



DEPARTMENT OF THE INTERIOR

Funding Highlights:

- Provides \$11.7 billion in discretionary funding for the Department of the Interior, an increase of over four percent above the 2012 enacted level. This funding level reflects an ongoing commitment to protect critical landscapes and infrastructure, partially paid for with savings achieved through administrative efficiencies.
- Promotes job creation and economic growth by conserving landscapes and promoting outdoor recreation in national parks, refuges, and on other public lands through the America's Great Outdoors initiative.
- Proposes for the first time a dedicated source of long-term funding—reaching \$900 million by 2015—for Land and Water Conservation Fund programs to support land conservation and resource protection, in collaboration with Federal, State, and local partners.
- Invests in the safety, reliability, and efficiency of America's water infrastructure and in the protection and restoration of fragile aquatic ecosystems.
- Continues efforts to manage and promote the ecological sustainability and resilience of ecosystems on a landscape and watershed scale such as the California Bay-Delta, the Everglades, the Great Lakes, Chesapeake Bay, and the Gulf Coast.
- Proposes oil and gas management reforms to save \$2.5 billion over 10 years by building on the Administration's efforts to encourage diligent development of Federal energy resources while improving the return to taxpayers from royalty reforms.
- Provides robust support for energy development on Federal lands and waters and continues investments to strengthen safety oversight for offshore oil and gas operations.
- Supports tribal priorities in Indian Country by increasing funding for public safety and justice, natural resources, and assistance for Tribes that assume responsibility for managing Federal programs.
- Reforms oversight of mining on Federal lands and reduces the environmental impacts of coal and hardrock mining by dedicating and prioritizing funds to reclaim abandoned mines.
- Invests in science to support decision-making in the Department's resource management and trust responsibilities.

- Saves over \$200 million from 2010 levels through administrative efficiencies and reduced spending in travel, printing, supplies, and advisory services.

The Department of the Interior's (DOI's) mission is to protect America's natural resources and cultural heritage; manage development of energy and mineral resources on Federal lands and waters; provide scientific and other information about those resources; and honor its trust responsibilities and special commitments to American Indians, Alaska Natives, and Insular areas. In support of this mission, the Budget provides \$11.7 billion for DOI, a four percent increase over the 2012 enacted level. The Budget represents an unprecedented commitment to America's natural heritage by proposing mandatory funds for Land and Water Conservation Fund (LWCF) programs. This funding will provide the stability needed for agencies and States to make strategic, long-term investments in our natural infrastructure and outdoor economy to support jobs, preserve natural and cultural resources, bolster outdoor recreation opportunities, and protect wildlife. The Budget also includes legislative proposals that will save taxpayers more than \$3 billion over the next 10 years, including reforms to fees, royalties, and other payments related to oil, gas, coal, and other mineral development on Federal lands and waters.

Promotes Economic Growth by Investing in Our Natural and Energy Resources

Creates Jobs Through Conservation and Recreation. The America's Great Outdoors (AGO) initiative supports Federal, State, local, and tribal conservation efforts, while reconnecting Americans, particularly young people, to the outdoors. Investments for AGO programs support conservation and outdoor recreation activities nationwide that create and maintain millions of jobs, generate hundreds of millions of dollars in tax revenue, and spur billions in total national economic activity. For the first time ever, the Budget proposes mandatory funding for LWCF programs in the Departments of the Interior and Agriculture, including \$200 million in manda-

tory funds out of \$600 million overall for LWCF programs in 2014. Starting in 2015, the Budget proposes \$900 million annually in mandatory funding, which is equal to the amount of oil and gas receipts deposited in the LWCF each year. In 2014, \$356 million is proposed to conserve lands in or near national parks, refuges, forests, and other public lands, including \$169 million in collaborative LWCF funds for DOI and the U.S. Forest Service to jointly and strategically conserve the most critical landscapes. The Budget also proposes \$15 million in LWCF funding to revive the Urban Parks Recreation and Recovery Program, which can help revitalize urban parks and increase access to trails, green space, and other recreational areas in the most underserved urban communities. Other AGO programs include grant programs that assist States, Tribes, local governments, landowners, and private groups (such as sportsmen) in preserving wildlife habitat, wetlands, historic battlefields, regional parks, and the countless other sites that form the mosaic of our cultural and natural legacy. They also include funds for operating national parks, refuges, and public lands, which are critical for conserving natural and cultural resources, protecting wildlife, and drawing recreational tourists from across the United States and the world.

