were to expire soon for later use. Interior "placed contracts for DOD customers using funds from expired funds, thereby circumventing DOD appropriations law." Approximately \$400 million was identified that should have been returned to Treasury. Instead, Interior converted these expiring funds into multiyear funds.

The IG points out that the GovWorks retains 4 percent of the DOD money it parks to pay for Interior priorities. This certainly gives the appearance of profiting from illegal or irregular contracting. I do not think running a profitable business center is one of the authorized missions of the Department of the Interior. How much money has GovWorks retained?

Answer. Specifically the OIG recommended that certain transactions be reviewed to evaluate the potential use of expired funds and to research possible non-compliance with contracting regulations related to the bona-fide needs rule. NBC has worked diligently with DOI and DOD officials to implement operational improvements and much progress has been made.

- Reviews of compliance with fiscal law have been completed for \$577 million of interagency agreements. As a result of these reviews, GovWorks identified \$200 million in funds that were not expired, referred \$119 million to the DOD Comptroller for review and determination of compliance with the agency's rules and interagency agreements, and deobligated approximately \$235 million, which was returned to the respective client agency.
- Additional controls have been implemented to ensure that acquisition requisitions provided by the requesting agency identify a bona fide need before the purchase request is accepted and prior to any contract action being taken.
- Since DOD has implemented policies that are more restrictive than the applicable legislation, the DOD and DOI have jointly developed and approved a Memorandum of Agreement that further defines the roles and responsibilities of the respective organizations and includes additional improvement actions to be completed.

GovWorks provides acquisition services to Interior bureaus and offices, as well as other Federal agencies, under authority of the Government Management Reform Act of 1994 and the 1997 Interior and Related Agencies Appropriations Act, which established the Interior Franchise Fund in 1997.

From its inception over 10 years ago, GovWorks has evolved into a major provider of cost competitive acquisition services for Interior bureaus and offices and other Federal agencies. We believe that much of the acquisition work provides value added to Interior by contributing knowledge and skills to core service areas for Interior, but we are currently reviewing the scope of our acquisition services to see if further changes are merited.

Of the \$1.4 billion in contract funding received from customers in 2006, GovWorks retained \$47 million or 3.2 percent. This funding supported GovWorks acquisition services including development, administration and close out of the contracts. Funding used supports the acquisition staff and support costs, maintenance of reserves for annual leave, depreciation, and potential shut-down costs and for capital improvements. The majority of the retained earnings support the 122 Federal employees and 76 contract employees that perform the acquisition services.

In prior years GovWorks had retained earned amounts each year as follows:

[In millions of dollars]

Year	Amount
2001	4.6
2002	10.9
2003	30.5
2004	40.2
2005	44.0
2006	47.4
Total	177.6

The overall percent of fee earned for this period was 3.1 percent of contract dollars awarded.

Question. What did your Department do with these funds?

Answer. Funding retained was used for operation of GovWorks as well as for reserves and investments in equipment and financial management improvements. Of the total \$177.6 million retained through 2006, \$126.9 million was used to support operations of GovWorks, \$1.8 million was retained for reserves for accrued annual leave and depreciation, and \$42.5 million was used for investments. These investments include funding for the Financial and Business Management Information System, Enterprise Services Network and Information Technology Security improvements. These investments provide or will provide enhanced information technology and financial services and systems to Interior and its customers. For example, GovWorks Interior and other governmental customers will benefit from the modern-

ized acquisition module of the Financial and Business Management System that is being deployed.

Question. Please explain why this committee should not close this enterprise down.

Answer. The acquisition organizations in DOI are operating in compliance with legislation specific to the Department and/or under legislation applicable to all Federal agencies as a Federal service provider.

GovWorks provides high quality acquisition services at competitive prices. By offering acquisition services that are related to Interior's mission, GovWorks can provide specialized, unique services to Interior bureaus that may not be available in-house. For example, GovWorks manages the Department's contracts for major information technology investments—these projects are on a scale and complexity that requires skills and capacity that may not be available through in-house acquisition staffs. GovWorks also has staff that can focus on areas of expertise, hiring experts and providing specialized training to create centers of excellence. Interior and other customers benefit directly from these services by spreading costs over a larger client base resulting in lower operational costs resulting from economies of scale and efficiencies.

Further, GovWorks has able to attract and retain the highly technical and professional employees who perform these services and are thereby able to provide improved expertise and timely support and at the same time assure compliance with the complex laws and regulations that surround Federal financial and administrative programs.

