S. Hrg. 108–795

Senate Hearings

Before the Committee on Appropriations

Department of the Interior and Related Agencies Appropriations

Fiscal Year 2005

108*th* CONGRESS, SECOND SESSION

H.R. 4568/S. 2804

DEPARTMENT OF AGRICULTURE
DEPARTMENT OF ENERGY
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DEPARTMENT OF THE INTERIOR
NONDEPARTMENTAL WITNESSES

Interior Appropriations, 2005 (H.R. 4568/S. 2804)

S. HRG. 108–795

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

ON

H.R. 4568/S. 2804

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2005, AND FOR OTHER PURPOSES

Department of Agriculture
Department of Energy
Department of Health and Human Services
Department of the Interior
Nondepartmental Witnesses

Printed for the use of the Committee on Appropriations

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

U.S. GOVERNMENT PRINTING OFFICE

92–152 PDF WASHINGTON : 2005

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512–1800; DC area (202) 512–1800
Fax: (202) 512–2250 Mail: Stop SSOP, Washington, DC 20402–0001

COMMITTEE ON APPROPRIATIONS

TED STEVENS, Alaska, *Chairman*

THAD COCHRAN, Mississippi	ROBERT C. BYRD, West Virginia
ARLEN SPECTER, Pennsylvania	DANIEL K. INOUYE, Hawaii
PETE V. DOMENICI, New Mexico	ERNEST F. HOLLINGS, South Carolina
CHRISTOPHER S. BOND, Missouri	PATRICK J. LEAHY, Vermont
MITCH MCCONNELL, Kentucky	TOM HARKIN, Iowa
CONRAD BURNS, Montana	BARBARA A. MIKULSKI, Maryland
RICHARD C. SHELBY, Alabama	HARRY REID, Nevada
JUDD GREGG, New Hampshire	HERB KOHL, Wisconsin
ROBERT F. BENNETT, Utah	PATTY MURRAY, Washington
BEN NIGHTHORSE CAMPBELL, Colorado	BYRON L. DORGAN, North Dakota
LARRY CRAIG, Idaho	DIANNE FEINSTEIN, California
KAY BAILEY HUTCHISON, Texas	RICHARD J. DURBIN, Illinois
MIKE DEWINE, Ohio	TIM JOHNSON, South Dakota
SAM BROWNBACK, Kansas	MARY L. LANDRIEU, Louisiana

JAMES W. MORHARD, *Staff Director*
LISA SUTHERLAND, *Deputy Staff Director*
TERRENCE E. SAUVAIN, *Minority Staff Director*

SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES

CONRAD BURNS, Montana, *Chairman*

TED STEVENS, Alaska	BYRON L. DORGAN, North Dakota
THAD COCHRAN, Mississippi	ROBERT C. BYRD, West Virginia
PETE V. DOMENICI, New Mexico	PATRICK J. LEAHY, Vermont
ROBERT F. BENNETT, Utah	ERNEST F. HOLLINGS, South Carolina
JUDD GREGG, New Hampshire	HARRY REID, Nevada
BEN NIGHTHORSE CAMPBELL, Colorado	DIANNE FEINSTEIN, California
SAM BROWNBACK, Kansas	BARBARA A. MIKULSKI, Maryland

Professional Staff

BRUCE EVANS
GINNY JAMES
LEIF FONNESBECK
RYAN THOMAS
PETER KIEFHABER *(Minority)*
BROOKE THOMAS *(Minority)*

Administrative Support

LARISSA SOMMER

CONTENTS

THURSDAY, MARCH 4, 2004

	Page
Department of Energy: Office of the Secretary	1

THURSDAY, MARCH 11, 2004

Department of Agriculture: Forest Service	75

THURSDAY, MARCH 25, 2004

Department of the Interior: Office of the Secretary	115

THURSDAY, APRIL 1, 2004

Department of Health and Human Services: Indian Health Service	189
Nondepartmental witnesses	225

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

THURSDAY, MARCH 4, 2004

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

The subcommittee met at 9:32 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.

Present: Senators Burns, Stevens, Bennett, Dorgan, Byrd, Leahy, Reid.

DEPARTMENT OF ENERGY

OFFICE OF THE SECRETARY

STATEMENT OF HON. SPENCER ABRAHAM, SECRETARY

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. We will call the Appropriations Subcommittee on the Interior to order.

Welcome, Mr. Secretary.

Secretary ABRAHAM. Good to be with you.

Senator BURNS. Appreciate that.

Secretary ABRAHAM. Thank you.

Senator BURNS. We are glad to have you here to discuss the President's fiscal year 2005 budget request from the Department of Energy. Due to the tortured evolution of jurisdictions in Congress, your Department is relegated to "related Agency" status in our subcommittee. The Interior Department gets its name on the bill, but we rarely ever hear of the Energy aspect of this. We appreciate that you are here for the good or the bad, but nonetheless we know that what you do at the Department of Energy is important to the country, and in a lot of ways it is related for the simple reason that Interior and Energy should be working together. They support development of technologies that can slow our growing dependence on foreign oil. Your programs also support the development of technologies that promote the more efficient use of all forms of energy, which enables our economy to grow without sacrificing environmental quality.

The Department of Energy's budget, under this subcommittee, is roughly $1.7 billion. Direct comparisons with current funding levels is a bit complicated due to the use of revisions, deferrals, and advance appropriations, but generally speaking, your budget request reflects a zero sum situation. A handful of administrative priorities, such as FutureGen and weatherization, were given large increases. These increases are paid for by steep reductions in a range of ongoing R&D programs such as oil and gas research, industrial technology, distributed generation, and coal fuels. As a general matter, Mr. Secretary, I think it is appropriate that the budget posture, given the current fiscal climate, the budget committee will be going into the mark-up session today, so it is clear that what you have recommended here and what has been recommended to us up in budget will be dealt with.

With that in mind, it is clear in our discussions that we need to center around tradeoffs as opposed to where the next additional Federal dollar should go, I do not foresee that there will be any additional Federal dollars for any programs coming up. This is going to be a tough budget year. We have invited you here today to explain some of those priorities you've set within your budget requests. If we go along with the reductions that you propose in oil and gas R&D or distributed generation research, what do we lose? If we go along with the major investments you propose in FutureGen, carbon sequestration, and weatherization, then what do we get? We might not necessarily agree on all of the answers but by and large I am sure we will have an informative discussion before it is all over.

PREPARED STATEMENT

So again, Mr. Secretary, thank you very much for coming this morning. We appreciate your time; we know that you are busy at this time of the year.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Welcome Mr. Secretary. We're glad to have you here to discuss the President's fiscal year 2005 budget request for the Department of Energy.

Due to the tortured evolution of jurisdictions in Congress, your department is relegated to "Related Agency" status in our subcommittee nomenclature. The Interior department gets its name on the bill (along with most of the attention—good and bad), while your programs tend to get somewhat less scrutiny.

But there is no question in my mind that the DOE programs under this subcommittee's jurisdiction support critical national goals.

They support development of technologies that can slow our growing dependence on foreign oil—something that is essential to our national security. And down the road those technologies may help free us from our dependence on oil imports once and for all.

Your programs also support development of technologies that promote the more efficient use of all forms of energy; enabling our economy to grow without sacrificing environmental quality.

The President's fiscal year 2005 budget request proposes roughly $1.7 billion for DOE programs under our jurisdiction.

Making direct comparisons with current funding levels is a bit complicated due to the use of rescissions, deferrals, and advance appropriations. But generally speaking, your budget request reflects a "zero sum" situation.

A handful of Administration priorities such as FutureGen and Weatherization are given large increases. These increases are paid for by steep reductions in a range of ongoing R&D programs, such as Oil and Gas research, Industrial Technologies, Distributed Generation, and Coal Fuels.

As a general matter, Mr. Secretary, I think that is an appropriate budget posture given the current fiscal climate. In just a few minutes the Senate Budget Committee is going to begin to mark up this year's budget resolution, and it is clear that it will recommend less discretionary spending than contemplated in the President's request, not more.

So with that in mind it is clear our discussions need to center around tradeoffs, as opposed to where the next additional Federal dollar should go. I don't foresee there will be any additional Federal dollars for these programs.

We have invited you here today to explain to us the priorities you've set within your budget request. If we go along with the reductions you propose in Oil and Gas R&D, or Distributed Generation research, what do we lose? If we go along with the major investments you propose in FutureGen, carbon sequestration and Weatherization, what do we get?

I'm not sure we'll necessarily agree on all the answers by lunch, but am sure we'll have an informative discussion.

Again, Mr. Secretary, thank you for coming today. I know you have a number of different Congressional committees to which you must answer, and we appreciate your time.

Senator BURNS. Welcome Senator Dorgan, my co-chair on this committee, I look forward to your statement.

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Senator Burns, thank you very much and Mr. Secretary thank you for being with us. You and I have talked prior to this hearing and you know that I feel that we have a fiscal policy that does not work, increases in funding for large areas of the budget, defense and homeland security coupled with tax cuts, tax cuts and more tax cuts means that we have very large budget deficits and they are growing, not receding. I know my colleague, Senator Burns, will be working with the budget committee this morning trying to grapple with all that but I just do not think this adds up. And you see the final result of it as you take a look at these individual budget requests from the administration. Senator Burns asked the right question, what is the consequence of cutting some of these funding areas such as clean coal technology. What is the consequence of cutting that funding, fossil energy R&D, coal research, oil research, natural gas research? And so, we need to think through all of this carefully. I really do hope, even as we consider the individual appropriations bills, that we find a way, in a bi-partisan way, to put our fiscal policy in some kind of thoughtful order, because it is not there today.

ENERGY AND ENVIRONMENTAL RESEARCH CENTER (EERC)

I am going to ask you some questions about some specifics. The EERC, which is located in North Dakota, has been recommended for a cut. I know that we have talked about that and I want to ask you some questions about that, I think that is a very important institution. The issue of purchase power for the Western Area Power Administration (WAPA), we need to fix the budget recommendation there. I would love to see us, and I think it is important for us to have targets and timetables with respect to hydrogen and fuel cell initiatives; I support the President very much in that area. I believe that we should do even more than he recommends and I believe we should have targets and timetables. And the energy savings performance contracts need to be extended; it makes no sense for us not to extend them. We need to work together to find a way to do that posthaste in my judgment. These and a few other areas are areas I will ask you some questions about today.

Mr. Secretary, thank you for coming back to the Senate and making another return visit. I appreciate your testimony today.

Senator BURNS. Thank you, Senator Dorgan, and Mr. Secretary, the time is yours.

SUMMARY STATEMENT OF HON. SPENCER ABRAHAM

Secretary ABRAHAM. Mr. Chairman, Senator Dorgan.

Senator BURNS. We will give you 15 minutes to sum up everything that you do down there.

Secretary ABRAHAM. Well, Mr. Chairman, as you know we have submitted a fairly lengthy testimony, opening statement to the committee and I would like to submit that for the record, and just make a shorter statement here.

Senator BURNS. It shall be made a part of the record.

Secretary ABRAHAM. Obviously, it is always a pleasure for me to come back to the Senate and to have a chance to discuss our Department with former colleagues. Obviously this budget request builds on a number of programs and successes which we have worked on over the last 3 years. I am proud of a lot of things that the Department of Energy has accomplished in terms of working towards providing energy, economic and national security to the American people. But in particular I am very proud and I want to just make a statement on the record today of the fine people, the men and women who work in the Department and whose dedication makes our success possible. I want to acknowledge the fact that a testament, I think, to their dedication and commitment is a recent announcement by the Office of Management and Budget which ranked the Department of Energy first among Cabinet level agencies in terms of the implementation of the President's Management Agenda, really the scorecard for managerial performance. This evaluates a number of criteria but it recognized the Department of Energy as the Cabinet level agency leading the pack with regard to management improvement. And so, as you can imagine, we are all proud of that, but that happened because people in the frontlines of our facilities and at the Department's main offices have done a great job, the career people who really work very hard to implement these programs that we debate and discuss in the budget process. I just want to make that statement as an initial point here today.

The submission which we make this year tries to continue charting the focus on the management of resources to accomplish our four key areas of focus, defense and national security, energy security, world-class scientific research and environmental stewardship. As you noted, the total request for our budget, $1.7 billion, is requested for programs funded by this subcommittee. Those programs are in the areas of fossil energy, energy conservation, and the Energy Information Administration. And as I said, my written statement goes into some detail on a number of the components of those. I would like to emphasize just two or three of the priority areas here today.

FOSSIL ENERGY BUDGET

The Department's Fossil Energy program seeks new technologies and methodologies to help take advantage of our vast supplies of energy in an environmentally safe fashion. The centerpiece of these programs is our clean coal and carbon sequestration initiatives, which account for about 60 percent of the fossil energy request. They aim at insuring that our Nation's 250-year reserves of coal can be used without concern about environmental impact. We are very excited about those programs, particularly about a program we launched last year called FutureGen. This 10-year program, costing approximately $1 billion in total, is designed to create the world's first zero emission fossil fuel plant. I think we have made good progress in the first 12 months working on this program and we expect to have continued progress in fiscal year 2004 and 2005. And when it is operational, this will be the cleanest fossil fuel-fired power plant in the world. Virtually every element of the FutureGen prototype plant will employ cutting edge technology. Rather than using traditional coal combustion, it will rely on coal gasification and because of this advanced process; we envision that FutureGen will be able to produce large amounts of transportation grade hydrogen fuel as well as electricity.

CARBON SEQUESTRATION

We are also exploring advanced carbon sequestration technologies, both as part of FutureGen and beyond. This may not be a glamorous area to some but I think it is extremely important and I believe that the demonstrated potential of carbon sequestration is convincing. It has convinced us to fully pursue its promise. Last June we brought together representatives from 13 countries to form the Carbon Sequestration Leadership Forum and to build on international interest in this sort of work. That global consortium has already begun investigating ways to work together to sequester greenhouse gas emissions from fossil fuels. And so, we are very excited about and will be focusing heavily on these areas. Of course, this fossil budget involves a variety of other areas as well, ranging from oil and gas research to the Strategic Petroleum Reserve to the Northeast Home Heating Oil Reserve and other projects as well.

ENERGY CONSERVATION BUDGET

Our Energy Conservation budget funds several top presidential initiatives. First and foremost is the President's Hydrogen Fuel initiative, which we announced last year, to accelerate the transition to a hydrogen economy, to go from a world where our cars and trucks run on petroleum to one where they can run on hydrogen-powered fuel cells. President Bush committed an initial investment of $1.7 billion over 5 years launching of this program, for hydrogen fuel cell research and development, and the budget we submit here would fully fund the program for fiscal year 2005. I believe in the 1 year since the President unveiled this program we have made tremendous progress. We have engaged partners in both the automotive and the energy industries working together really for the first time, in parallel on this project, which is what is required, in my judgment, for its success. We have also found a tremendous amount of enthusiasm and involvement from State and local governments. We have moved forward with critical hydrogen fuel cell research and development. And maybe the most important breakthrough has been that we have been able to attract a wide array of international interest in and partnership on the project, meaning that we can spread our research dollars further and we can begin laying the groundwork for the kinds of codes and standards and other developments that need to take place for this broader transition to occur. Last November we had the inaugural meeting of a group we called the International Partnership for the Hydrogen Economy. We had 14 countries join the United States; virtually all of the major auto producing and automotive using countries on the planet to start working together. And so, we are excited about what that groundbreaking work will accomplish. We think this partnership really will help us to accomplish the objectives we have set, at least on schedule if not sooner.