Protects and Restores Water Resources and Infrastructure. The Budget invests in the safety, reliability, efficiency, and ecological sustainability of our water infrastructure, to ensure the continued delivery of water and power to millions of customers and serve as a foundation for a healthy economy, especially in the arid West. The Budget continues investments in the protection and restoration of fragile aquatic ecosystems, such as California's Bay-Delta and the San Joaquin River, to ensure that such environmental treasures are available for future generations. These investments are made possible by making difficult choices elsewhere, finding savings and consolidations, and reaping the benefits of smart choices made in previous years. Examples

of difficult choices include severely curtailing the study of new projects and construction of ongoing projects, proposing to merge the Central Utah Project Completion Act Office with the Bureau of Reclamation, and emphasizing water reuse, recycling, and conservation programs over new construction.

Makes Public Lands Available for Clean Energy Infrastructure Projects. To enhance energy security and create green jobs in new industries, the Budget proposes key funding increases for DOI renewable energy development activities and related transmission infrastructure. This funding includes \$100 million to maintain capacity to review and permit new renewable energy projects on Federal lands and waters.

Continues Support for Responsible Development of the Nation's Oil and Gas Resources. The Budget proposes \$169 million and \$222 million, respectively, to fund the Bureau of Ocean Energy Management and the Bureau of Safety and Environmental Enforcement, which share responsibility for overseeing development of oil and gas resources on the Outer Continental Shelf (OCS). The current OCS five-year leasing program will make more than 75 percent of estimated undiscovered technically recoverable oil and gas resources on the OCS available for development. Funding increases will support continued reforms to strengthen oversight of industry operations following the 2010 Deepwater Horizon oil spill, with an additional emphasis on ensuring the safe and responsible development of Arctic OCS resources.

The Budget also provides robust support for onshore energy permitting and oversight on Federal lands, with a more than 20 percent increase over the 2012 enacted level in discretionary funding for the oil and gas program of the Bureau of Land Management (BLM). Combined with an extended and revamped permitting pilot office authority and ongoing administrative efforts, these resources will facilitate improved responsiveness to permit requests and will strengthen oversight and enforcement of industry operations. BLM's costs would be partially offset through new inspection

fees totaling \$48 million in 2014, requiring the onshore industry to bear a greater share of the cost of managing the program from which it benefits, just as the offshore industry does.

Protects Communities and Ecosystems from Wildfire Damage. The Budget continues the long-standing practice of fully funding the 10-year average cost of wildland fire suppression operations. The Budget also targets funding for reducing hazardous fuels near communities where these treatments are most effective at reducing risks. Priority is given to projects in communities that have met "Firewise" standards (or the equivalent), identified acres to be treated, and invested in local solutions to protect against wildland fire. In response to last year's severe fire season, the Budget increases funding for burned area rehabilitation.

Strengthens Tribal Nations. The Administration supports the principle of tribal self-determination and improved outcomes with a \$10 million increase over the 2012 enacted level to assist Tribes when they manage Federal programs themselves under self-determination contracts and self-governance compacts. Funding for Contract Support Costs (CSC) is an important part of self-determination, but it must be balanced with funding for other tribal program services. In 2012, the Supreme Court ruled in *Salazar v. Ramah Navajo Chapter* that past appropriations language was not sufficiently constructed to execute the longstanding policy of managing CSC costs. The Court identified five remedies, ranging from changing payments for CSC through amendments to underlying self-determination authorities, to enacting line-item appropriations for each contract, to paying the full estimates for CSC. Consistent with one of the remedies identified in the Supreme Court ruling, the Budget proposes a short-term approach for CSC, along with funding increases for the Bureau of Indian Affairs and the Indian Health Service, to continue the policy of supporting self-determination while protecting funding for other tribal program services. The Administration looks forward to working with Tribes and the Congress to develop a balanced, long-term solution.

Administration efforts to combat crime in Indian Country through cooperation between Federal, State, and tribal entities are making progress, as demonstrated by a pilot program to reduce violent crime on selected reservations. The Budget builds on this progress with increased funds for operating tribal courts, staffing new detention centers, and coordinating community policing programs to reduce crime. The Budget also includes increases to meet needs due to growing enrollment at tribal colleges and to promote economic development and job growth in Indian Country through technical and scientific support for natural resources management and renewable energy potential.