Finally, the ability to utilize earning reserves for equipment and financial improvement allows the lines of business to have funds to invest in improvements and enhanced services that benefit all customers. An example, GovWorks' Business Information System provides customers with an automated system to track acquisition requests and the status of their acquisitions throughout the process from inception to close-out.

Interior has and will continue to implement improvements based on the OIG recommendations to strengthen oversight and management of GovWorks and the Franchise Fund in order to address the Subcommittee's concerns. The following highlights some of the actions that we have taken:

- Established and filled an SES leadership position for the acquisition program.
- Developed and implemented new policies and enhanced procedures and guidance to ensure funds and contracts are administered in compliance with applicable laws, policies, and regulations. This has included additional requirements regarding the determination of price reasonableness, enhanced file documentation, strengthened procedures for producing the independent government cost estimates, and use of checklists to ensure that all required procurement actions are taken and adequately document.
- Broadened training requirements for procurement professionals to ensure compliance with FAR and Appropriations Law provisions.
- Established a new internal review team tasked with conducting independent quality reviews of randomly selected procurement actions to ensure that acquisition procedures are being followed and appropriately documented.
- Enhanced DOI legal reviews for both solicitation and award. All contracts valued at over \$500,000 are reviewed by the Office of the Solicitor.
- Establishing a formal review program conducted annually and performed by an independent organization/entity (consistent with Department risk assessment program) using sampling techniques to review compliance with FAR, Department/NBC acquisition policies, documentation requirements, etc.

WILDLAND FIREFIGHTING

Question. Interior's wildland fire management budget request includes a proposal to decommission six Type-1 firefighting crews. These are the "hotshot" crews who lead the frontline fight against major wildfires. Why are you shutting down 6 of your top crews when the trend has been for more and more severe fires?

Where are these six crews headquartered—are any in California?

Answers. While the request notes the reduction in the number of hotshot crews, it also provides for an increase in the number of initial attack firefighters.

The Budget proposes reconfiguring approximately 6 hotshot crews, which are typically mobilized on long-duration fires, into initial attack resources. Individuals would retain their Type-1 credentials, and these highly skilled firefighters would be used to build efficient, effective and mobile initial attack forces to respond to high-priority new fire starts. Critical fire expertise would be retained, but their focus would be on keeping fires small. These reconfigured crews would be positioned ac-

cording to where our Predictive Services group believes significant fire activity is most likely to occur.

We are continuing to assess options that would allow us to maintain the best possible fire response organization; however, no decisions have yet been made regarding which crews, in which locations, would be affected.

Question. The request also zeroes out wildfire assistance grants to rural fire departments—the same fire departments that respond and put out thousands of wildfires every year. I must tell you that this proposal is penny-wise and pound-foolish. These fire departments provide an indispensable first response for only \$10 million per year. I believe these small fire departments, most of them volunteers, save the Federal Government many times that amount in fires they suppress before they become Federal responsibilities. What incentives do you plan to offer rural fire departments in exchange for taking on the costs and risks for responding to wildfires?

Answer. Rural and community fire departments are indeed an integral and important component of the nation's wildland fire community. Their first-response capabilities are crucial to keeping many wildland fires small and manageable, and we agree their services result in tremendous cost savings to taxpayers.

Although Rural fire assistance was a highly successful program from 2001–2006, it had achieved the primary goal of updating the equipment and prevention programs in rural fire departments across the country. The program is also duplicative of other Federal fire assistance grant programs administered by the Forest Service and the Department of Homeland Security.

We have turned our focus and funding to the Ready Reserve program, which provides training to rural departments to enhance their expertise and capability in responding to and managing wildland fires. The Ready Reserve program is available to the same departments served by the Rural Fire Assistance program and is designed to provide critical training that meets the needs and schedules of those departments and firefighters. This training is available on-line or in packages specifically designed to be presented in classrooms and within timeframes that meet the needs of rural and community fire departments.

The goal of the Ready Reserve program is to develop fully trained local response units and teams capable of managing a wildfire incident within their jurisdiction. More than \$1.8 million was allocated to the Ready Reserve program in 2006, and an additional \$1.8 million is targeted for the program in 2007. The 2008 Preparedness budget request includes \$1.3 million for the Ready Reserve program. The reduction reflects completion of the Ready Reserve training package re-write.

Question. How much funding will rural fire departments in California lose because of this proposal?

Answer. During the life of the Rural Fire Assistance program, annual funding to California ranged from \$350,000–\$390,000. If the program had continued, we would expect the amount of RFA grants to decline as departments achieved upgrades in their equipment and prevention programs. We still offer training to these same departments through the Ready Reserve program.