WEATHERIZATION

Another top presidential initiative in the area of Energy Conservation is Weatherization. One of the most significant things which the Department of Energy does is attempting to reduce the burden of high energy costs for low-income households that spend a disproportionate share of their total annual income on energy, as much as 19 percent in the case of the average of the lower income households as opposed to only about 4 percent of the income of other households in our country. The Weatherization Assistance Program works to improve the energy efficiency of the homes of these low-income families, effectively slashing their energy bills and freeing up dollars that can be put to use in better ways. By making these homes more energy efficient, the program lowers costs for those who can least afford to either cool or heat their homes and those who are most vulnerable to very volatile changes in energy markets. We think the program is an extraordinarily good one. We hope that this year we will be able to see a level of funding enacted that is consistent with the request we have made. In 2001, in our National Energy policy, we called for an increase for weatherization of $1.4 billion over 10 years in order to weatherize a total of 1.2 million low-income homes. That would be about twice as many as would have been otherwise affected by the program. We continue to submit budgets consistent with that and we hope this year, working together with you, we can reach our goal.

ENERGY INFORMATION ADMINISTRATION

Finally, I would just mention that this budget also supports the Energy Information Administration. We're requesting nearly a 5 percent increase for EIA in 2005 than our 2004 comparable appropriation which will provide Federal employee pay raise support and maintain the other ongoing data and analysis activities which EIA conducts as part of its responsibility to continue to disseminate accurate and reliable energy information and analysis to inform energy policymakers.

PREPARED STATEMENT

Again, Mr. Chairman, we could obviously go into detail on the areas of interest to all of you. I look forward to doing that and appreciate the chance to be here today.

[The statement follows:]

PREPARED STATEMENT OF HON. SPENCER ABRAHAM

INTRODUCTION

Mr. Chairman and Members of the Subcommittee, it is a pleasure to be here today to discuss the President's fiscal year 2005 budget for the Department of Energy (DOE). The fiscal year 2005 budget includes a total of $24.3 billion for DOE, $1.7 billion of which is requested for programs funded in the Interior and Related Agencies Appropriations under the jurisdiction of this Subcommittee. Those programs are Fossil Energy, $728.9 million; Energy Conservation, $875.9 million; and the Energy Information Administration, $85 million. I will provide highlights of those programs later in my statement.

This fiscal year 2005 budget request builds on a number of successes we have had over the past 3 years. I'm very proud of what we have accomplished in terms of fulfilling the President's management vision for this Department and also what we have achieved for the energy and economic security of the American people. We are grateful for the support and guidance that the Members of this Subcommittee have provided to the Department.

The Office of Management and Budget recently announced that DOE has made the most progress among cabinet-level agencies in the implementation of the President's Management Agenda. OMB recognized DOE as the cabinet-level agency "leading the pack with regard to management improvement."

A large part of that leadership involves defining the mission of the Department. From our first days in office we stressed that the overriding mission of this Department is national security.

Another significant part of the Department's mission is to protect our economic security by promoting a diverse supply and delivery of reliable, affordable, and environmentally sound energy. The fiscal year 2005 budget includes $2.7 billion to meet energy-related objectives. Of this amount, approximately $1.6 million is for Fossil Energy and Energy Conservation programs. The budget request maintains Presidential commitments to promote energy security and reliability through coal research and development, hydrogen production, fuel cell powered vehicles, advanced nuclear energy technologies, and electric transmission reliability.

Within the jurisdiction of this Subcommittee, this budget provides for investments in the President's Clean Coal Power Initiative ($287 million)—including the ambitious FutureGen program—and Hydrogen Fuel Initiative ($93.5 million). These initiatives will serve as the technological spring board to solve the nation's long-term energy needs by focusing on energy independence and reliability with a diverse energy portfolio.

Also included in this budget is funding that continues the Administration's 10-year commitment to the Weatherization Assistance program. With a proposed budget of $291 million, approximately 119,000 homes will be weatherized in fiscal year 2005.

INVESTING IN AMERICA'S ENERGY FUTURE

An important element of all our energy programs is making energy use more secure, more efficient, and more environmentally sound. At the same time, we are preparing long-term energy solutions that will eventually make questions of supply and environmental effects obsolete. The Administration's energy portfolio takes a long-term focus through investments in hydrogen use and production, electricity reliability, and advanced coal and nuclear energy power technologies. Investments in these pivotal areas honor a commitment to strengthen the nation's energy security for the near-term and for generations to come.

In fiscal year 2005, the Department's Energy Efficiency and Renewable Energy program is at the forefront of implementing the President's Hydrogen Fuel Initiative. Hydrogen promises to help meet our nation's future energy challenges. The Department is requesting $227 million for hydrogen-related activities. That figure includes $173 million in the Energy Efficiency and Renewable Energy program, $29 million in the Science program, $16 million in the Fossil Energy program, and $9 million in the Nuclear Energy program.

This budget invests $447 million in the President's Coal Research Initiative to improve the efficiency and environmental protections being developed for coal burning power production. Of that figure, $287 million will go to the President's Clean Coal Power Initiative, including the FutureGen program which was launched in fiscal year 2004. This cost-shared, $1-billion project will create the world's first near zero-emissions fossil fuel plant. When operational, the FutureGen plant will be the cleanest fossil fuel-fired power plant in the world.

Mr. Chairman, I would now like to discuss some highlights of our fiscal year 2005 Interior and Related Agencies Appropriations budget request.

[In thousands of dollars]

	Fiscal year		
	2003	2004	2005
Fossil Energy R&D	611,149	672,771	635,799
Naval Petroleum & Oil Shale Reserves	17,715	17,995	20,000
Elk Hills School Lands	36,000	36,000	36,000
Energy Conservation	880,176	877,984	875,933
Economic Regulation	1,477	1,034	....
Strategic Petroleum Reserve	171,732	170,948	172,100
Strategic Petroleum Account	1,955	....	....
Northeast Home Heating Oil Reserve	5,961	4,939	5,000
Energy Information Administration	80,087	81,100	85,000
Subtotal Interior Accounts	1,806,252	1,862,771	1,829,832
Clean Coal Technology	−47,000	−98,000	−140,000
Total Interior & Related Agencies	1,759,252	1,764,771	1,689,832

FOSSIL ENERGY

[In thousands of dollars]

	Fiscal year		
	2003	2004	2005
Budget Request	797,512	804,653	728,899

As part of the effort to lessen the level of our reliance on imported energy sources, the Fossil Energy program is seeking new energy technologies and methodologies that promote the efficient and environmentally sound production and use of fossil fuels, as well as providing strategic protection against the disruption of oil supplies.

The United States relies on fossil fuels for about 85 percent of the energy it consumes, and forecasts indicate U.S. reliance on these fuels could exceed 87 percent in 2025. Accordingly, a key goal of DOE's fossil energy activities is to ensure that economic benefits from fossil fuels and a strong domestic industry that creates export-related jobs are compatible with the public's expectation for exceptional environmental quality and reduced energy security risks. This includes promoting the development of energy systems and practices that will provide energy to current and future generations that is clean, efficient, reasonably priced, and reliable.

Fossil energy programs focus on supporting the President's top initiatives for energy security, clean air, climate change, and coal research. Fiscal year 2005 fossil energy programs:

—Support the development of lower cost, more effective pollution control technologies embodied in the President's Coal Research Initiative or help diversify the nation's future sources of clean-burning natural gas to meet the President's Clear Skies goals;

—Expand the nation's technological options for reducing greenhouse gases either by increasing power plant efficiencies or by capturing and isolating these gases from the atmosphere as called for by the President's Climate Change Initiative; or

—Measurably add to the nation's energy security by providing a short-term emergency response, such as the Strategic Petroleum Reserve, or longer-term alternatives to imported oil, such as hydrogen and methane hydrates.

PRESIDENT'S COAL RESEARCH INITIATIVE

President Bush has committed $2 billion over 10 years on coal research through his Clean Coal Research Initiative. This includes two major programs: the Clean Coal Power Initiative, and the Coal Research and Development program. The fiscal year 2005 budget continues to meet the President's commitment by providing $447 million for the Coal Research Initiative. Under President Bush's leadership, budget requests for coal R&D have more than doubled over historical amounts and appropriations.

CLEAN COAL POWER INITIATIVE AND FUTUREGEN

The Clean Coal Power Initiative (CCPI) is a key component of the National Energy Policy to address the reliability and affordability of the nation's electricity supply, particularly from coal. The initiative fulfills the President's commitment to conduct research on clean coal technologies to meet this challenge.

Included in the fiscal year 2005 budget is $287 million for the CCPI program. The CCPI program is a cooperative, cost-shared program between the government and industry to rapidly demonstrate emerging technologies in coal-based power generation and to accelerate their commercialization. The nation's power generators, equipment manufacturers, and coal producers help identify the most critical barriers to coal's use in the power sector. Technologies are selected with the goal of accelerating development and deployment of coal technologies that will economically meet environmental standards, while increasing the efficiency and reliability of coal power plants. The FutureGen program is funded within this initiative and was launched in fiscal year 2004.

The President's Clean Coal Power Initiative is especially significant because it directly supports the President's Clear Skies Initiative. The first projects included an array of new cleaner and cheaper concepts for reducing sulfur dioxide, nitrogen oxides, and mercury—the three air pollutants targeted by the Clear Skies Initiative.

The "first round" in the Clean Coal Power Initiative—the centerpiece of the President's clean coal commitment—attracted three dozen proposals for projects totaling more than $5 billion. In early 2003, we announced the first winners of the competition—eight projects with a total value of more than $1.3 billion, more than $1 billion of which would be provided by the private sector. These projects are expected to help pioneer a new generation of innovative power plant technologies that could help meet the President's Clear Skies and Climate Change Initiatives.

Competitive solicitations for the "second round" were made just last month and are open to technologies capable of producing any combination of heat, fuels, chemicals, or other useful by-products in conjunction with electricity generation.

FutureGen.—The FutureGen component of the Clean Coal Power Initiative will establish the capability and feasibility of co-producing electricity and hydrogen from coal with essentially zero emissions, including carbon sequestration and gasification combined cycle, both integral components of the zero emissions plant of the future.

It is anticipated that the cost-shared FutureGen project will create a public/private partnership to produce technology ultimately leading to zero emission plants, including carbon dioxide, that are fuel-flexible and capable of multi-product output and efficiencies of up to 60 percent with coal. The project is critical to the continued and expanded use of coal—our most abundant and lowest cost domestic energy resource.

Carbon Management.—Several Clean Coal projects also help expand the menu of options for meeting the President's climate change goal of an 18-percent reduction in greenhouse gas intensity (carbon equivalent per Gross Domestic Product) by 2012, primarily by boosting the efficiencies of power plants (meaning that less fuel is needed to generate electricity with a corresponding reduction in greenhouse gases).

Carbon management has become an increasingly important element of our coal research program. Carbon sequestration—the capture and permanent storage of carbon dioxide—has emerged as one of our highest priorities in the Fossil Energy research program—a priority reflected in the proposed budget of $49 million in fiscal year 2005.

Carbon sequestration, if it can be proven practical, safe, and affordable, could dramatically enhance our long-term response to climate change concerns. It could offer the United States and other nations an approach for reducing greenhouse gases that would not necessitate changes in the way we produce, deliver, or use energy.

A cornerstone of our carbon sequestration program will be a national network of regional partnerships. This initiative, which I announced last year, will bring together the federal government, state agencies, universities, and private industry to begin determining which options for capturing and storing greenhouse gases are most practicable for specific areas of the country.

Hydrogen.—Another aspect of the President's Clean Coal Research Initiative is the production of clean fuels from coal. A major priority for the Administration is hydrogen as a clean fuel for tomorrow's advanced power technologies (such as fuel cells) and for future transportation systems. Within the Fossil Energy program, we have allocated $16 million for research into new methods for making hydrogen from coal.

Advanced Research.—To provide fundamental scientific knowledge that benefits all of our coal technology efforts, our fiscal year 2005 budget includes $30.5 million for advanced research in such areas as materials, coal utilization science, analytical efforts, and support for coal research at universities (including historically black and other minority institutions).

Other Power Systems Research and Development.—We are also proposing $23 million for continued development of fuel cells with an emphasis on lower-cost technologies that can contribute to both Clear Skies emission reductions, particularly in distributed generation applications, and Climate Change goals by providing an ultra-high efficiency electricity-generating component for tomorrow's power plants. Distributed power systems, such as fuel cells, also can contribute to the overall reliability of electricity supplies in the United States and help strengthen the security of our energy infrastructure.

Natural Gas Research.—The President's Clear Skies Initiative also provides the rationale for much of the Department's $26 million budget request for natural gas research. Even in the absence of new environmental requirements, natural gas use in the United States is likely to increase by 40 percent by 2025. The National Petroleum Council has estimated that 14 percent of our natural gas supply in 2025 will be provided from advances in technology that have not yet been developed.

Our natural gas research program, therefore, is directed primarily at providing new tools and technologies that producers can use to expand and diversify future supplies of gas. The program will focus on resources in high-priority regions to find and produce gas from non-conventional and deep gas reservoirs with minimal environmental impact. Emphasis will be on research that can improve access to onshore public lands, especially in the Rocky Mountain region where much of our undiscovered gas resource is located. A particularly important aspect of this research will be to develop innovative ways to recover this resource while continuing to protect the environmental quality of these areas.

We will continue the National Stripper Well Consortium involving industry and the research community to investigate multiple technologies to improve stripper well production and prevent continued abandonment.

Natural gas importation and storage will also assume increasing significance in the United States as more and more power plants require consistent, year-round supplies of natural gas. We will continue a nationwide, industry-led consortium that will examine ways to improve the reliability and efficiency of our nation's gas storage system, and we will initiate analyses to facilitate LNG importation and facility sitting.

Over the long-term, the production of natural gas from hydrates could have major energy security implications. Hydrates—gas-bearing, ice-like formations in Alaska and offshore—contain more energy than all other fossil energy resources. Hydrate production, if it can be proven technically and economically feasible, has the potential to shift the world energy balance away from the Middle East. Understanding hydrates can also improve our knowledge of the science of greenhouse gases and possibly offer future mechanisms for sequestering carbon dioxide. For these reasons, we are continuing a research program to study gas hydrates with a proposed fiscal year 2005 funding level of $6 million.

OIL TECHNOLOGY DEVELOPMENT

The President's National Energy Policy calls attention to the continued need to strengthen our nation's energy security by promoting enhanced oil and gas recovery and improving oil and gas exploration technology through continued partnerships with public and private entities.

At the same time, however, we recognize that if the federal oil technology R&D program is to produce beneficial results, it must be more tightly focused than in prior years. Consequently, our fiscal year 2005 budget request of $15 million reflects a reorientation of the program toward those areas where there is clearly a national benefit.