Improves Oversight and Use of Federal Dollars

Reforms Federal Oil and Gas Management. The U.S. Treasury received over \$9 billion in 2012 from fees, royalties, and other payments related to oil and gas development on Federal lands and waters. A number of recent studies by the Government Accountability Office and DOI's Inspector General have found that taxpayers could earn a better return through policy changes and more rigorous oversight. The Budget proposes a package of legislative reforms to bolster administrative actions being taken to reform the management of DOI's onshore and offshore oil and gas programs, with a key focus on improving the return to taxpayers from the sale of these Federal resources and on improving transparency and oversight. Proposed statutory and administrative changes fall into three general categories: advancing royalty reforms; encouraging diligent development of oil and gas leases; and improving revenue collection processes.

Royalty reforms include establishing minimum royalty rates for oil, gas, and similar products; increasing the standard onshore oil and gas royalty rate; piloting a price-based sliding scale royalty rate; and repealing legislatively-mandated royalty relief. Diligent development requirements include shorter primary lease terms, stricter enforcement of lease terms, and monetary incen-

tives to get leases into production (e.g., a new per-acre fee on nonproducing leases). Revenue collection improvements include simplification of the royalty valuation process, elimination of interest accruals on company overpayments of royalties, and permanent repeal of DOI's authority to accept in-kind royalty payments. Collectively, these reforms will generate roughly \$2.5 billion in net revenue to the Treasury over 10 years. Many States will also benefit from higher Federal revenue sharing payments as a result of these reforms.

Reforms Mining Operations and Reduces the Environmental Impacts of Mining. The Budget addresses the environmental impacts of past mining by dedicating and prioritizing funds to clean up abandoned mines. Currently, DOI collects from the coal industry an abandoned mine lands (AML) fee for cleaning up abandoned mines. The Budget proposes to establish a new AML fee on hardrock mining, with receipts used by States, Tribes, and Federal agencies to restore the most hazardous hardrock AML sites on both public and private lands. For non-Federal lands, each State and Tribe would select its own priority projects according to national criteria, similar to how coal AML funds are allocated. A hardrock AML fee would hold the hardrock mining industry accountable for legacy sites in the same manner as the coal mining industry is held accountable today.

Eliminates Wasteful Spending and Provides a Fair Return to Taxpayers from Mineral Development. The Budget proposes a number of other actions that eliminate wasteful spending and ensure taxpayers receive a fair return from mining on Federal lands, including:

- Charging a royalty on select hardrock minerals, such as silver, gold and copper;
- Terminating unwarranted payments to coal-producing States and Tribes that no longer need funds to clean up abandoned coal mines;
- Extending net receipts sharing, where States receiving mineral revenue payments

help defray the costs of managing the mineral leases that generate the revenue; and Reauthorizing the Helium Fund and encouraging the development of a fair-market price for helium sales.

Increases Investments in Science and Evaluation to Support Decision-Making.

The Budget provides strong support for basic and applied science in support of decision-making, including over \$960 million for research and development, an 18 percent increase over the 2012 enacted level. This funding supports scientific monitoring, research, and analysis to assist decision-making in resource management and the special trust responsibilities of DOI and other federally mandated and nationally-significant programs. Specific activities supported include energy permitting, ecosystem management, oil spill restoration, Earth observations (such as water and wildlife monitoring), and tribal natural resource management.

The Budget also funds four independent evaluations to increase the use of evidence and analysis to promote rigor, transparency, and independence

in decision-making at DOI. The Bureau of Indian Education (BIE) will commission an independent evaluation to examine the role of BIE and guide future reforms to improve educational opportunities for Native American children. DOI will also conduct a comprehensive evaluation of Federal policy and engagement on Indian water rights issues that analyzes options to improve policies, programs, and budgetary coordination. This evaluation will help to strengthen the oversight, management and analytical capabilities of the Indian Water Rights Office and other bureaus and offices that work on these issues. The Budget supports the Bureau of Reclamation's in-house analytical capabilities to allow for more rigorous economic and evidence-based evaluation of Reclamation's programs, projects, and operations. Finally, DOI will commission an independent, public evaluation of the Payments in Lieu of Taxes (PILT) program, which expires at the end of 2013 and is proposed for a one-year extension. The evaluation will look at PILT—in both concept and practice—with a goal of developing options to put the program on a sustainable long-term funding path.