Also, through the California Department of Fire and a high number of full-time, professional departments at the local level, we note the State has a first class fire community. We are pleased our contributions have contributed to their capability.

POLAR BEARS

Question. According to recent accounts in the Washington Post and the New York Times, the Director of the Fish and Wildlife Service has forbidden his agency's premier polar bear scientists from discussing climate change, polar bears and sea ice at international conferences. This gives the appearance that he is trying to prevent the truth about the seriousness of the threat to polar bears from getting out. Of course all the attendees at these conferences are very knowledgeable about global warming and the threats to polar bears. Is it now Interior Department policy for scientists to be forbidden to publicly discuss their areas of expertise?

Answer. Long-standing Departmental policy requires employees who are traveling to foreign countries to make an official foreign travel request through our International Affairs office, which forwards these requests through the Director's Office to the Assistant Secretary. These requests must include the purpose of the travel and the subjects expected to be discussed. This policy is intended to ensure that all foreign travel is focused on achieving a clear purpose, is cost-effective and conducted in accordance with Federal laws and policies. This policy has been in place for at least two decades within the Service. The Service does not, however, limit the ability of our scientists to engage in open dialogue with international colleagues on climate change, polar bears, sea ice reduction or any other issue clearly within their

professional discipline while on foreign travel. We do, however, specifically assign responsibility for various topics among our scientists and manage foreign diplomatic meetings to designate which scientists are responsible for various issues.

VOLUNTEER PROGRAMS

Question. The President's budget request includes reductions to volunteer programs in several agencies. Volunteers provide the agency with hundreds of thousands, perhaps millions, of hours of labor to national parks, scenic trails, and wildlife refuges. While their labor is donated, volunteers require training, tools, supplies, and travel money to do their great work.

Please provide for the record a table showing 2006 enacted appropriations, 2007 funding, and 2008 requests for all of the Department's volunteer programs.

FUNDING FOR VOLUNTEER PROGRAMS

[In thousands of dollars]

Bureau	2006 enacted	2007 enacted	2008 request
BLM	1,278	1,300	1,300
OSM	60	35	35
USGS	30	30	30
BOR	10	10	10
FWS	735	735	735
NPS	1,831	1,832	5,232
Take Pride	493	495	513
Total	4,437	4,437	7,855

HEALTHY LANDS INITIATIVE

Question. The President's request includes a \$22 million increase for a healthy lands initiative to improve wildlife habitat while allowing recreation and energy production. These seem to be mutually exclusive activities. Would you give us some examples of how this would work?

Answer. Improving wildlife habitat and allowing for recreation, energy development and other uses are not mutually exclusive when approached on a broad scale. For example, the Green River Basin in southwest Wyoming contains tremendous energy resources and world-class wildlife, including moose, deer, elk, pronghorn and sage-grouse. The Healthy Lands Initiative proposes to focus habitat restoration dollars on the most important wildlife habitat areas while energy development occurs in the most energy-rich areas. The Healthy Lands Initiative is not a substitute for onsite mitigation required of energy developers. It is designed to complement it. The 2008 BLM Budget Request includes \$15.0 million for the Healthy Lands Initiative for habitat restoration work in six BLM project areas: New Mexico (\$3.5 million), Wyoming (\$4.5 million), Utah (\$2.0 million), Oregon/Idaho/Nevada (\$1.9 million), southern Idaho (\$1.8 million) and Colorado (\$1.3 million). An additional \$8.2 million in existing funding from various BLM subactivities complements the \$15 million in new HLI funding for a total of \$23.2 million available for restoration activities in the six emphasis areas of the Initiative. The 2008 Healthy Lands Initiative includes additional funding for USGS (\$5.0 million) and FWS (\$2.0 million) to support and complement BLM's habitat restoration and conservation efforts in the Green River Basin area of Wyoming.

These project areas were selected because partnerships were already in place and NEPA compliance had already been completed. The \$23.2 million in BLM funding will be augmented by private and State contributions to achieve immediate results on the ground. BLM estimates that its \$23.2 million will allow the agency to treat 317,000 acres of important wildlife habitat through such means as treating weeds, establishing native plants, treating pinyon juniper encroachment and improving riparian areas by installing erosion control structures, planting willows and cottonwoods, and fencing. The BLM further estimates that partner funding will support the treatment of an additional 90,000 acres, including 56,000 acres of BLM land and 34,000 acres of non-BLM land.