One example is the use of carbon dioxide (CO_2) injection to enhance the recovery of oil from existing fields. CO_2 injection is a proven enhanced oil recovery practice that prolongs the life of some mature fields, but the private sector has not applied this technique to its fullest potential due to insufficient supplies of economical CO_2. A key federal role to be carried out in our proposed fiscal year 2005 program will be to facilitate the greater use of this oil recovery process by integrating it with CO_2 captured and delivered from fossil fuel power plants. This technology has the dual benefit of enhancing oil recovery and sequestrating CO_2. In fact, this technology could potentially be a key method of meeting the President's 18-percent carbon reduction commitment.

A high priority effort in fiscal year 2005 will be to develop "micro-hole" technology. Rather than developing just another new drilling tool, the federal program will integrate "smart" drilling systems, advanced imaging, and enhanced recovery technologies into a complete exploration and production system. Micro-hole systems may offer one of our best opportunities for keeping marginal fields active because the smaller-diameter wells can significantly reduce exploration costs and make new drilling between existing wells ("infill" drilling) more affordable. In addition, micro-hole technology has the potential to greatly increase recovery of the almost 60 percent of oil that remains in reservoirs after conventional production.

We will also work toward diversification of international sources of oil supplies through bilateral activities with nations that are expanding their oil industry, including Venezuela, Canada, Russia, Mexico, and certain countries in West Africa. Bilateral and multi-lateral work will include technology exchanges.

OTHER FOSSIL ENERGY R&D

The budget also includes $124.8 million for other activities in the Fossil Energy program, including $106 million for headquarters and field office salaries, $6 million for environmental restoration, $3 million for federal matching funds for cooperative research and development projects at the University of North Dakota and the Western Research Institute, $1.8 million for natural gas import/export responsibilities, and $8 million for advanced metallurgical research at our Albany Research Center.

PETROLEUM RESERVES

The Strategic Petroleum Reserve and Northeast Home Heating Oil Reserve are key elements of our nation's energy security. Both serve as resource options for the President to use to protect U.S. citizens from disruptions in commercial energy supplies.

Strategic Petroleum Reserve.—The President has directed us to fill the Strategic Petroleum Reserve (SPR) to its full 700 million barrel capacity. The mechanism for doing this—a cooperative effort with the Minerals Management Service to exchange royalty oil from federal leases in the Gulf of Mexico—is working well. We have been able to accelerate fill from an average of 60,000 barrels per day at the start of the President's initiative to a rate of 130,000 barrels per day.

Because of the President's "royalty in kind" initiative, we have achieved the Reserve's highest inventory level ever, now at 640 million barrels. Our goal remains to have a full inventory of 700 million barrels by the end of calendar year 2005.

The fiscal year 2005 budget for the SPR is $172.1 million, all of which is now in our facilities development and operations account. We do not require additional funds in the oil acquisition account because charges for transporting "royalty in kind" oil to the SPR are now the responsibility of the oil supplier.

Northeast Home Heating Oil Reserve.—We are requesting $5 million for the Northeast Home Heating Oil Reserve, the same level as last year. The two-million-barrel reserve remains ready to respond to a Presidential order should there be a severe fuel oil supply disruption in the Northeast. A key element of this readiness is a new online computerized "auction" system that we implemented to expedite the bidding process. Installing and testing the electronic system (including tests with prospective commercial bidders) have also been major elements of the Fossil Energy program's role in implementing the "e-government" initiatives in the President's Management Agenda.

Naval Petroleum and Oil Shale Reserves.—The fiscal year 2005 budget request of $20 million reflects funds for continued operation. The Rocky Mountain Oilfield Testing Center (RMOTC), established at the Naval Petroleum Reserve No. 3 in Wyoming, will be funded at $2.1 million. We are considering transfer of Naval Petroleum Reserve No. 2 in California to the Department of the Interior. We expect to be able to reduce our funding requirements for equity redetermination studies for the government's portion of the Elk Hills Naval Petroleum Reserve No. 1, which was divested in 1998. Of the four producing zones for which final equity shares had to be finalized, three have been completed and the fourth (the Shallow Oil Zone) is expected to be finished in fiscal year 2007.

ENERGY CONSERVATION

[In thousands of dollars]

	Fiscal year		
	2003	2004	2005
Budget Request	880,176	877,984	875,933

Now turning to the Energy Conservation budget, the Department continues to allocate more funding for energy efficiency and renewable energy programs than it does for fossil and nuclear energy activities. Our overall Energy Efficiency and Renewal Energy (EERE) budget request for fiscal year 2005 is a robust $1.25 billion. Of the $1.25 billion, we are requesting $875.9 million for Energy Conservation programs funded in the Interior appropriation. The Interior portion of the EERE budget request continues to reflect priorities consistent with Presidential initiatives, the Administration's Research and Development (R&D) investment criteria and the Office of Management and Budget's PART recommendations.

As you know, in 2002 we dramatically restructured the EERE program in response to the President's Management Agenda by streamlining program management and centralizing administrative functions with a focus on developing consistent, uniform, and efficient business practices. This focus is helping to assure that we not only fund the right mix of R&D, but that we get more work done for every R&D dollar spent in the lab.

EERE's R&D and technology deployment efforts funded by the fiscal year 2005 budget support Presidential initiatives for increased energy security, greater freedom for Americans in their energy choices, and reduced costs and environmental impacts associated with those choices.

Vehicle Technologies.—America currently imports 55 percent of its oil—a level projected to rise to 68 percent by 2025, and highway transportation currently accounts for more than 54 percent of our oil use. Alternative means of fueling highway transportation from domestic resources is critical if we are to reverse this trend and improve our energy security. The Vehicle Technologies program is focused on just this challenge.

In fiscal year 2005, the Department is requesting $156.7 million for the Vehicle Technologies program. Activities in this program contribute to two cooperative government/industry initiatives: the FreedomCAR Partnership (where CAR stands for Cooperative Automotive Research) and the 21st Century Truck Partnership. In addition, the Hydrogen Fuel Initiative builds on the FreedomCAR Partnership. Together these initiatives comprise a collaborative effort among the three domestic automobile manufacturers, five major energy companies and DOE for cooperative, precompetitive research on advanced automotive and hydrogen infrastructure technologies having significant potential to reduce oil consumption.

Under the FreedomCAR Partnership, the Vehicle Technologies program supports advanced, high-efficiency vehicle technologies including advanced combustion engines, hybrid vehicle systems, high-powered batteries, materials and power electronics. These critical technologies can lead to near-term oil savings when used with gasoline or diesel-fueled hybrid vehicles; they are also the foundation for the hydrogen fuel cell vehicles of tomorrow. The fiscal year 2005 request fully supports the FreedomCAR Partnership goals for Electric Propulsion Systems, Electric Drivetrain Energy Storage, and Material and Manufacturing Technologies.

The 21st Century Truck Partnership has similar objectives but is focused on heavy vehicles. The partnership involves key members of the heavy vehicle industry, truck equipment manufacturers, hybrid propulsion developers, and engine manufacturers along with other federal agencies. The effort centers on improving and developing engine systems, heavy-duty hybrids, parasitic losses, truck safety, and idling reduction.

Fuel Cell Technology.—In fiscal year 2005, we are requesting $77.5 million for the Fuel Cell Technology program. Fuel Cell Technology plays an important role in both the FreedomCAR Partnership and the Hydrogen Fuel Initiative. These initiatives seek to effect an industry decision by 2015 to commercialize hydrogen-powered fuel cell vehicles. To the extent that hydrogen is produced from domestic resources in an environmentally-sound manner, hydrogen fuel cell vehicles will require no petroleum-based fuels and emit no criteria pollutants or carbon dioxide. Their development and commercial success would essentially remove personal transportation as an environmental issue and substantially reduce our dependence on foreign oil.

The program works to advance both fuel cell vehicle technology and the hydrogen infrastructure needed to support it. This helps ensure that hydrogen will be available and affordably priced when fuel cell vehicles are ready for commercialization.

The major focus of the Fuel Cell Technology program continues be on high risk research and development to overcome technical barriers, centered on core research of key fuel cell components, with industry focused on engineering development of complete systems. DOE provides funds to major fuel cell suppliers, universities and national laboratories to develop materials and component technology aimed at lowering cost and improving durability, which are two major barriers to commercialization. The fiscal year 2005 Fuel Cell Technology budget also continues support of our Vehicle Validation effort, a "learning" demonstration program that integrates real-world operation of vehicles provided by major automotive companies with the required refueling infrastructure provided by major energy suppliers (the refueling portion of this effort is funded through the Energy and Water Development appropriation bill). Projects were selected from a major solicitation in 2004 and this effort will play a significant role in integrating fuel cell vehicle and hydrogen activities, measuring progress and determining remaining challenges, leading to the 2015 commercialization decision. This past year we awarded a total of $75 million for 15 new fuel cell projects that support the FreedomCAR Partnership and the Hydrogen Fuel Initiative. Through open competition, the program has secured the country's leading scientists and engineers and strong corporate involvement to implement the President's vision that the first car driven by a child born today will be powered by hydrogen.

Weatherization and Intergovernmental Activities.—In fiscal year 2005, we are requesting $364 million for Weatherization and Intergovernmental Activities. Given increases in natural gas and heating oil prices, it is especially important to fund programs that will help reduce the energy costs of low-income Americans who spend a disproportionately high share of their income on energy. The program also promotes rapid deployment of clean energy technologies and energy efficient products. This request supports the President's commitment to increase funding for the Weatherization Assistance program by $1.4 billion over 10 years.

The fiscal year 2005 Weatherization Assistance program request of $291.2 million will support the weatherization of approximately 119,000 low-income homes. The fiscal year 2005 request for other activities includes State Energy Program Grants ($40.8 million), State Energy Activities ($2.4 million), and Gateway Deployment ($29.7 million).

Building Technologies.—EERE's building technology R&D programs address technologies, techniques, and tools to make residential and commercial buildings, both in existing structures and new construction, more energy efficient, productive and affordable. Our fiscal year 2005 request for the Building Technologies program is $58.3 million. The funding supports a portfolio of activities that includes solid-state lighting, energy efficiency improvement of other building components and equipment, and their effective integration using whole-building-system-design techniques, as well as the development of codes and standards.

The Building Technologies program has expanded work supporting longer-term, higher-risk activities with a large potential for public benefits. For example, last year we supported a $5 million investment to expand our Solid State Lighting research activities, and we request an increase of that funding to $10.2 million in fiscal year 2005. Solid State Lighting represents one of the most exciting and promising new approaches to efficient lighting systems, with potential to more than double the efficiency of general lighting systems in the coming decades. Our Solid State Lighting research will create the technical foundation to revolutionize the energy efficiency, appearance, visual comfort, and quality of lighting products.

Industrial Technologies.—The mission of the Industrial Technologies program is to reduce the energy intensity of the U.S. industrial sector through a coordinated program of research and development, validation, and dissemination of energy-efficiency technologies and operating practices. The industrial sector is the most energy-efficient sector of our economy, due in part to the strong economic incentives energy-intensive companies have to reduce their energy consumption and costs.

In fiscal year 2005, we are requesting $58.1 million for the Industrial Technologies program. As in previous years, the request reflects the refocus of government R&D to higher priority activities that align better with the Administration's R&D investment criteria. Beginning in fiscal year 2005, we will shift a portion of funding to focus on multi-industry "Grand Challenges" for next generation manufacturing and energy systems technologies. These include efforts for the steel, aluminum, glass and metal casting, and chemical industries. These Grand Challenges will require high-risk investment for high-return gains to achieve much lower energy use than current processes.

Biomass.—This program receives appropriations from both the Energy and Water Development (EWD) and the Interior and Related Agencies Appropriations Subcommittees. Interior-funded activities focus on developing advanced technologies for more energy efficient industrial processes and co-production of high-value industrial products. EWD-funded activities focus primarily on developing advanced technologies for producing transportation fuels and power from biomass feedstocks.

Our fiscal year 2005 request for the Interior-funded portion of the biomass program is $8.7 million. The request supports continuing R&D on processes for the production of chemicals and materials that can be integrated into biorefineries. Projects with industrial partners will focus on novel separations technologies; bio-based plastics; novel products from oils; and lower cost and energy use in biomass harvesting, preprocessing, and storage. Additional work with industry, universities, and the national laboratories will focus on improvements to increase the efficiency of individual process steps; for example, catalysis and separations.

Distributed Energy Resources.—Our Distributed Energy Resources program leads a national effort to develop a flexible, smart, and secure energy system by integrating clean and efficient distributed energy technologies complementing the existing grid infrastructure. By producing electricity where it is used, distributed energy technologies can increase grid asset utilization and reduce the need for upgrading some transmission and distribution lines. Also, because distributed generators are located near the point of use, they allow for the capture of the waste heat produced by fuel combustion through combined heat and power systems. In fiscal year 2005, we are requesting $53.1 million. This funding level reflects relative priority within our overall energy R&D portfolio and is consistent with our fiscal year 2004 request. The program emphasizes integrated designs for end-use systems, but also continues support for individual technology components such as microturbines, reciprocating engines, thermally activated devices.

Federal Energy Management Program (FEMP).—The federal government is the nation's single largest energy consumer. It uses approximately one quadrillion Btu of energy annually, or about 1 percent of the nation's energy use. Simply by using existing energy efficiency and renewable energy technologies and techniques, the federal government can set an example and lead the nation toward becoming a cleaner, more efficient energy consumer. FEMP alternative financing programs help federal agencies access private sector financing to fund energy improvements through Energy Savings Performance Contracts and utility energy service contracts at no net cost to taxpayers. FEMP also provides technical assistance to federal energy managers so they can identify, design, and implement new construction and facility improvement projects in areas such as energy and water audits for buildings and industrial facilities, peak load management, and new technology deployment, including combined heat and power and distributed energy technologies.

As FEMP's core activities have matured, program efficiencies have increased. In fiscal year 2005, we are requesting $17.9 million for FEMP to continue meeting the goals of improving federal energy efficiency.

Program Management.—Program Management provides executive and technical direction, information, analysis, and oversight required for efficient and productive implementation of those programs funded by Energy Conservation appropriations in EERE. In addition, Program Management supports headquarters staff, six regional offices, the Golden Field Office in Colorado in planning and implementing EERE activities, as well as facilitating delivery of applied R&D and grant programs to federal, regional, state, and local customers. In fiscal year 2005, we are requesting $81.7 million for these activities. Funding increases will be directed to federalize project management and contracting activities that have been performed by national laboratories, which have much higher overhead costs then our federal staff. This Project Management Center initiative frees our laboratories to devote more time to real research as opposed to management oversight functions, and will help more program dollars remain focused on research, development, and deployment.

ENERGY INFORMATION ADMINISTRATION

[In thousands of dollars]

	Fiscal year		
	2003	2004	2005
Budget Request	80,087	81,100	85,000

For the Energy Information Administration (EIA), we are requesting $85.0 million, which is $3.9 million more than the fiscal year 2004 comparable appropriation. The fiscal year 2005 funding will provide for the federal employee pay raise and maintain the other on-going data and analysis activities, allowing EIA to continue disseminating accurate and reliable energy information and analyses to inform energy policy-makers.

EIA's base program includes the maintenance of a comprehensive energy database, the maintenance of modeling systems for both near and mid-term energy market analysis and forecasting, and the dissemination of energy data and analyses to a wide variety of customers in the public and private sectors through the National Energy Information Center.

