

**STATEMENT OF KAMERAN ONLEY
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DEPARTMENT OF THE INTERIOR
BEFORE THE SENATE SUBCOMMITTEE ON ENERGY
AND WATER DEVELOPMENT
COMMITTEE ON APPROPRIATIONS
ON THE 2009 PRESIDENT'S BUDGET REQUEST
April 10, 2008**

Mr. Chairman, Mr. Domenici, and members of this Subcommittee, it is a pleasure to appear before this Subcommittee today to discuss the President's 2009 budget for the Department of the Interior and to update you on our progress in implementing our 2008 programs.

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

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

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

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

Interior fulfills special responsibilities to Native Americans as the manager of one of the largest land trusts in the world- over ten million acres owned by individual Indians and 46 million acres held in trust for Indian Tribes. In addition to lands managed in trust, the Department manages over \$3.3 billion of funds held in over 1,800 trust accounts for approximately 250 Indian Tribes and over 370,000 open Individual Indian Money accounts. Interior also operates one of only two school systems in the Federal government, the Bureau of Indian Education school system. The Department of Defense operates the other.

Overview of the 2009 Budget

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

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

The Challenges Ahead

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

The Department is improving program efficiency, setting priorities, and leveraging Federal funds through partnerships and cooperative conservation to meet these challenges. Interior's accomplishments have been many and varied, with noteworthy advances in management excellence.

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

Interior's Accomplishments

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

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

Hawaii, the largest marine protected area in the world, with the publication of regulations codifying management measures.

- Hosted over 464 million visitors to parks, refuges, public lands, and Bureau of Reclamation sites and increased the number of fishing programs on refuges by 24 and the number of hunting programs on refuges by 34.
- Established a new Recreation Reservation Service, a unified pass to public lands, and clarified entrance and recreation fees, in coordination with other agencies.
- Distributed over \$79 million to individual Indian money account holders whose whereabouts were previously unknown and archived 400 million pages of trust documents in a state-of-the-art facility.

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

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

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

issues and better manage water resources to assist in endangered species recovery.

Water for America

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

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

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

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

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

The Bureau of Reclamation will recast its water conservation programs and will merge Water 2025 and the Water Conservation Field Services program to stimulate water conservation and improved water management through an integrated approach that addresses urban, rural, and agricultural uses of water

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

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

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

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

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

The Bureau will complete removal of the Savage Rapids Dam in 2009. The budget includes \$22.7 million for the Middle Rio Grande project to continue to

focus on the protection and recovery of the silvery minnow and southwestern willow flycatcher.

The budget request for CALFED is \$32.0 million, continuing implementation of priority activities that will resolve water conflicts in the Bay-Delta of California. Funds will be used for the environmental water account, storage feasibility studies, conveyance feasibility studies, science, implementation of projects to improve water quality, and overall program administration.

Supporting the Department's Mission

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

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

Other Budget Priorities

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

Legislative Proposals

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

Many of these legislative changes were presented in the 2008 President's budget, including proposals for reallocation of the repayment of capital costs for the Pick-Sloan Missouri Basin program, and authorization for the San Joaquin River Restoration settlement.

Conclusion

Our 2009 budget will . in its entirety . make a dramatic difference for the American people. We will continue efforts to improve our national parks, protect our wildlife and its habitat, and make investments in Indian Country for safe communities and Indian education. In addition, we will help communities address water supply needs, conserve wild birds and ocean resources, improve the safety of public lands along the border for employees and visitors, and continue to address other ongoing mission priorities. This concludes my overview of the 2009 budget proposal for the Department of the Interior and my written statement. I will be happy to answer any questions that you may have.