The energy industry is already engaged in projects to support the Healthy Lands Initiative. In Utah, for example, energy companies, including Questar, Enduring Resources, and the Bill Barrett Corporation, are collectively providing \$180,000 for projects that support Utah's statewide Initiative. In New Mexico, the industry con-

tributed \$365,000 last year to reclaim roads and pads from orphaned wells. The industry also worked with BLM and used their own equipment to remove the hard clay soils that were impeding plant growth.

The Healthy Lands Initiative will also improve habitat in areas not affected by energy development, but impacted by other pressures such as weed invasions and drought. That is the goal for projects in Nevada, southeast Oregon and southwest Idaho, where sage-grouse habitat is slated for improvement. Once the six proposed projects prove successful, BLM would look to expand the initiative to other key areas where Federal and partner investments could reap the greatest return for the habitat.

Question. The budget justification claims that \$10 million is anticipated from partner contributions. Why would you expect such a large amount in contributions? What is the basis for this estimate?

Answer. This estimate is based on recent experience with the BLM in New Mexico and Utah and their completion of vegetation enhancement work at the landscape level and success in working with partners. In particular, Utah partners committed more than \$8.0 million in 2005 to restore more than 120,000 acres of public and private land within 22 counties. The Utah State Legislature contributed \$2.0 million of the total \$8.0 million to support the State's ongoing watershed conservation program in 2005 and followed that up with a similar appropriation in 2006. Utah energy industry/commercial oil and gas exploration and development companies, including Questar, Enduring Resources, and the Bill Barrett Corporation, have provided \$180,000 in funding for habitat management project work. This has included funding for archeological surveys, a 1,000 acre pinyon-juniper lop and scatter project, a 4,000 acre pinyon-juniper chaining project, and an agreement to manage a recently acquired 5,000 acre block of private land for the benefit of wildlife.

In New Mexico, the energy industry contributed \$365,000 in 2006 to reclaim roads and pads from orphaned wells and provide other reclamation work, such as reseeding.

Question. Over \$4.2 million of the Healthy Lands request is offset by a reduction in the wild horse and burro budget. What impacts will there be to wild horse and burro populations from this 12 percent budget cut?

Answer. By December 2007, the wild horse and burro program is expected to be near the Appropriate Management Level for wild horses and burro populations, which is the closest the program has ever come. We do not expect to conduct any BLM gathers; however, we will conduct gathers for the Forest Service which they pay for under an interagency agreement. The BLM's focus will be on caring for the animals off the range and promoting the adoption and sale of animals in both short-term and long-term holding facilities in order to reduce holding costs in future years. As of February 2007, there were approximately 28,900 animals on the range and 29,000 in holding facilities. The population on the range by the end of fiscal year 2007 will be approximately 31,000 with approximately 31,000 animals in holding facilities. The BLM will continue to search for ways to decrease costs of long-term holding and increase adoption rates. If cost savings are found, BLM gathers will be conducted with the funds saved.

OIL AND GAS LEGISLATIVE PROPOSAL

Question. The budget request includes proposed legislation that would undo provisions of the recently enacted Energy Policy Act. Specifically, oil and gas leasing rental receipts would be redirected to the general Treasury, and BLM would be able to impose processing fees for approving applications for permits to drill (APD). I understand why the agency would want to offset some of its costs for APD approval, but why are you proposing to give up lease rental receipts? How much in lease rentals would BLM return to the Treasury?

Answer. The BLM believes that the objectives of Section 365 of the Energy Policy Act, which called for improved cooperation with other Federal and State agencies, can be implemented using cost recoveries as the funding source for these important initiatives, rather than diverting rental revenue that is needed for other national priorities. The BLM would return an estimated \$21 million in annual mineral lease rental receipts to the Treasury, if the administration's proposal is adopted. BLM expects to fully offset the foregone leasing rental revenues with cost recoveries.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

U.S. GEOLOGICAL SURVEY—NATIONAL STREAM GAGING NETWORK MODERNIZATION

Question. The national network of stream gages provides an invaluable tool to water managers across this country in planning for water programs, regulating flows, meeting federally mandated compacts between States, measuring legal requirements in treaties with our neighboring countries of Mexico and Canada, anticipating and reacting to flood conditions and many other purposes. The stream gage network receives its funding through two USGS programs—the National Streamflow Information Program (NSIP) and the State Cooperative Water Program. The President's fiscal year 2008 budget provides an increase of \$2 million for NSIP but no increase for the Cooperative Water Program. The increase for NSIP will barely cover the increase in costs and will do little to address the backlog of maintenance and other problems left in the system by Katrina and other floods. Additionally, this increase does not provide for the expansion of the system essential to improving our understanding of the nation's water resources.