In fiscal year 2005, EIA plans to discontinue the Annual Electric Industry Financial Report (EIA–412) that collects financial, plant cost, and transmission line data from municipal, state, and federal utilities and generation and transmission co-operatives. Funds provided to EIA with this budget request and savings from the discontinuation of the EIA–412 Report will be used to accomplish the following activities:

—Improve the quality and timeliness of natural gas data. As part of this initiative, a new natural gas production survey will be developed and fielded;
—Continue the Weekly Underground Natural Gas Storage Survey;
—Update our core electricity surveys to provide improved estimates of fuel-switching capabilities and other critical parameters, and enhance data quality;
—Update petroleum product surveys and systems to maintain data quality and accommodate changes in fuel specifications;
—Provide better regional information in the Short-Term Energy Outlook;
—Conduct independent reviews of energy data and analytical work to improve its accuracy and timeliness; and
—Improve the voluntary reporting surveys and databases to collect and disseminate information on greenhouse gas emission reductions in accord with updated reporting guidelines that are being developed as part of the President's Climate Change Initiative.

EIA continues to aggressively expand the availability of electronic information and upgrade energy data dissemination, particularly on the EIA website. The increased use of electronic technology for energy data dissemination has led to an explosive growth in the number of its data customers and the breadth of their interests, as well as an increase in the depth of the information distributed. Since establishing a fiscal year 1997 goal to increase the number of users of its website by 20 percent annually, EIA has either met or exceeded this commitment in each of the succeeding years. In fiscal year 2003, EIA accomplished a 23-percent increase as compared to fiscal year 2002, delivering more than 2,600 gigabytes of data.

Mr. Chairman, and Members of the Subcommittee, this completes my prepared statement. I would be happy to answer any questions you may have at this time.

Senator BURNS. Mr. Secretary, thank you very much. We have been joined on the committee this morning by Senator Byrd and Senator Bennett.

Senator Byrd, did you have an opening statement that you would like to provide this committee? And thank you for coming this morning.

OPENING STATEMENT OF SENATOR ROBERT C. BYRD

Senator BYRD. Thank you, Mr. Chairman. I count myself to be very privileged to have you as the chairman of this subcommittee as long as the Republicans have to be in control. And I thank the witness for being here this morning.

Mr. Chairman, let me start by thanking you and the subcommittee's distinguished ranking member, Senator Dorgan, for convening the hearing. Many of the research activities conducted by the Department of Energy, particularly the coal research activity that is overseen by the Office of Fossil Energy, are vital to the Nation's energy security and energy independence. Having an opportunity to publicly review the President's budget request is therefore time well spent. I appreciate Secretary Abraham's being here this morning to answer our questions; it is always nice to see a former colleague, although he may not be so happy to see me after he hears what I have to say about this budget.

Last month, the cover of Time Magazine contained a picture of President Bush, along with a caption that read, "Believe him or not? Does Bush have a credibility gap?" For several reasons, I think the answer to that question is a resounding yes. But as far as today's hearing is concerned, I offer up the Department's fossil energy budget as exhibit A. Despite coming to my State and personally promising the people of West Virginia that he would spend

$2 billion over 10 years on the clean coal technology program, President Bush has, for the fourth time in a row, simply walked away from that pledge. In fact, for this budget, the President is now 40 percent behind on his promise. If that does not constitute a credibility gap then I do not know what does. Even a cursory review of the President's fossil energy budget shows it to be an exercise in arithmetic gymnastics. In an effort to hide the fact that the President is seeking $50 million instead of $200 million for the clean coal technology program, the budget request simply blurs these line items. In an effort to hide the fact that the President is proposing to cut the fossil energy budget by 32 percent in terms of new budget authority, the request props itself up by counting $237 million dollars in previously appropriated funds. And, in an effort to hide the fact that the President is unable or unwilling to pay for his much-touted FutureGen project without completely destroying the core research and development program, the request refuses to tell us where half the cost of that $1 billion project will come from.

In short, the Office of Management and Budget has produced a document that goes beyond the realm of credibility. Indeed, this budget request is something I would expect to see coming from the accountants at Enron, not a government agency. Furthermore, this administration would love to be able to tout the multiple billions in the now-stalled energy bill for the promotion of coal. Given this administration's track record on the No Child Left Behind, homeland security, international AIDS and the farm bill, it hardly seems that this funding will ever come close to a reality. I am very aware that this administration would like to get an energy bill passed, any energy bill. However, it seems more to fulfill a campaign promise than anything else and it is time to stop passing bills for the sake of passing bills.

Now, Mr. Chairman, out of fairness to the Secretary, I will reserve further comment until he has had an opportunity to make his opening statement and we can begin our questioning. But I want him to know that I have no intention of letting this White House get away with these distortions and half-truths. What they are doing to the fossil energy program is unconscionable. And while I understand that the Secretary must support this charade, I think that in his heart he too knows that this is not in the best interest of our Nation.

Thank you, Mr. Chairman.

Senator BURNS. Thank you, Senator Byrd. Senator Bennett.

Senator BENNETT. After that, I probably better be quiet. I will reserve my comments for the question period, Mr. Chairman.

Senator BURNS. Thanks, Senator Bennett. Senator Reid.

OPENING STATEMENT OF SENATOR HARRY REID

Senator REID. Thank you very much, Mr. Chairman. Secretary Abraham, you know, as a person, I really like you. But I voted against your confirmation because I knew you would have no authority to do anything other than what you were told by this administration and that has proven to be true. I say to you, Senator Byrd, you should feel good that you are getting 40 percent of what the President promised, because in Nevada we are getting nothing that he promised. Zero. He showed up once during the last campaign, and refused to take any questions from the press. When he realized the election was getting close he sent in some of his people, and issued statements, did little TV things, saying that he would only allow nuclear waste to come with good science. Then he did not even look at the reports that were prepared for him. He okayed Yucca Mountain quicker than Willie Mays covered centerfield. So, you should feel fortunate that you are even 40 percent of what he said he would do because in Nevada we got nothing.

Mr. Chairman, I really appreciate your holding this hearing to discuss funding for the Department of Energy. And Spence, I appreciate your being here, taking the abuse that you are going to take.

YUCCA MOUNTAIN

I want to speak about an extremely pressing matter, potentially affecting thousands of people who worked at Yucca Mountain. And I am sure members of this committee do not even realize what is going on out there.

My concern over this project as you know involves many things. But what we have recently learned of the treatment shown to workers who are digging the main test tunnel at Yucca Mountain, they were exposed to silicosis and other substances that basically are killing them. Hundreds and hundreds of these people, because the Department of Energy and the contractors involved, put these men's lives at risk. From 1992 to 1996, workers were exposed to dust from drilling and mining operations that were composed primarily of silica, better known as quartz. Everyone knows that the Department of Energy should have known, and did know, of these dangers.

One need only look at Tonopah, which is a short distance away, which was a big mining camp in the early part of the last century. After the camp was established the operators of those mines would not hire what they called Americans, only foreigners, because they knew they would die. Silicosis was so bad in the mines at Tonopah that they only hired foreigners and they died by the score of miner's consumption, silicosis. Silicosis, though, is a 100 percent preventable, 100 percent. But no precautions were taken at Yucca Mountain. None. Some of the people wanted to wear respirators but the DOE would not let them. It took too much time taking them on and off. They would not let them. The mining industries learned a hard lesson in Nevada over the years, Tonopah is one example. My father had silicosis. I thought all dads coughed at night. But all dads did not cough at night.

Less than 10 years ago, the Department of Energy, it is hard to believe, would send these workers into Yucca Mountain with nothing to protect them from the poison of silicosis, this silica. There are many common safety protocols and equipment which were ignored because the Department was too concerned with meeting an unrealistic schedule and the contractors were too interested in making as much profit as they could. And there is plenty to be made. You know, that project, if it continues, will be the most expensive public works project in the history of the world; estimates now are about $85 billion. But there is no price that anyone can put on the health of just one of these sick miners. These men worked hard to dig and excavate the tunnel under the assumption that the Department of Energy would protect their health. The failure of the Department of Energy to do this is a tragedy. We are holding a hearing in Nevada during the March break. Dr. Chu has been invited to testify, she is in charge of this program; she was not there at the time but she has had the opportunity to look at these records and even she recognizes how terrible it is. And I think the record of protecting workers from these foreseeable risks is just horrible and it is time we put a stop to this blatant disregard for the health and safety. There are people that are, as I speak, dying as a result of this.

Also, Mr. Secretary, I want to spend just a minute talking about your railroad that you are planning to build through Nevada. You have what is called a preferred rail corridor for possibly transporting nuclear waste in Nevada, and I think you should check to see what's going on in Europe and see they have given up on transporting nuclear waste because the widespread protest and delays. Then they only have to haul it a few hundred miles and here we are talking about hauling it as many as 3,000 miles. Germany even scrapped its nuclear waste repository program following widespread protests of waste shipments. Each shipment of waste is a potential terrorist target, especially after September 11; we have learned how vulnerable our Nation's transportation infrastructure is. But you have been part of selecting a corridor called the Caliente route. The Bureau of Land Management have made no evaluation of possible impacts. This is something, another part of the rush job, just like having these miners killed as a result of working in these mines. This tunnel, I should not say mines. But we in Nevada know what the rail line means. It means that ranches that have been in operation since the time of the Civil War will be put out of business. Take, for example, Gracian Uhalde. Mr. Uhalde operates a ranch near Garden Valley in northwestern Lincoln County, and the proposed line is going right through his ranch. He was not considered—talked to, and what you are proposing will ruin his ranch. This is a family farm we're talking about.

So, Mr. Secretary, there are many challenges facing our Nation, ranging from the war on terror to creating jobs to cutting health care costs. It is time we stopped risking the health of our citizens and wasting our Nation's dwindling financial resources in this blind pursuit of the flawed Yucca Mountain project.

Let me just say this. Everyone who serves on the Appropriations Committee, wait until you see what the administration has done with the energy and water subcommittee budget. A half-a-billion dollars a year was not enough. This year they are asking for about $900 million for Yucca Mountain. It is going to take away from Devil's Lake, all the many things we do in West Virginia, things we do in Montana, things we do in Utah. There is not enough money when they want $1 billion to dig in this hole some more. So, good luck on energy and water.

Senator BURNS. Strong letter to follow.

Mr. Secretary, thank you very much. I did not know we were going to get into a little old food fight up here but we try to work through these things together if we possibly can, then if we cannot we will try other avenues of approach.

FUTURE GEN

Mr. Secretary, we talked about FutureGen, let us delve into that a little bit because we look at how it is structured, and I think we have discussed the project and our shared commitment to see it move forward. Unfortunately, the Department has not provided the report demanded by December 31, 2003 in the fiscal year 2004 conference report. And details remain extremely hazy on that project. I would ask your Department to expedite that report because there are a lot of us that are very interested in this. It is research that is done so that we can use the largest resource we have in this country to provide power and energy for the United States. And that is why a lot of us are very much interested in this. We have been tracking the issue, but I think upon inquiry we hear three things from industry; this is people outside the Department. First, they want to commend you and your staff for doing an excellent job of sorting through the technical and scientific implications of the project. I think your sorting process on where we should be going and stressing those points has been good. But they see it as a meritorious project and want to lend their financial support to the project if a productive path can be found. And they are deeply concerned that OMB and the Department are heading toward a financing and project management strategy that brings into question the long-term viability of the project. And I think we are getting that feeling up here on the Hill, too. There is one thing that government does very well, probably better than any other entity in the world, and that is to throw good money after bad. And I do not think this committee or this Congress should be doing that. But FutureGen is very, very important. It is doing research in the right areas.

So, would you want to comment on that? Can you update us on the project and outline, give us your successes and also, do not be afraid to mention the failures. After all that is what R&D is all about we have more failures than we have successes, and we should know about those.

Senator REID. Mr. Chairman, could I have your permission to have written questions propounded to the Secretary and have him respond within a reasonable period of time?

Senator BURNS. Are they going to be anything like your opening statement?

Senator REID. No.

Senator BURNS. Okay. You may do that then.

Senator REID. Thank you.

Senator BURNS. Mr. Secretary, go ahead.

Secretary ABRAHAM. Thank you. Thank you, Mr. Chairman, and Senator Reid, I would be glad to respond to your questions. Thank you.

FUTURE GEN

First of all, let me just return to a comment on FutureGen that I made initially and just emphasize that it is, in our judgment, the highest priority project. We launched the concept of FutureGen because we recognized, looking into the future, that it was not good enough to just simply make incremental gains in terms of clean coal technology but to really try to have a transformational change that would develop the kind of power plant of the future that ensured that we transcended all of this debate about whether or not we can operate coal-fired generation in a fashion consistent with environmental quality. We believe we can, we think this project will do more than any other that we have in mind to accomplish that. I apologize to the Committee, to the Congress, that the report, which was due at the end of the year, has not been provided. I am happy to report it will be provided today and I hope that will help to address and clarify some of the issues that have been raised about the path forward. We envision a program that will be approximately $950 million over the next decade or so with the Government share being very substantial, in the range of $620 million. We also believe that we will have some international participation in this project, based on the highly successful Carbon Sequestration Leadership Forum conference of last June and the subsequent meetings, which I and others from the Department have participated in with foreign counterparts who have a great deal of interest in trying to work together with the United States to perfect carbon sequestration and coal gasification technologies. We believe that, of course, there is an important role for the private sector to play. We would envision that role being in the range of $250 million for this project; we think that is a fair allocation of responsibilities and we see already, that there is a strong industry coalition that has been developing to participate in the project as well. And so, I am highly confident it will be successful. You know, this is going to be tough work. The research involved in perfecting these technologies is, as you know, going to really test our capabilities but we think it is well worth the investment. I also believe that when we combine this work with the other work we are doing on clean coal technology and carbon sequestration not included in the FutureGen project, that in the early part of the next decade we will find ourselves with results that truly, as I said, transcend the current debate about the use of coal and the environmental impact of the use of coal. And that is our goal. I mean, this administration is deeply committed to maintaining coal as the key component in our electricity generation mix; it is 50 percent today, we have 250 years of reserves, we cannot afford to not use those reserves and we are committed to making sure that the coal industry is successful in staying as strong as it is today.

Senator BURNS. Well Mr. Secretary, I agree with everything that you said. But when we start making decisions up here on how to allocate money, and where it should go, we have got to have some kind of an idea of the work that has been done, the success and the failure of it, if that be the case, and then if we find a failed procedure or research that has failed to come up with the right answers, then I have no problem in phasing that out and using that money in another direction. It seems like we do not ever hear of the failures, we only hear of the successes and the failures we keep on funding. I think this report is very, very important——

Secretary ABRAHAM. Right.

Senator BURNS [continuing]. To this committee. And since we do not have it, it does not let us prepare in asking some pretty straightforward questions on where does this committee, working with you, take our research dollars.

Secretary ABRAHAM. Sorry.

Senator BURNS. And that is the point I am trying to make here.

Secretary ABRAHAM. No, and it is a well-taken point. I appreciate it and, as I said, I apologize that we were delayed in getting it here. We have been working hard to try to come to an agreement within the administration on it. As you know, in the FutureGen program, which was launched just last year, the initial year's work was primarily a planning phase, a phase in which——

Senator BURNS. That is right.