What is the size of the existing backlog of maintenance and repairs for stream gages nationwide? What is the size of the backlog for stream gages in New Mexico?

Answer. There is a maintenance backlog for streamgages in New Mexico as there is for streamgages nationwide. The President's fiscal year 2008 Budget Request includes an increase of \$1.4 million to fund fixed costs of Federally-funded streamgages in the national streamgaging network, which includes maintenance. This funding will support continued operation and maintenance of currently active streamgages that are part of the NSIP national network and funded in cooperation with others, in cases where partners are no longer able to provide adequate funds. The use of these funds will help keep the network more stable and reduce the loss of streamgages in the future, including New Mexico streamgages.

Question. How does the administration plan to address this backlog and make a sufficient investment in the national river monitoring network to ensure that it continues to fulfill its many crucial functions?

Answer. Because of the cooperative way most USGS streamgages are funded, funding shortfalls could be from partners, the USGS, or both. This is the instability in the network that the NSIP "backbone" Federal goal streamgaging network is designed to lessen or eliminate for priority streamgages. The goal of NSIP is to provide a unified network to meet National needs of streamflow information while ensuring that local needs continue to be met. The President's fiscal year 2008 Budget Request includes a \$1.4 million increase for NSIP, over and above the \$2.325 million increase in the fiscal year 2007 President's Budget request which is reflected in the fiscal year 2007 operating plan. These increases will keep the network more stable and reduce the loss of streamgages in the future. They will fund currently active streamgages in the national network, to reactivate recently discontinued NSIP Federal-goal streamgages, or to supplement funding for operation and maintenance of NSIP Federal-goal streamgages that are currently active but funded through partnerships. The exact allocation of funds from this increase will be determined when partner contributions to network operations for 2008 are better known.

U.S. GEOLOGICAL SURVEY—WATER RESOURCES RESEARCH INSTITUTES FUNDING

Question. The National Water Resources Research Act Program provides a strong partnership between the Federal geological research in the USGS and that partially funded by 54 State research institutes. However, the President's budget again does not provide any funding for this program.

Why has the USGS again eliminated funding for the Water Resources Research Institutes?

Answer. The State Water Resources Research Institutes have been highly successful in leveraging the USGS grants under the Water Resources Research Act Program with other Federal and non-Federal funding. The Department considers this program a success, as the initial grants from the Department were considered implementation funding for the Institutes. Today, the Department anticipates that the majority of these Institutes will be able to continue operations without Federal grant funding, due to the successful partnerships that the Institutes have been able to make with others.

Question. What funding will be provided to the Water Resources Research Institutes out of the fiscal year 2007 funding available to the USGS?

Answer. The USGS operating plan for 2007 includes \$5,404,000 for the Water Resources Research Act Program, a decrease of \$1,000,000 from the 2006 funding level. Each of the Institutes will receive a base grant in the same amount as last year's, and only the competitive grants program will be affected by this reduction.

U.S. GEOLOGICAL SURVEY: UNITED STATES-MEXICO TRANSBOUNDARY AQUIFER
ASSESSMENT

Question. Congress passed the United States-Mexico Transboundary Aquifer Assessment Act of 2005 (Public Law 109-448) at the end of the 109th Congress. This law authorizes the USGS to undertake characterization of the aquifers underlying the U.S.-Mexico border. This specific region has significant importance to meeting treaty obligations with Mexico and for managing two of the most important river systems in the western part of the nation—the Rio Grande and the Colorado.

While this new program was not authorized during the time that the President's fiscal year 2008 budget was being developed, it is essential that the program be initiated given the continued drought that afflicts much of the Western United States and growing population demands on these water systems.

What financial and human resources can the USGS dedicate from the fiscal year 2007 and fiscal year 2008 budgets to initiate this program?

Answer. The 2007 and 2008 budgets include no funding for projects specifically for the U.S.-Mexico Transboundary Aquifer Act. The USGS has begun discussions with the International Boundary and Water Commission, representatives from Mexico, and representatives from the three State Water Resource Research Institutes who would be partners in this program. Mexico has been very receptive to the idea of this work and to the concept of cost-sharing that is stipulated in the Act.

1998/1999 LEASES

Question. Mr. Secretary, one of the ideas that I have been thinking of—and I know Senator Feinstein has been looking at this as well—is by statute giving the Department of Interior the authority to extend the 1998/1999 leases for an additional three years in exchange for the lessees agreement to apply price thresholds on the 1998/1999 leases. What assurance can you give, if any, based on your preliminary discussions with these companies, that they would in fact agree to such an arrangement? In other words, what percentage of the full amount of the \$10 billion over 25 years that has been lost as a result of the failure of the Clinton Administration to put thresholds on the leases, would you expect to recover from such a provision?

Answer. We estimate that had the 1998 and 1999 leases included price thresholds, the government would have received between \$6 and \$10 billion in royalties over the life of the leases that produced or that are expected to produce. If the leases had included the price thresholds, we estimated that nearly \$1 billion in royalties would have been paid on resources that have already been produced.

On December 14, 2006, six companies signed agreements with the Department of the Interior to establish price thresholds for deep water royalty relief in connection with the leases each company holds from sales held in 1998 and 1999.

While we have had discussions with the companies that have not yet signed agreements, it is difficult to predict how many companies would be willing to sign agreements if Congress extended the lease terms by 3 years. Extending the lease terms is one option that was suggested by one of the companies during our discussions. We cannot say whether this option would encourage the remaining companies to sign agreements. However, whatever the motivation of individual companies to renegotiate, if all of the remaining holders of interests in 1998 and 1999 deepwater leases that are expected to produce were to sign agreements, we estimate that an additional \$4.6 to \$7.7 billion in royalties could be paid on future production over the life of these leases.

In order to solve this problem, the administration and the Congress must work together to ensure that we have the authority to reach an appropriate resolution. We appreciate Congress' efforts to encourage companies to come to the negotiating table.

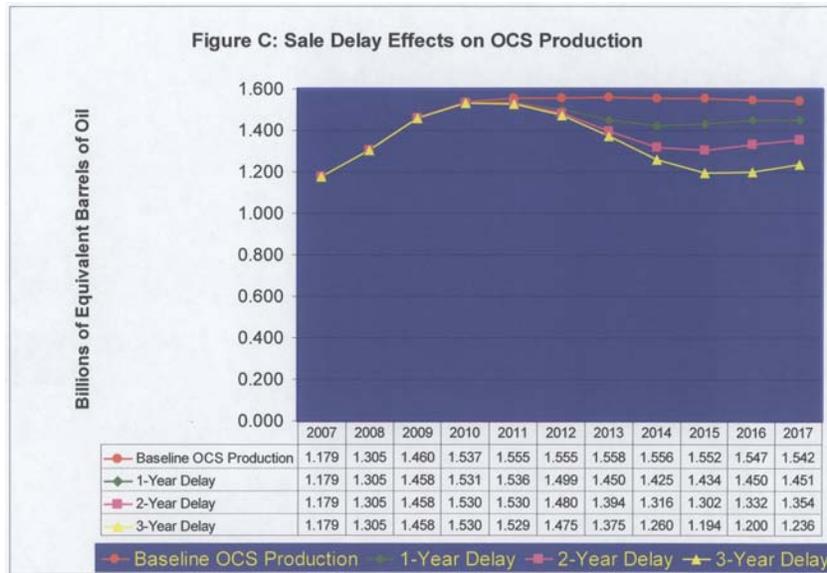
Question. Please comment on your thoughts of Congress setting up an independent panel or a special master, or giving you the authority to appoint such a person to settle this price threshold issue created by the Deepwater Royalty Relief Act of 1995 and the failure of the previous administration to implement it properly?

Answer. In the present circumstances, we do not see a particular advantage in establishing a panel or granting authority to appoint a special master. Special masters ordinarily are appointed in the context of adjudications involving highly complex factual situations. Our efforts to resolve the problems with the 1998 and 1999 deep water leases involve neither complex facts nor adjudication.