Secretary ABRAHAM [continuing]. We were focusing on the environmental impact issues. And so, there has not been a lot of research conducted to either succeed or fail yet, that comes later. But certainly, your point is well taken about the timing of this report's release.

Senator BURNS. We have been joined by the chairman of the full committee on appropriations. Senator Stevens, did you have a statement?

Senator STEVENS. No sir, I will just take my turn when the time comes. Thank you very much.

Senator BURNS. Senator Dorgan.

Senator DORGAN. Mr. Chairman, let me defer to Senator Byrd. I know he has other things to do, why do not we have Senator Byrd proceed with his questions, if he would like to, I'll be here until the end of the hearing in any event. Would you like to proceed, Senator Byrd?

Senator BYRD. I think, let us see, how many are ahead of me here?

Senator DORGAN. There is not anybody ahead of you.

Senator BURNS. No, I would go to Senator Bennett if you want to.

Senator BYRD. I would be glad to wait my turn. I think I have a little time in the budget committee, I will be glad to take my turn.

Senator BURNS. Senator Bennett.

Senator BENNETT. Thank you very much, Mr. Chairman. I would be happy to defer to Senator Byrd if his schedule requires it.

Senator BYRD. Thank you very much. Thank you.

Senator BENNETT. Mr. Secretary, I cannot resist just making a note, having listened to Senator Reid as he talked about the desperate conditions in the building of Yucca Mountain. And I made the note, I hope I made it accurately, that he said this occurred during 1992 to 1996, when Hazel O'Leary was the Secretary of Energy, rather than you. I think if there are any in the audience that heard that attack on the actions of the Department made while you are in the chair they should note the historic fact that he pointed out that, in fact, neither you nor anyone else in this administration was in a position of power with respect to those issues from 1992 to 1996. And I think, Mr. Chairman, we simply ought to perhaps highlight that, which Senator Reid mentioned.

NATURAL GAS AS A FUEL OF CHOICE

Mr. Secretary, the fuel of choice is not coal but natural gas. In the joint economic committee, we have had Chairman Greenspan raise the various economic issues confronting this country. I was a little surprised, as he went through the standard statements of a central banker, talking about all of the financial implications of interest rates and trade policy and so on, for him to say that one of the most significant economic challenges we face in the future is the shortage of natural gas. He pointed out that natural gas, unless it is liquefied, is one fossil fuel we cannot import, that the only way we get natural gas in its natural form into this country if we run low in our own supply, is through pipelines through Mexico and Canada. But natural gas that is available anywhere else in the world has to be liquefied and then brought in to special ports that have been prepared for that. We are now in the process of seeing the country build those kinds of ports at fairly significant expense, to bring in liquefied natural gas, even while, from a seismological point of view, we have a tremendous amount of natural gas in the United States, if we would just build the pipelines to move it around. The first one, which is on our radar screen up here, perhaps because we have the presence of the senior Senator from Alaska, is the pipeline from Alaska. That would be very important to build and will produce a significant economic impact for the entire country if we get that natural gas pipeline built.

I know it is not your area, but it is the area of the Interior Department, which this subcommittee is concerned with, to open up natural gas supplies in Federal lands to make it available. And I would be interested if not here, or if in your other testimony, you could give us any information that you might have as to what could be done to make natural gas more available to deal with the problem Chairman Greenspan is concerned about, and which I am, as the cost of natural gas keeps going up, as the environmental community continues to insist that it is the fuel of choice. Do you have any comments on this situation?

NATURAL GAS

Secretary ABRAHAM. Well, let me make a broad statement and then touch on a few specific facts. There is no question that in recent years, as a result of regulations that deal with the environment, we have moved the power generation development in this country in the direction of gas and that puts the stress on the market that you are talking about. We have regulated ourselves in the direction of gas on the demand side and we have sort of regulated ourselves in the other direction with regard to the supply side. That does not mean there is not new gas being produced but there is not as much as the demand levels are prompting. I have been encouraged by the recent developments, the interest that has been shown in the building of an Alaska pipeline. Last week I was on the West Coast and heard from the Port Authority of Alaska about their plan to possibly split the facility, or split the pathway forward to use LNG, actually, to move some of the gas from Alaska to the West Coast, California or lower 48, and move the rest to Chicago through a pipeline. The interest of companies now has, I think, been growing in terms of building that pipeline, so we are encouraged by that.

But let me put some facts on the table for the committee and urge you to think about these as you deliberate on, not just this budget but on the broader policies the Senate considers. Last year, actually in March 2002, I asked the National Petroleum Council to do an updated study of natural gas prospects and forecasts, for this country. They had done one in the late 1990s; I felt it probably was out of date just given what we were seeing in the market. They released the results of that study in September of last year and it was quite staggering. Even using very optimistic calculations about gains and energy efficiency, and contemplating the arrival of the Alaska gas to the lower 48 over the next 20 years, they forecast the following: that where America had once been able to supply all of its natural gas demands domestically and where in recent years we have seen about a 10 percent import, mostly from Canada, in 20 to 25 years, their forecasts would have the United States importing about 25 percent of its natural gas from beyond North America. And that is with optimistic proposals.

Senator BENNETT. That is even if we build the Alaska pipeline——

Secretary ABRAHAM. Yes, it is.

Senator BENNETT [continuing]. And the two tracks you have described?

Secretary ABRAHAM. Yes.

Senator BENNETT. I see.

Secretary ABRAHAM. And the results of that, I would be happy to submit for the record to the committee and also to the joint economic committee, if that would be helpful, what it calls for is, a continued effort to make sure we have diverse sources of electricity generation, that we do not simply rely on gas. That means the coal programs we are talking about here. It means that nuclear energy has to continue to play a role, which means we do have to resolve the question of what we do with nuclear waste. It also means that we have to be capable of importing larger amounts of natural gas. And that is why one of the focuses in our Department since that report came out has been on what groundwork needs to be laid in order for liquefied natural gas facilities to be built, what do we have to do to try to partner with other gas producing countries. And one of the concerns, obviously, that comes from this is that we do not want to find ourselves moving in terms of foreign dependence on gas in the direction we have all been concerned about regarding oil. So in December we convened a summit of all the major gas producing countries, 20 countries came, talking about what they could do, what they wanted to do, what their prospects were. There are immense natural gas reserves around the world; Australia has huge supplies, they would like to sell those supplies to the United States. And so, I think we had an excellent summit. We identified some serious challenges, one of which, clearly, is the question of safety that comes out of these kinds of issues. So, our Department is working now to try to address some of those issues, to try to identify the safety challenges and hopefully the solutions to them. But we also need to look at the regulatory approach that will be taken to make sure that we address the safety issues in a timely fashion so that facilities can be built. But this is going to be, in our judgment, a major, long-term strategic challenge for the country. I do not think that the demand for gas is going to abate; I think we are going to see this continue and if we are not able to facilitate the import of LNG it is going to put tremendous stress on what is already a pretty tight marketplace.

Senator BENNETT. Thank you for that answer and for the thoughtful analysis that it demonstrates on the part of the Department.

Mr. Chairman, again, in this committee, subcommittee, we have to deal with the BLM and the Forest Service. On BLM land there is a tremendous amount of natural gas that is being prevented from coming to the market for a series of other reasons unrelated to the Secretary, and I think we ought to address that.

MOAB ATLAS TAILINGS

Mr. Secretary, I am taking advantage of the fact that you are here, very quickly hitting a parochial issue that frankly is not before the purview of this committee, it is the energy and water committee. But taking advantage, as I say, of the fact that you are in front of us, I want to raise the issue of the Moab Atlas Tailings, to tell you that we are very concerned about that. We hope that we can work with you. I will not ask you a bunch of detailed questions about that because it would intrude on Senator Byrd's time, but I will just trigger that issue for you and let you know we will be in touch with you and look forward to your cooperation in trying to help us get that problem solved.

Secretary ABRAHAM. Well, we look forward to working with you. As you know, we are trying to move ahead to both produce the draft environmental impact statement, which I believe will be taking place in the April-May timeframe.

Senator BENNETT. The quicker the better.

Secretary ABRAHAM. We are hoping to have a final environmental impact statement by November, with a record of decision in December. And so we understand the importance of trying to move this process ahead and we will do our best to accomplish those timetables.

Senator BENNETT. Thank you very much for your attention to that.

Senator STEVENS. Senator Byrd, my questions would follow on the same line. Would you mind if I asked them now?

Senator BYRD. Not at all, Mr. Chairman. Go ahead, please.

ALASKA ARCTIC ENERGY OFFICE

Senator STEVENS. Well, Mr. Secretary, the Congress created an Arctic Energy Office, a branch of your Department's National Energy Technology Laboratory. It was created to work with Canada with the knowledge that a substantial portion, an overwhelming portion of the remaining natural gas to be produced from this continent under the American flag and the Canadian flag would be available to us if we could really conduct the research that is necessary to go ahead. I point out that we do have some additional supplies in the world. The Shtokman Deposit of Russia was presumed to be oil but it is primarily gas now, I understand, and there is gas off our shores that is going to be available to us. But the cost of that gas in the long run is going to be overwhelming compared to our own domestic gas if you compute in, which the Congressional Budget Office does not, the affect of spending money in the United States as opposed to buying our energy overseas as we have done in the oil industry. But your budget this year eliminates the funding, as we understand it, for the Arctic Energy Office. We had over $635 million in the Fossil Energy Research and Development last year. I am told that your budget indicates that none of it will be spent in the Arctic. What led to that decision?

Secretary ABRAHAM. Senator, we have not made requests for this line item either this year or last year, I do not think in previous years in our submission because it has been a Congressionally initiated project. That has been kind of the policy on the submissions. That does not mean we do not feel that the office has been doing important work. We would certainly agree to that. And we have talked to Senator Mikulski about this as well and look forward to further discussion on how we might be able to maintain the effectiveness of that office. But it is not in our submission because it has been a congressionally initiated project.

ALASKAN ENERGY RESOURCES

Senator STEVENS. Well, as we look through this budget, for instance, in terms of the basic research in hydrates, gas hydrates——

Secretary ABRAHAM. Right.

Senator STEVENS [continuing]. 590 trillion cubic feet estimated in our State. The funding for the Department in terms of that project has been reduced by $3.35 million. If you look at the Syngas Ceramic Membrane project, that has been eliminated in 2005. The President called for the sensitive development of Alaska's oil and gas reserves but we find that consistently through the bill, for instance, University of Alaska in Fairbanks was at the forefront of some of these items and that research, budget item two, has been eliminated. It almost looked like someone decided that we did not want Alaska's gas or other resources to be pursued at this time.

Secretary ABRAHAM. Well, that is obviously not the way we view it. We certainly see tremendous Alaska potential and look forward to working together to figure out how to tap it. I think that, with the hydrates budget, I believe we have budgeted about $6 million in our submission; we think that is a valuable area. We think that it has great promise, maybe not immediate, but we see it as a potentially vast source in the future, and given the demands that I mentioned earlier we are going to need to be tapping unusual or new sources for our future needs.

GAS HYDRATES

Senator STEVENS. Well, on the gas hydrates it specifically takes that money out. But beyond that, we put up $6.5 million to conduct research for the development of the Syngas Ceramic Membrane technology to enhance the Fisher-Tropsch gas conversion concept and that project too was eliminated totally. I just really do not understand this budget from the point of view that we are looking to try to develop our own resources on this continent, I think we should help Canada even more than we are, as a matter of fact, because some of their areas are so remote from their really population bases they are not that interested in moving their gas. But our projects alone would create 400,000 jobs in 3 years. And yet, we are still dragging along. Congress has not enacted the bill we need to get it started, but if there is a jobs bill in the United States, it is to assist the development of the Alaska natural gas pipeline. That pipeline, by the way, is to bring to market gas, which has already been produced, reinjected into the ground; there is absolutely no question that it is there. When we get to the Interior Department, we are going to have some questions about what we are doing there. But clearly Congress has seen fit to withdraw almost 90 percent of Alaska's arctic that belongs to the Federal Government; a portion of it belongs to our State. I see some fine hand here. You have been a good friend for a lot of years but I do not understand. You go through this budget and look at the Alaska items, each one of them has been reduced and that is the one area of great promise as far as natural gas supplies in the United States.

Secretary ABRAHAM. Senator, on the hydrates, our submission last year was quite a bit lower than our submission this year. We are trying to find a level where the Congress and the Department are in agreement. We submitted a $3.5 million request last year, this year it is $6 million. I think in that sense, we certainly demonstrated our keen interest in the project. There is no question this administration is certainly firmly on record in support of the development of Alaskan resources, as you well know.

Senator STEVENS. You cannot do that without Federal money in Alaska when you own most of the land in the area.

Secretary ABRAHAM. Well, we are working within a budget in which I have constraints and we are doing our best to try to make sure we address as many priorities as we can. We are anxious to work with the committee and with you to make sure we come up with a final resolution that is as positive as it can be. It is certainly not an attempt to focus on any one State or one program. We are also, as you well know, committed to trying to bring Alaska gas to the lower 48. I think the recent developments, as I said in my answer to Senator Bennett with regard to the interest expressed by Mid-America Company and others in moving that project ahead, is a very positive one. As you know, we are separately working on trying to expedite permit processes on this. Obviously, some of that falls in other agencies, but we are all trying to work together to accomplish it.

Senator STEVENS. Well, again, I am belaboring it. Arctic Research, line item 296, that eliminated the Arctic Energy Office, gas hydrates, chlorine wells; that eliminated $3.35 million in gas hydrates for Alaska Arctic research; $1.48 million, that eliminated the Arctic Energy Office. The effective environmental protection concepts, that eliminated the funds that have been used, $2.71 million, eliminated the funds for evaluating environmental questions that have limited production and exploration on the former National Petroleum Reserve for number four. Those are all in your Department and all very selective reductions in the Alaskan effort at a time when we need more money.

My last comment would be, not only to you but to the committee and Senator Bennett certainly said too many times, but if we look at China, they build the roads out for the companies that are drilling for their oil. But our way, we have to use our State funds to build roads out of the Arctic areas. If you look at the investments that have been made in Shtokman, the Russian Government is putting infrastructure totally in there. We are expected to go ahead of the game and put it in there before we even get the approval of the Congress for the gas pipeline. I think we put the cart before the horse. But the main thing I am disturbed about is this elimination of research money to find the ways to do it better, as we know we are going to have oil and gas development at the Arctic. I cannot understand eliminating the money in the very key areas that I have mentioned.

Again, you are a good friend, I am not criticizing you personally but the concept of reducing the budget for needed infrastructure to assure our future energy supplies is misguided. Thank you very much, Mr. Chairman.

Senator BURNS. I think that is what we are talking about and I think when I went back to my question on successes and failures, as far as our R&D is concerned, is trying to set our priorities.

Senator Byrd.

Senator BYRD. Thank you, Mr. Chairman.