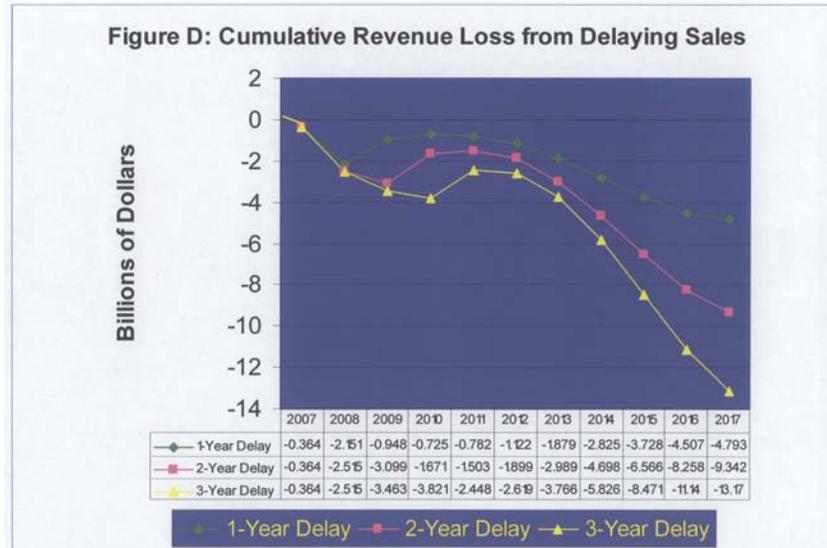
Question. In your judgment, would Congress create a cause of action for the 1998/1999 lessees with a reasonable likelihood of success on the merits if it mandated that the Secretary apply a different royalty rate going forward for those 1998/1999 lessees who agree to apply price thresholds to their leases and those who do not?

Potentially, what specific impact would an injunction on lease sales in such an instance have on our domestic production of oil and gas?

Answer. We appreciate Congress's efforts to encourage companies to come to the negotiating table. However, we must be mindful of potential unintended consequences. Were Congress to mandate a different royalty rate on future leases only for lessees who own interests in 1998 or 1999 deep water leases who have not entered into agreements to apply price thresholds, we believe that it is very likely that the Department would become embroiled in litigation challenging such a law or seeking to enjoin a future lease sale in which such a law would be applied, or both. If a judge were to enjoin future lease issuance for a period of time, the resulting impacts would be significant. Litigation could take years to resolve. The MMS has attempted to project the potential loss of production, revenue and royalties if lease sales were delayed for a 3-year period.



Attached Figure C shows for example MMS' estimate that, for a 3-year delay, production over 10 years could be reduced by 1.6 billion barrels of oil equivalent (boe).



Attached Figure D shows for example, the potential cumulative revenue decline over a 10 year period of \$13 billion for a 3-year delay.

I believe we would all agree this would not be in the Nation's best interest. The Outer Continental Shelf (OCS) is a significant supplier of our nation's oil and gas. We cannot afford major delays in offshore energy production due to unintended consequences.

Question. Based upon all that you know about the 1998/1999 lease issue, do you believe that the failure to include price thresholds on those leases during the Clinton administration amounts to the legal definition of "mistake"?

Answer. It is my understanding that lawyers for both the Department of the Interior and the Department of Justice have been closely examining the legal definition of "mistake" in the context of the 1998 and 1999 deep water leases and are still in deliberation.

Question. Hypothetically, if Congress mandated that you issue regulations within a year that resulted in recovering the full amount lost as a result of the failure to include price thresholds on the 1998/1999 leases, how do you think you would achieve that objective?

Answer. It is not clear what type of regulations this question contemplates. MMS cannot unilaterally add price threshold terms to leases that do not include them by promulgating a regulation (particularly if the rule effectively constituted a retroactive change). MMS also cannot by regulation require lessees to pay the equivalent of royalty on production that under the terms of their leases is exempt from royalty. If the question contemplates seeking to recover the equivalent of the royalty amount from parties other than the lessees of the 1998 and 1999 deep water leases who owned interests at the time of production, it is not apparent how MMS could do this by rule.

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

Question. Mr. Secretary, can you tell me what—if anything—the agencies within the Department of Interior are doing to address the bark beetle problems on public lands throughout the Rocky Mountain Area?

Answer. The BLM has been diligently working on bark beetle problems in the Rocky Mountain States for many years. In fiscal year 2006, the BLM allocated approximately \$900,000 from the Public Domain Forest Management program to projects that help address bark beetle problems in the Rocky Mountain region. This allocation was repeated in fiscal year 2007 and is expected in 2008 as well. In addition, in fiscal year 2007, the BLM will allocate \$1,860,000 to the same Rocky Mountain region from the Forest Ecosystem Health Recovery Fund for forest health and restoration treatments, including insect and disease treatments.

The BLM's commitment at the State level can be demonstrated by its active participation in the Northern Colorado Bark Beetle Cooperative. The main objectives of the Cooperative are to address urgent concerns about forest health and wildfire risk to communities and watersheds, the loss of key wildlife habitat, and the impacts to local economies. This Cooperative works to treat infested areas with salvage efforts and fuels reduction programs.

The North Park Stewardship Project, located in Jackson County, Colorado, is an example of the project work being planned and initiated under this Cooperative. In fiscal year 2006, the BLM sent an additional \$200,000 to the Colorado BLM State office to plan this large scale stewardship contract to respond to the bark beetle infestation in north central Colorado. The BLM expects to implement the stewardship project in 2007 with the signing and execution of the North Park Stewardship Agreement with Jackson County and the addition of \$50,000 of Public Domain Forestry funding. The BLM is anticipating that in the first year of implementing the Operating Plan, 1,000 acres of beetle infested trees could be removed as salvage timber or through fuels reduction projects. The project has the potential to treat up to 15,000 acres of beetle infested BLM managed public lands over the 10 year span of the project.

Question. Please tell me a little more about the Safe Indian Communities Initiative and how this initiative will work with tribal communities to work toward the elimination of meth in those communities?

Answer. The \$16 million Safe Indian Communities Initiative in the 2008 budget is the first of a multi-year investment to address the methamphetamine crisis in Indian country.

Indian country is faced with the ever increasing threat of drug trafficking. In many cases, international drug cartels from Mexico and Canada have targeted Indian country as a production and distribution point for methamphetamine. This is because of the lack of specialized training and law enforcement presence to combat organized crime's efforts on Indian lands. Currently BIA has only eleven certified drug enforcement officers to service all of Indian country. The budget increase will combat the highly visible drug crisis by developing and providing specialized drug enforcement training for one hundred additional BIA and tribal officers. As a result, more officers on patrol will have the essential knowledge and tools to break up drug trafficking, disrupt the activities of organized crime groups and international cartels, and seize illegal substances. This reduction in trafficking and drug supply will have residual positive impacts in communities surrounding Indian lands, as well. Increased Federal tribal law enforcement activity combined with local city and county law enforcement will allow for better coordination between tribal and non-tribal law enforcement agencies.

Additionally, these funds will allow for a more robust methamphetamine public awareness campaign to educate the at-risk American Indians about the dangers of methamphetamine and its affects on both physical and mental health. The education campaign will utilize the highly successful "mobile meth labs" to alert communities to the warning signs of clandestine drug labs and the environmental dangers associated with these toxic environments. Additionally, the public awareness campaign will leverage existing partnerships between the Bureau of Indian Affairs, the Office of National Drug Control Policy, the Department of Health and Human Services, the National Congress of American Indians, and the Partnership for a Drug Free America that are currently working to develop an Indian country specific methamphetamine public awareness campaign. By increasing the number of officers with specialized methamphetamine interdiction training, and by educating the public about the dangers of methamphetamine, BIA will take further steps toward battling methamphetamine and other drugs in Indian country in order to ensure safe and healthy Indian communities.

With the dramatic increase in violent crimes resulting from methamphetamine and the significant shortage of law enforcement officers, BIA and tribal law enforcement agencies are often forced to make difficult staffing decisions that place their officers and the community at risk. This funding will also be used to address this shortage by adding fifty one additional officers and enable targeted agencies to more directly combat the methamphetamine crisis in Indian country.

Question. How do you plan to work with Congress to provide States with more control over the implementation of laws and regulations, for example the ESA?

Answer. The Department continues to work with Congress to ensure that laws and regulations pertinent to the mission and programs of the Department of the Interior are carried out as effectively as possible. The Department also continues to strive to find collaborative efforts and partnerships that enhance opportunities to foster a culture of responsibility in implementing legislation.

Interior agencies also continually strive to improve regulations and policies to ensure that they are explicit, well defined, and consistent with current laws. Program Assessment Rating Tool review of the Endangered Species program found that FWS can make improvements in endangered species-related regulations and policies. This may include revising the definition of adverse modification, issuing critical habitat guidance, and explicitly characterizing the benefits of critical habitat designations. FWS is currently working on these improvements as well as developing a process for regularly scheduled independent evaluations of the program.

The Department is also focusing resources on cooperative conservation programs, such as the Private Stewardship Grant, Landowner Incentive, and Partners for Fish and Wildlife programs, that foster a non-regulatory approach to solving conservation problems at the local and State level.

SUBCOMMITTEE RECESS

Senator CRAIG. Okay. Thank you all very much. The subcommittee will stand in recess to reconvene at 10 a.m., Tuesday, May 22. At that time we will hear testimony from the Honorable Mark Rey, Under Secretary for Natural Resources and Environment, Department of Agriculture and Abigail R. Kimbell, Chief, U.S. Forest Service.

[Whereupon, at 11:20 a.m., Tuesday, March 20, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, May 22.]