CLEAN COAL TECHNOLOGY PROGRAM

Mr. Secretary, in October 2000, during his campaign for the presidency, then-Governor Bush came to West Virginia. He told the voters that if elected he would seek $2 billion over 10 years for the Clean Coal Technology program. The following night in Boston during a nationally televised debate Governor Bush repeated his promise. He said, I am going to ask the Congress for $2 billion. Eight days later on October 11, 2000, in another presidential debate, the Governor said, I think we need to have clean coal technologies. I propose $2 billion worth. Those are the exact words used by Governor Bush during his campaign, $2 billion over 10 years, or $200 million per year, for clean coal technology. By any conceivable measure, that is a strong endorsement. There is absolutely no doubt in my mind that that promise was key to the winning of West Virginia's five electoral votes. If those five votes had gone to Mr. Gore, you would not be sitting there in that chair. Yet, despite all the promises, the President has not even come close to proposing $200 million per year for the Clean Coal Technology program. The first Bush budget contained $150 million. The second Bush budget contained $150 million. The third Bush budget proposed $130 million. This budget, the fourth Bush budget, has been cut back to a mere $50 million. Instead of honoring his commitment and seeking $800 million over the past 4 years, the President's requests have totaled only $480 million. That is 40 percent less than what was pledged. Compounding the problem is the outright deception that the White House is engaging in with respect to this matter. According to the fossil energy budget justification, and indeed your own prepared statement, President Bush never promised $2 billion dollars specifically for the Clean Coal Technology program. On the contrary, the new revised version of events has him promising $2 billion for coal research overall. Such a claim defies logic and, in my opinion, is simply not true. As the chart that I have distributed, I hope it has been distributed, clearly shows, when the President made his $200 million per year pledge, the coal research budget was already $317 million; $95 million for the Clean Coal Technology program and $222 million for other coal research programs. Therefore, if the President wants us to believe that he was only promising $200 million per year for coal research in general, then we have to believe he went to West Virginia and campaigned on a promise to cut the coal program by $117 million, or 37 percent. That is absurd. That is absurd, at best.

Furthermore, when you spoke, Mr. Secretary, to the employees of the National Energy Technology Laboratory in Morgantown, West Virginia, on March 1, 2001, you told them that you were there to: "announce a down payment on that commitment with next year's budget providing $150 million, new dollars, for clean coal technology." You did not say that the budget was providing $150 million for all coal research, which it did not. You were very clear in specifying the Clean Coal Technology program.

Now, my question to you, Mr. Secretary, is this. Given these facts, what does the administration say to those West Virginians who actually believed the President when he promised $2 billion for the Clean Coal Technology program?

Secretary ABRAHAM. Thank you, Senator. Let me, Mr. Chairman? Mr. Chairman? I'm going to just need, if I could, a little time here to respond in some detail on the numbers here.

Senator BURNS. Okay.

Secretary ABRAHAM. Let me give you a sense of how we see this program evolving; let me give you a sense of what those numbers look like. As you know, Senator, since taking office we have now had two solicitations under the President's Clean Coal Initiative. The first one was for about $313 million, that would be the Government's share, and it has tracked at, I might point out, about $1 billion of private investment and partnership.

The second one, which just went out, was for $280 million; went out just a few weeks ago. We are doing them on a 2-year basis, every 2 years is our plan to put out one of these solicitations. We are very confident that the newest one will likewise attract a lot of private partnership and requests. We envision doing these on a 2-year basis throughout the balance of this 10-year period, which we have identified. And each of these solicitations is at the $300 million level. Why did we only ask for $50 million for these programs in this budget? Because that is all we needed to complete this second solicitation's $280 million total amount. But, by the end of the 10-year period, when we have done five $300 million solicitations, we envision that that will be $1.5 billion in clean coal technology projects.

In addition, as you know, we have talked here already today at great length about our proposed FutureGen program. As I said, we will submit the report today, and I again apologize to this committee for its delay. We envision the government's share of this new Bush initiative to be about $620 million for a combined total of $2.1 billion when you add those five solicitations that we envision and the FutureGen program. Now, in addition to that, and, you know, the definition of what is a clean coal program obviously can be interpreted in different ways, but as you also know we have significantly increased the carbon sequestration research programs that the Department has undertaken in the last couple of years. We strongly feel that we must address the carbon sequestration issue as part of the clean coal pathway forward, because we believe that we need to address not just the issues of the emission of nox or sox or mercury but also of greenhouse gases and carbon is obviously the central focus of this initiative. Our budgets for that have been in the range and the submission here, I think, is in the $49 million range, in this $40 to $50 million a year range as well. And I would argue that those dollars are all part of the clean coal initiative that we have launched. And so, when you add those up, you do exceed $2 billion over 10 years.

As for our submissions to date, all I would say is this: if we take all the coal programs, which is what I think is listed here, and our submissions versus the submissions of the 4 years before, we have been here 4 years, we can go back the previous 4 years, the previous 4 year submissions for all coal programs was about $668 million; in our first 4 years our submissions are $1.5 billion. That is an average of $375 million a year for all coal programs. If you extrapolate that to 10 years, if you go out to 10 years, it is obviously a number close to $3.7 billion. And so, I look at this program as a very substantial investment in clean coal and I think the case for the submission is a strong one and we hope the committee will support it.

Senator BYRD. Mr. Chairman, well, I will ask a second question. First of all, I will say, when the President made those statements, when he was looking for votes in West Virginia, you were not onboard at that time, but we did not talk about previous administrations or previous submissions. He made an ironclad promise; that is the way we take words like that in West Virginia. And the moving finger writes; and, having writ moves on, nor all thy pageant nor wit shall lure it back to cancel half a line, nor all thy tears wash out a word of it. We take those promises to be bona fide and that they come from the heart.

Now, Mr. Secretary, with all due respect to you, this Senator and the people of West Virginia are not going to forget those words. And we were not talking about all the other clean coal programs when that promise was made. Let me read it again. Let me just for the record read that promise again. The President said, in October 2000, that if elected he would seek $2 billion over 10 years for the Clean Coal Technology program. Now, you are looking at the daddy of the Clean Coal Technology program. I understand what those words mean. I understand what the President meant when he said them. He said I am going to ask the Congress for $2 billion. By the old math and the new math, it was $2 billion.

Eight days later on October 11, 2000, in another presidential debate the Governor said: "I think we need to have clean coal technologies. I propose $2 billion worth." Now, those are the President's words. And what you are saying is not going to register with great accuracy in the mountains of West Virginia. You are trying to bring in other coal-related programs to get to $2 billion but it is still under-funding clean coal technology.

Now, my second question. How can this administration say that it is working to reduce our Nation's dependence on foreign energy resources when it continues to undermine that objective by cutting, cutting, these vital fossil energy research programs?

Secretary ABRAHAM. Are we referencing oil and gas programs in particular?

Senator BYRD. Well, you are cutting this program. You are cutting vital energy research programs and you are not keeping the promise that was made. I get back to that, I am going to go back to that every time.

Secretary ABRAHAM. Senator, you know I have the highest regard for you and on this one we just see the numbers differently, I guess. I just want to reemphasize to the committee, we have done two $300 million solicitations under the President's new program. We do them on an every 2-year basis, so there will not be another one for 2 years. We would envision each of the remaining three to have approximately the same level of financing of $300 million as the first two. If you add the five up it is a billion-and-a-half dollars over 10 years. And if you add the FutureGen program, which I think is inextricably tied to the Clean Coal Technology Initiative of the President, then you are in the range of $2 billion. So I believe we are fulfilling that commitment.

As to the other programs, I will acknowledge to this committee as I did last year that we have offered very substantial reductions from enacted levels on the oil and gas programs. It is an interesting challenge we have because obviously the Senator is exactly correct, as we see growing dependence on foreign oil. And as I acknowledged to Senator Bennett, we are seeing the need for increased imports of natural gas. The reason we have submitted these numbers at this level is related to the evaluations these programs have gotten from the Office of Management and Budget. They have been deemed ineffective and we are trying very hard to improve the performance of these programs so that we can come both to the Congress and the American people with programs that do not have such ratings. I have a hard time making the case, justifying the request for funds for programs where I am getting low scores. These are major areas, we are not cutting them out but we are scaling them back in the hope that we can make them more cost-effective.

Senator BYRD. Mr. Chairman, I am going to desist now. I will just shoot one final shot across the bow. A promise made is a debt unpaid. That promise was made. The words are etched in stone. The words of now-President Bush. We expect that promise to be kept. It is not being kept. And, Mr. Secretary, I feel for you because you have to try to skim over and put a little new face on the promise after it was made. And you are doing a good job, you are doing the best you can but that promise was made by then-Governor Bush; the people of West Virginia have not forgotten it and it is impinging upon the credibility of the administration and it will not be forgotten. We expect the administration to do better in keeping its promises.

Thank you, Mr. Chairman.

Senator BURNS. Thank you, Senator Byrd. And, Senator Dorgan.

FOSSIL ENERGY BUDGET CUTS

Senator DORGAN. Mr. Secretary, I was interested in hearing the questions by my colleague, Senator Byrd. As you know there are reductions in the fossil energy spending and it comes at a time when you indicate that based on the studies that you had developed we will, in 20 years, be importing 20, 25 percent of our natural gas from offshore; 68 percent of our oil will come from imports. You know, this energy problem has not just occurred on your watch; it has been the previous administration and administrations before that. But we are smoking something strange if we just sit around here and think that we can allow this to happen. It is okay 20 years from now, 68 percent of the oil comes from other places, troubled places in the world; better ramp up now. You know, we are using natural gas, the chairman and I were just talking about, we are using natural gas the way we are using it because of policy choices. And now we discover, well, we are going to have a problem in getting enough natural gas and so we will have 25 percent coming from other parts of the world. And I mentioned earlier, our fiscal policy, that is on this administration's watch; it is completely out of whack. And, you know, to sit around and pretend that this adds up suggests none of us has gone to a school that is worthy of being called a school. And so, I understand budget cuts in the situation where you have this kind of fiscal policy where you increase spending for defense, increase it for homeland security and then cut taxes, cut taxes and cut taxes again and say, oh, by the way, on domestic discretionary let us just shrink the devil out of it. I understand that approach but I think that we are really not thinking very much as a country, fight terrorism and go to war and say, oh, by the way, nobody has to pay for any of that, in fact, you can all enjoy tax cuts. That might be politically interesting but it is not interesting to me as a policymaker. And with respect to budget cuts here, the one thing that occurs to me in response to what Senator Stevens was talking about, I believe it is the case, maybe you can confirm this for me, I believe it is the case that the Office of Management and Budget, which I believe probably ought to be abolished if that were possible, the Office of Management and Budget, I think, as a matter of policy, believes that any spending programs that have been initiated here are by and large unworthy and therefore should not be included in the budget. Would that be?

Secretary ABRAHAM. No. I think that is an incorrect statement.

Senator DORGAN. Okay.

Secretary ABRAHAM. I would say this. When we submit a budget to Congress, it is an effort to reflect the priorities of the administration.

Senator DORGAN. Right.

Secretary ABRAHAM. We fully appreciate that the Congress would and does write its own budgets, which reflect its priorities. And so, what you see in front of you, whether it is my budget or anybody else's, is what reflects the spending priorities that we would emphasize. That does not deem any of the programs that Congress thinks important meaningless or unimportant or ineffective but what we reflect in our budget are the programs in the areas that we think are the maximum benefit to the American people.

Senator DORGAN. It is a different way of saying what I think I said. Does not OMB have a policy of saying that which represents earmarks by the Congress will be zeroed out in our submission?

Secretary ABRAHAM. I do not know if that is a policy on every single earmark but it definitely affects one-time-only projects.

Senator DORGAN. Well, I am not even in the administration and I know this. I believe that is OMB's policy.

Secretary ABRAHAM. One of the frustrating things is that we have a budget overall for our Department and we have a number of congressionally-directed projects that are one-time projects. They are funded in enactment and then we come in with a budget that does not reflect them and people say, well, you have cut the budget for this area.

Senator DORGAN. But that is not what Senator Stevens was talking about. You ought to just blame OMB; if I were you, I would. Just say well, I do not agree with OMB but I understand why you cannot do that. But the point of my questions is not to be critical of you, it is to say they have this goofy policy at OMB that says anything that somebody wrote here on a continuing program is marginally unworthy and it will be zeroed out because we do not recognize that as having worth.

Secretary ABRAHAM. Well, all I can say, Senator, is you and I.

Senator DORGAN. Just take a shot at OMB just for a moment.

Secretary ABRAHAM. You know, there are some of them here. Look, the Congress likewise, though, certainly identifies programs that I bring in here that we think are terrific and I have noticed a similar outcome with regard to the funding of them and so it does kind of work both ways. It was certainly my perspective when I sat on that side of the room; however, that Congress's ideas should have been given higher emphasis than maybe is the case today.

ENERGY SAVINGS PERFORMANCE CONTRACTS (ESPC)

Senator DORGAN. All right. ESPC, the Energy Savings Performance Contracts. The authority for that expired at the end of September.

Secretary ABRAHAM. Right.

Senator DORGAN. We know that saves energy, we know it is a good investment. It has been widely supported by Republicans and Democrats and yet we do not have an ESPC program in place. So, how do we get there?

Secretary ABRAHAM. Well, we need to; obviously, we would like to pass an Energy bill. We would like to have the ESPC program reauthorized. I share your view, as you know, on its value. Obviously, I have spent a great deal of time over the last several years working with you and Senator Byrd and Senator Bennett and others to try to get an energy bill passed. We need to do this. There are many components that are included in this bill that do not receive all the headlines. This is one of them. Our key ingredients in terms of meeting our Nation's energy challenges that have been put on a slow track or in this case been stopped dead in their tracks because we cannot get the overall bill passed. So, I look forward to working with you to accomplish that.

Senator DORGAN. But Mr. Secretary, the energy bill that has been reintroduced in the Senate now does not any longer include ESPC. So even if we pass that energy bill this afternoon——

Secretary ABRAHAM. Right.

Senator DORGAN [continuing]. We would still be in the situation where we do not have.

Secretary ABRAHAM. We support ESPCs.

Senator DORGAN. But the question is, how will you help us get there? Will the administration recommend this? It is not in the budget, it is not in the energy bill, so how do we get there?

Secretary ABRAHAM. Well, I guess we will have to confer and consider what the right approach is. I do not have a strategic proposal today. Senator, I would be glad to continue the discussion with you to see if there is a way to address this issue.

ENERGY AND ENVIRONMENTAL RESEARCH CENTER

Senator DORGAN. All right. The Energy and Environmental Research Center, obviously I have a parochial concern there, but I think it is one of the crown jewels in energy research in this country and, as you know, the funding for that has been cut roughly 60, 65 percent. Give me your assessment of the value of that center and is that cut, is that a kind of an OMB push?

Secretary ABRAHAM. Well, first of all, as you know we have talked about this project for several years. There will be some who might consider it an earmarked investment but I made the decision some years ago that we would not treat it in that fashion. I think it had established its credibility to justify that broad program support as well as the work done both in Wyoming and North Dakota. It has played a great role in terms of development of advanced transport gassifer. Working with us now in a U.S.-Australian climate partnership project that involves lignites and other, which I think are useful things. We have had a year in which we have had to be tough about funding levels in our submission. And we also believe, frankly, that these folks do very good work and will be able to attract and be successful in being grant recipients to significantly augment the direct support that we propose here. But obviously, I am sure this is one we will work together on in the weeks ahead.

Senator DORGAN. Well, I hope Mr. Garman and others have visited EERC. I think by all accounts it leverages a great deal of private investment and by all accounts, it is a terrific institution and I certainly want to work to deal with that.

HYDROGEN FUEL CELLS

One final point. You and I have talked about hydrogen fuel cells. First of all, I commend the President. I think it is exactly right. Those in the environmental community who last year said, well, the President is talking about the by-and-by because they do not want to deal with the here-and-now. I will not comment on the here-and-now except to say that if you do not worry about trying to find a way not to run gasoline through carburetors for the next 100 years, then you are not really concerned about our energy future.

Secretary ABRAHAM. Right.

HYDROGEN FUEL CELL VEHICLE PROGRAM

Senator DORGAN. And I think hydrogen fuel cells can be and will be our future and so I support this program. I said last year that I think it is probably more timid than I would like; I would like a more robust Apollo-type program.

But the one point I wanted to make is with respect to targets and timetables. If you do not know where you are going you are never lost, as they say, and so I think with all of these things you should try to aspire to have some targets and timetables. And we in the Senate passed that with a pretty good vote, an amendment that I offered setting up targets and timetables, 100,000 vehicles by 2010 and 2½ million vehicles by 2020. And I would like you to rethink the opposition to that. Why on earth should the administration be opposed to that? These are not hard targets; they are just setting up goals. So, rethink that if you would. I do not understand where the opposition comes from.

Secretary ABRAHAM. Well, I will continue to talk to you about this. I will make one comment about our concern. First of all, we are trying to perfect a technology at this stage, not a particular vehicle, and so our focus in terms of a roadmap, in terms of milestones in that has been on the development of the fuel cell technology, the hydrogen storage capacity, the production of hydrogen and the sort of infrastructure support. And I think we have a very aggressive timetable for all of those. One of the concerns I would have about an early date in terms of the deployment of vehicles is the fear that we would actually move, and again, I recognize these are not mandatory targets, but if you are pushing hard to deploy large numbers of vehicles you may force the development of the wrong technology. You may end up with not the ideal operating system but the one that is the easiest to get to in that timeframe. We have tried to resist that because we fear that it might be pushing us in the wrong direction. There was a problem with diesels. I think it was back in the 80s where there was a premature introduction of technology that just did not fly. And now, as we look at clean diesel, I see this previous experience as having had some relevance.

So, those are some of the considerations that have gone into our views. Let me just say this. We appreciate your support and that of many other Members who have joined you and other co-sponsors in pushing this program. When we talk about these long-term issues of oil dependence, this program is, in my judgment, and I think most who have looked at it outside of the United States, it is increasingly the view of people that hydrogen-operating vehicles are the way to transcend this issue of dependence and at the same time address these environmental concerns that make internal combustion engine usage problematic in terms of meeting environmental standards. So, we certainly appreciate the support the committee has given this and hope we can work together to get further support in the future.

FUTURE GEN

Senator DORGAN. Mr. Secretary, the chairman has to go to the budget committee and I have to go elsewhere as well. Let me mention two points in just a second.

You spoke about FutureGen; you suggested $80 million would come from foreign countries. I would like, if you could, to submit to the committee where you think that is coming from, number one. And number two; I would hope you agree that the additional Federal funds will not come from core research and development programs in the Department of Energy. We will talk more about that at some point.

[The information follows:]

FOREIGN INVESTMENT IN FUTUREGEN

We have found great interest in FutureGen participation from several countries including those who are members of the United States-led Carbon Sequestration Leadership Forum (CSLF), representing at least 14 countries (Australia, Brazil, Canada, China, Colombia, Germany, India, Italy, Japan, Mexico, Norway, the Russian Federation, South Africa, and the United Kingdom) and the European Union. We have also provided the CSLF countries with a general prospectus for international participation that outlines the benefits of participation. We plan to continue to engage interested countries in serious discussions with respect to their cost-shared participation.

Senator DORGAN. I do want to just come back to the point of OMB. I have not come recently to this question of asking whether OMB is a valuable contribution to our government. In the previous administration, I asked the same questions and I hope perhaps you and I together could start a new discussion about the value of this Federal agency, through which apparently every single piece of paper now moves and from which almost every policy emanates.

Mr. Secretary, thank you very much.

Secretary ABRAHAM. Thank you, sir.

Senator BURNS. We could move OMB up here on the Hill so we would have greater access to them.

As I have heard the questions here, and sometimes—we were doing some adding up here—our figures are a little bit different than Senator Byrd's and I think they say, you have got to look out for generation gaps. Working on an old pickup one time, I had a young son as you well know, and I needed a screwdriver. I said run in the garage, or the shop, and get me a screwdriver. And he came out with a glass of orange juice, and said: "I found the orange juice, cannot find the vodka." Now, that is not a generation gap, that is a communications gap. And on some of these things that are contentious I think it would help both us and the Congress to seek ways to communicate with you as we start down this road. If we want to change policies, why do we have to do it in a formal hearing, where you get a lot of dialogue but I think we are going to have to work much closer with the bureaucracy. And whenever you want to veer and change directions call us up and we will meet with you and then we will figure out a way that we can do it and the merits of the suggestion. I think we would only meet about once a year and that is not very often.

OFF-HIGHWAY ENGINE PROGRAM

You have, once again, proposed to terminate the off-highway engine, such as heavy equipment, railroad engine, research offices. While off-road fuel consumption is far less than on-road consumption, it does seem that there is significant emission reduction potential, and in our part of the country much of these emission reductions could be obtained by off-road applications. It seems like you view these programs as low-hanging fruit whenever we start examining them. I have examined them and found otherwise. Can you elaborate, for the record, the reasons you are proposing to terminate these programs?

Secretary ABRAHAM. I would be glad to. Take it for the record, if I could?

Senator BURNS. Oh, for the record?

Secretary ABRAHAM. I thought, yes.

[The information follows:]

REASONS FOR PROPOSED TERMINATION OF OFF-HIGHWAY ENGINE PROGRAMS

Because the fuel savings potential from off-highway vehicles research is an order of magnitude lower than the potential for on-road vehicles, our R&D priorities emphasize on-road vehicle R&D. Since the top priority of EERE is to reduce our Nation's dependence on foreign oil, the FreedomCAR and Vehicle Technologies Program decided to focus its R&D efforts on those technologies that offer the opportunities to save the greatest amount of petroleum. This decision is supported by a recent peer review of transportation R&D plans. In fiscal year 2004, approximately one-half of the funds are going directly to makers of off-highway equipment (construction, agriculture, mining, road construction, and rail) for competitively awarded cooperative agreements, while the other half goes to our National Laboratories to conduct cooperative, cost-shared research with industry. Our R&D on heavy-duty on-road vehicle engines does address many of the same technical issues present in engines of off-road vehicles.

Senator BURNS. Okay. I have some other questions on things that have recently happened down there. I will tell you, Mr. Secretary, I am very much interested in the fuel cell and fuel cell technology in the areas of both carbon and hydrogen because I think it is the way of the future. I think we are closer to a hydrogen society than most people think. But people do not know about it, and the results of it and what works and what does not work. We need to phase out what does not work; and let us go with what does work and what is practical. We up here sometimes forget that there is still a market out there, amd it still has to be market-driven. Can people afford it? I do not see hydrogen stations popping up like gasoline stations. Is the infrastructure there to support it? There are a lot of things out there to think about whenever we start talking about uses of alternative fuels.

Secretary ABRAHAM. Senator, can I just?

Senator BURNS. I am sorry, yes?

Secretary ABRAHAM. Quick comment on the last point you made, it is an excellent one, about the infrastructure and without belaboring it I would just say one of the real challenges that we foresaw when we began the hydrogen program was that we for years in this country have been talking about the idea of hydrogen, and others have too. There has always been this challenge that on the one hand, you need the infrastructure and on the other hand, you need the vehicles. And the one, I think, most promising development of this past year has been our capacity to bring together in one strategic organizing oversight group both sets, the energy and the automotive industries, which I think will allow us to move down both of the pathways successfully. The problem we had, the standoff, where people said, well, we will build the fueling stations when they have the cars and the people who said, we will build the cars when they have the fueling station.

Senator BURNS. It is an interesting chicken and the egg. By the way, the numbers that Senator Byrd was alluding to a little while ago, we came up with the President's commitment this year around $470 million. Now, you want to multiply that times 10 and you are going to go way over what he was talking about. The use of prior year funds is around $140 million, so if you subtract that it is still around $330 million, which is a little bit more than what we have been told in some figures. So I do not think there has been any breach of commitment here.

CLEAN COAL POWER TECHNOLOGY PROGRAM

Secretary ABRAHAM. I would just ask, I know that a chart, I got one, was handed out. I would like to submit some charts that I think would put this in perspective as well and I think demonstrate clearly that we are on a pathway to meeting the $2 billion commitment for the very specific programs I have mentioned and that we are on a pathway over the 10-year period to vastly exceed the kind of levels that I think.

Senator BURNS. I would suggest that you do that to clarify that.

[The information follows:]

CLEAN COAL POWER TECHNOLOGY FUNDING—COAL BUDGET (FISCAL YEARS 1997–FISCAL YEAR 2011)

[In millions of dollars]

	Fiscal year										Total
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006–2011	
Historical request	149.2	148.2	172.3	160.1	178.1	161.6	161.6	161.6	161.6	969.6	1,616.0
Historical enacted	152.7	147.6	167.3	168.3	295.3	186.2	186.2	186.2	186.2	1,117.2	1,862.0
Old CCPI Request						150.0	150.0	130.0	50.0		480.0
FutureGen Request									237.0	263.0	500.0
All Other Request/Total Coal Undistributed OMB Out years						159.8	225.1	237.5	183.0	2,008.0	2,813.4
Total DOE Coal						309.8	375.1	367.5	470.0	2,271.0	3,793.4
Old CCPI Enacted						150.0	150.0	170.0	50.0		520.0
FutureGen Enacted								9.0	237.0	254.0	500.0
All Other Enacted/Total Coal Undistributed OMB Out years						246.5	263.0	271.5	183.0	2,017.0	2,981.0
Total DOE Coal						396.5	413.0	450.5	470.0	2,271.0	4,001.0
Old CCT Remaining Balances						400.0	385.0	237.0			

Senator BURNS. Senator Leahy.

Senator LEAHY. Thank you very much, Mr. Chairman and Secretary Abraham, welcome back. I do not know which is better, on that side of the dais or this side.

Secretary ABRAHAM. I know which is better, but——

CLEAN AIR ACT—NEW SOURCE REVIEW

Senator LEAHY. We had a certain scheduling problem. We had a matter of some interest in judiciary committee and I was over there. I wanted to come because of one issue. The past year-and-a-half, your Agency and the administration have argued the rollback of the new source review provisions of the Clean Air Act would lead to increased efficiency, increased electric reliability; something of interest to us especially in the Northeast after blackouts, and would not lead to increased emissions. Sort of the alchemist's best result; you would have increased reliability, not increased emissions. But then the Natural Resource Defense Council has some e-mails obtained through the Freedom of Information Act. They are between your senior staff and industry officials; industry officials apparently helping them put together what the Department of Energy would report, they showed just the opposite. They showed no real affect on reliability and, worse yet, increased emissions. What bothers me, certainly in my part of the country, you have a real problem, the administration does, on the Clean Air Act. People are worried their children are drinking water that has mercury in it; they are not enthused by hearing about more arsenic in water, all these kind of things. And then it appears that your agency has made clearly misleading arguments when, as these e-mails show, you knew they were misleading, you knew there was not going to be increased reliability and there would be increased emissions; apparently nobody benefits but some of the industry people who helped write them. What do you say about that?

Secretary ABRAHAM. Well, I would be happy to answer for the record in detail on the e-mails; I do not have them fresh in my mind at this point. I would say that the——

Senator LEAHY. We could give you a copy if you would like.

Secretary ABRAHAM. Well, I will be happy, as I said, Mr. Chairman, to answer that for the record. I think that our view has been, and at least the recommendation of our Department has been that as we consider this issue that the concern that prompted—well, let us start back. A review of new source review did not just begin on the day we took office. There has been, as you know, a longstanding and somewhat frustrating pathway of trying to resolve what the proper way to determine what constituted appropriate repairs and replacements and whole changes in facilities. We had concluded, and we have consistently recommended, that we clarify this so that the people who were withholding decisions on whether or not to improve their facilities, whether or not to repair their facilities and so on would know what the entire extent of the work they would have to do would be. And, at least our recommendations, in terms of the interagency discussions have been consistent with trying to clarify the rules in a fashion that would——

Senator LEAHY. But the rules, you know, new source review started back, as I recall, in 1977. I was brand new here in the Senate at the time and I must admit, not being all that familiar with it, Senator Stafford from Vermont had been one of the architects of this. And then subsequent administrations followed up and at the end of the Clinton administration there were some fairly tough rules on that because all of these plants had been grandfathered, saying, come on guys, we grandfathered you at first but now it is time to do what everybody expected you to do, that is, get less-polluting plants. And we understand when the special review that Vice President Cheney did, they said, well, why do not we just make this open enough that, if it did not cost less than 20 percent of the cost of overhauling the entire plant that would be considered routine maintenance. Now that lets these power plants off the hook pretty well; they do not really have to put any pollution controls and maybe find some of the areas where they are but most of these pollutants go up in the air and come back down in my part of the country. You have 13 different places in the proposed and the final NSR rule that you speak about reliability and yet your own internal documents say it is not a reliability issue. And these e-mails your staff has sent, I do not expect you to see everything that goes through there; lord knows you have got enough other things to do. But these e-mails go back to 2002 and they say that your staff and your Department knew that what they were saying was not true. Now, a lot of industry officials wanted you to say it but even they acknowledge were not true. And when you have people who are concerned about the water they drink and the air they breathe, as they should be, especially if they have young children or grandchildren, they worry a lot about this. I mean, why not set the record straight.

Secretary ABRAHAM. Well, I will be happy to answer, as I said, I will be happy to look at the e-mails and provide the committee with a response. It has been our view, as I said in the discussions we have had, in the intraagency discussions which we have had that leaving facilities unrepaired, operating at minimal efficiency in some cases, being unwilling to invest in any kind of replacements and repairs because of fear that it would trigger a much more expensive process and not knowing whether it would or would not, was actually, in a very broad sense, a negative impact, having a very negative impact but people were not taking actions that would in fact improve the efficiency as well as the emissions of their facilities.

Senator LEAHY. But Mr. Secretary, a quarter of a century ago the argument made by some of these companies was well, we cannot go ahead and upgrade, we cannot do that overnight, we need time; of course, we could make them less polluting, of course we could do a lot to go along with the Clean Air Act but we cannot do this overnight, we need time. Now, they have had 25 years. I mean, when is time enough? I am 63 years old and I would love to still be alive when they finally get around to doing what they were told to do in 1977. You, of course, are much younger; it is conceivable you may live long enough to see it but not at the rate they are going.

Secretary ABRAHAM. Well, again, and I think it is not surprising to me that if the process of moving forward is one that is based on litigation enforcement proceedings versus the passage of or the clarification of these rules that it does produce this uncertainty. I mean, that is the issue we attempted to and are attempting to address. How this process plays out, obviously with the lawsuits that are going on and so on it remains to be seen. I would say that between the courthouses and the slowness of the process we probably are going to continue to get older before anything changes here.

Senator LEAHY. Well, you know, I realize this is a major policy issue and you know me well enough to know that I do not play "gotcha" at these hearings; I actually do want answers and I realize this is something you want to answer for the record. You and I have been friends for a long time and I have a great deal of respect for you but I do not have respect for this policy. And I would like you to respond for the record.

Secretary ABRAHAM. Glad to.

[The information follows:]

CLEAN AIR ACT—NEW SOURCE REVIEW

The e-mail in question is a response from an employee of American Electric Power (AEP) to a DOE employee who had posed questions to the AEP employee concerning computer modeling of power plant maintenance practices. DOE was interested in understanding the emission and energy impacts of such practices because of regulatory changes under consideration that might encourage greater efficiency, reliability, and safety at U.S. power plants. The DOE employee sought the views of the AEP official because of that official's current responsibilities for strategic planning at a large utility, and because of his extensive experience performing similar modeling in his previous capacities at firms that performed such analytical services for the government and for industry.

The view expressed by the AEP employee, who had included the views of another AEP employee as well as a legal consultant to AEP, was technical in nature, as one would expect for a discussion of modeling assumptions. The AEP employees stated that they believed possible regulatory changes concerning the maintenance of industrial facilities would not result in power plants increasing their availability by 5 percent, and that plant changes resulting in 10–15 percent increases in efficiency may include some measures that are not economic in current markets. For pollutants with an emissions cap, like SO_2, they foresaw no change in emissions from changes in availability, capacity, or efficiency, but for other pollutants "improved efficiencies will REDUCE emissions" [their emphasis], and "NSR revisions should not have a negative impact [i.e., an increase] on emissions at all."

It is important to note that the NSR revisions related to "routine maintenance, repair, and replacement" apply only to replacing "identical or functionally equivalent" equipment that does not change the basic design parameters of the affected process unit. As stated in the rulemaking, EPA believes that such changes "are necessary for the safe, efficient and reliable operations of virtually all industrial operations."

DOE believes that there is a large body of information supporting the conclusion that there are current and emerging technologies that could substantially increase the efficiency of existing coal-fired power plants. In simple terms, efficiency is the ratio of useful energy produced by a power plant to the energy input to the power plant. When efficiency increases, we obtain more power for a given amount of fuel, and a given level of emissions. So improved power plant efficiency is a very desirable goal. Although we anticipate modest improvements in power plant availability from NSR revisions, these changes are not insignificant and could be crucial in a power shortage (blackout) situation. Moreover, the NSR revisions could prevent a loss in current levels of availability, which is also valuable. The Administration received substantial input from industry in response to EPA's June 27, 2001, request for public comment on an EPA paper discussing NSR (the NSR 90-day Review Background Paper). Comments by utilities and consulting firms identified major losses in capacity and availability that could result from a NSR policy that impeded the ability of power plant owners to repair or replace equipment that had broken or was about to break. For example, Southern Company predicted a loss in capacity of 38 percent over 13 years; TVA estimated 32 percent over 20 years. These comments were echoed by those of WEST Associates, and the National Rural Electric Cooperative Association, both of which cited degraded generating capabilities resulting from the current interpretation of NSR regulations. Public comments supporting the need for regulatory change to support improved efficiency and reliability were received by EPA from a host of organizations, including the Tennessee Valley Authority, the American Public Power Association, the Utility Air Regulatory Group, and the Electricity Reliability Coordination Council

DOE has conducted its own analyses of how current and emerging technologies could improve the efficiency of existing coal-fired power plants. Improvements of up to 15 percent appear feasible. For perspective, an efficiency increase of only 10 percent in the coal-fired power plant fleet would provide as much electric power as 60 large new power plants, without an increase in emissions. DOE has modeled a range of possible improvements in efficiency, availability and capacity and determined that the energy, economic, and environmental outcomes of such changes are almost universally positive. EPA has conducted similar analyses and reached similar conclusions. These energy and environmental analyses are discussed in the preamble of the rulemaking, and their details are fully documented in the publicly available regulatory docket for the NSR rule.

It is both necessary and appropriate for DOE to seek out and consider the views of experts in these matters, just as it is appropriate for EPA to do so. Decisions on these regulatory matters have consequences that go beyond their direct cost and environmental impact, and encompass energy policy and energy security issues. Moreover, it would be simplistic to assume that all the information on a complex issue would point in a single direction. With respect to the e-mail from AEP, it expressed some views that differ from those expressed by others and with our own views. There is nothing extraordinary about that. It is the responsibility of government to examine data and to weigh different opinions in the light of the government's own analyses and determine the best approach to achieve public policy objectives consistent with applicable law. That is what was done in the case of this rulemaking.

DOE is confident that the changes in NSR will allow utilities to make repairs and replacements that improve plant efficiencies and benefit consumers. The old regulations discouraged utilities from making these repairs and replacements. The new regulations, and the flexibility they will bring about, will result in lower national emissions, lower power costs, and greater efficiency from fossil-fueled power plants.

Senator Leahy also remarked that many power plants are grandfathered from putting on emission controls. Most power plants are subject to State regulations to achieve federal ambient air quality standards, and all coal-fired power plants larger than 25 megawatts are subject to the stringent SO_2 and NO_X requirements of Title IV (acid rain) of the Clean Air Act. Those facts notwithstanding, the Administration has introduced legislation to achieve an additional 70 percent reduction in emission of those pollutants, as well as reductions in mercury emissions. That bill is still pending in Congress, so EPA is proceeding under existing Clean Air Act authority to obtain similar levels of emission reductions. It is clear to me that these power plants are not "uncontrolled", and that they will be further controlled in the near future.

Senator LEAHY. And then, Mr. Chairman, depending upon that answer I may have follow-up questions, if I might, based on what he answers.

Senator BURNS. Follow with anything you like.

Senator LEAHY. You are such a fine man. I just want the air to be as clean along the East Coast as it is in the beautiful State, the Big Sky State of Montana.

Senator BURNS. I will tell you what. The folks in New York, I was just saying a little while ago, if you do not like those plants shut them down.

Senator LEAHY. But actually if that is what the Clean Air Act was supposed to do is supposed to shut them down and replace them with something else, now, as we found out in the blackout a lot of this stuff has not replaced that should have been and we do not seem to have the money. I wish that what we had said was a lot of these plants were really going to supply energy to Iraq because we voted enormous amounts of money to replace their power plants, it would be kind of nice just to replace a couple here in the United States. But thank you very much.

Senator BURNS. Well, the structure is a bit different, as you well know. You can change that structure if you like.

I have a couple of other questions. I have got to go to Budget, and I guess we are underway with a great deal of debate on the sixth floor and we had better get to be a part of that. Mr. Secretary, we have some other questions, if you could respond please.

Let me emphasize, we really need that report. The communication between us and the Department gets rid of a lot of misunderstandings and figures, and we all need to use the same calculator in order to get on the same page, if we can.

Secretary ABRAHAM. I agree.

Senator BURNS. I know there are some misunderstanding and misinterpretation of what figures mean but the way we have it figured out up here, and like I said, it is a matter of phasing out some programs that are not working. There is no use throwing good money after bad. And then redesigning and retooling ourselves to pursue those things that are working, never limiting our ability to change and to be flexible enough to take advantage of the situations that we have in front of us to better serve the energy needs of this country.

So, thank you very much for coming this morning.

Secretary ABRAHAM. Could I, Mr. Chairman?

Senator BURNS. Yes?

YUCCA MOUNTAIN—SILICOSIS ISSUE

Secretary ABRAHAM. Just make one comment, please. Earlier today, Senator Reid made some comments with respect to the Yucca Mountain project that really did not take the form of a question and then he had to depart. I do not want to leave open any question in the minds of the committee as to the actions which our Department has been taking. The issues that, as Senator Bennett pointed out, that took place in the period of the mid-1990s came to our attention, to our inspector general's attention, in 2003. This is the silicosis issue, and we are trying to move very aggressively to provide a program for workers, for screening to determine the nature of any illnesses that may have emanated from that exposure. We have brought the University of Cincinnati in to be a partner in this effort to do the screening programs for us and we take this very seriously, as we do all safety issues that are involved in any of our programs, whether it is in Nevada or elsewhere.

YUCCA MOUNTAIN—RAIL CORRIDOR

It was also commented on that the transportation, the rail corridor in Nevada would go through the properties of individuals. That is sort of inevitable. There is no route; there is no rail line in Nevada to this very remote site for obvious reasons. We had, of course, options of moving it through densely populated areas and the preferred route which we have designated is the one, which in our judgment has the least potential impact on the populace of the State. And I would just point out again to this committee, as I have to others where I have testified on Yucca Mountain, that we have an enormously successful track record, both in America and throughout the world, on the transportation of radiological materials. It's totally safe. There has been more nuclear material of this sort transported in the United States and Europe than all the transport that will ultimately take place to Yucca Mountain without a harmful exposure. We intend to maintain that safety record.

YUCCA MOUNTAIN—FUNDING

Last, I just want to say, the issue of financing. Yes, we are asking for more money. This is a project that is many, many years delayed. The Department itself is now the recipient of numerous lawsuits from utility companies who have been told that we would take responsibility for the waste that we have not. And yes, we are ramping up the cost because Congress made the decision to move forward with the project and now the costs of doing that will begin to grow. But the good news is this: we have been collecting money from utilities from the very inception of this project for exactly these purposes. The amounts of money we are seeking are consistent with the revenue to the Federal Government that is being secured as a result of the polluter pays kind of approach in which the utility collects the money, sends the money to us and it is our job now to use it. So, the amount is substantial but we are asking for an amount consistent with the revenue that comes to the government from the utilities for precisely this work.

So, I look forward to answering his questions but I did want to make sure on the record that we did respond to some of the issues raised.

Senator BURNS. You can raise a lot of questions where Congress, through legislation, promised to do something and have not carried through. So, thank you very much Mr. Secretary.

Secretary ABRAHAM. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. 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 CONRAD BURNS

RECENT R&D ACCOMPLISHMENTS—FOSSIL ENERGY

Question. Obviously this Committee is generally familiar with the Fossil Energy R&D work your programs support. Can you elaborate on a few specific examples of successes that were achieved in the last fiscal year? If you can, choose some examples in different Fossil Energy program areas, and tell us what breakthroughs were achieved and what the Federal role was in achieving those breakthroughs.

Answer. Fossil Energy has been actively supporting the development of advanced technologies for the separation of hydrogen and carbon dioxide from a gasification-based synthesis gas stream for carbon sequestration and the hydrogen economy. Two such projects have had major successes within the past year, one in the CO_2 hydrate and one in the advanced membrane area.

CO_2 Hydrates

The CO_2 hydrate project, jointly sponsored by FE's gasification and sequestration programs, has been under development for the past few years by a team consisting of Nexant, Simteche, and Los Alamos National Laboratory (LANL). Over the past few years, fundamental studies were performed by LANL in a batch and semi-continuous laboratory-scale flow reactor system to confirm the concept and to identify specific technological hurdles to scale-up. Recently, Nexant successfully translated this information into a continuous-flow reactor unit that will permit longer duration runs, demonstrate taking the hydrate-forming reactions to completion through novel heat removal design, and provide for better data collection. The unit was successfully commissioned in the 2nd quarter of fiscal year 2004 and has demonstrated sustained production of CO_2 hydrates for several hours. The data to be generated with this unit over the next year will provide the basis for scale-up to a 2.5 MWe equivalent unit for testing at a commercial gasification site. Negotiations are in progress with Tampa Electric for testing this unit at its Polk Power Station. This novel technology has potential for reducing carbon capture cost to $8–9/ton of CO_2 compared to today's cost of about $40/ton.

Advanced Membranes

The advanced membrane project, sponsored by FE's gasification program, is focused on the development of membranes that separate hydrogen from a shifted synthesis gas stream. This past year, Eltron Research, together with Noram Engineering, CoorsTek, and Sud Chemie, have been successful at developing a membrane composition that has achieved more than 100-fold increase in hydrogen flux over where they were one year ago at process temperatures as low as 400 °C compared to 900 °C previously. These new results have tremendous implications on the cost of coal-based hydrogen and have sparked considerable interest within the team to further develop and scale-up the technology over the next five years. These "leap-frog" improvements in membrane performance have caused Praxair, an industrial gas company and hydrogen supplier, to join the development team. Also, because of its interest in hydrogen for chemicals production, Eastman Chemicals has committed to participation in the latter phases of the project and has offered its Kingsport, TN chemical complex as a site for field demonstration of a unit producing almost 9,000 lb/day of hydrogen from a coal feedstock. Incorporating this technology in a gasification plant will reduce the cost of coal-derived hydrogen to an amount comparable to hydrogen produced from natural gas when natural gas is priced at approximately $4.00/MMBtu.

Oil & Natural Gas

A new lightweight, flexible drill pipe engineered from space-age composites rather than steel was developed and commercialized. The composite drill pipe is much lighter than steel pipe, it is more flexible and can remain bent for extended periods of time, and can be used in multiple drilling operations. These advantages significantly reduce drilling costs. The improved economics and technological advances could bring new life to thousands of idle wells. This drill pipe was developed by ACPT a small firm in California that previously built lightweight composite parts for race cars. The first commercial order for this pipe came from a small independent oil and gas company that is going into old wells, drilling horizontally, and giving new life to their existing fields.

IntelliPipe™, a revolutionary new drill pipe with built-in high speed two-way data transfer, has changed the state-of-the-art in downhole communication speed. IntelliPipe™ is the key to establishing high-speed communication links throughout the drill string to provide drillers with the industry's highest resolution data feedback and control of downhole tools real-time. This advanced telemetry transmission revolutionizes the way drilling is done now and into the future. With IntelliPipe™, drillers gain access to real-time critical information when they need it at volumes impossible by today's standards. Drilling engineers receive an unprecedented one million bits per second (similar to a Local Area Network) of real-time streaming information that improves monitoring and measurement of all vital aspects during downhole operations. It also allows data to be sent the other direction, giving oil and gas drillers the capability to direct the drill bit more precisely toward oil and gas bearing sweet spots and away from less productive areas almost instantaneously. This invention will greatly improve the speed of drilling operations, reduce environmental impact of drilling, and significantly improve safety. This will enhance the efficiency of oil and gas wells and reduce the number of wells needed to produce a reservoir.

Tinkering with a device to jumpstart compression in a gas well, a pair of West Texas dropouts-turned-wildcatters invented a four chamber pump they say can be used as a replacement heart just as easily as an oil well pump. Their invention caught the attention of doctors at the Texas Heart Institute in Houston, who asked for a prototype for preliminary tests as a blood pump. The pump is designed to operate much like a heart. It is simple to operate, lightweight, can be made of virtually any material, and does a nearly complete intake and sweep of fluids in one 360-degree motion. The pump eliminates valves, cuts overheating by reducing revolutions per minute, simplifies power requirements, overcomes clotting problems, does not destroy as many red blood cells, and eases lung pressure complications. Another advantage to the versatile pump is that it will allow for a revolutionary reduction in the size of devices that would use their invention—enabling, for example, air conditioning systems now available only in huge airplanes to be comfortably fitted in a small car. In developing countries without ready sources of electricity, this simple pump could result in major improvements to the quality of life.

In partnership with the Department of Energy, Venoco Inc. and the University of Southern California developed a suite of new technologies enabling them to find and tap into 80 million barrels of previously overlooked oil deposits in the Santa Barbara Channel, simultaneously improving the environmental impact of production operations. The new non-invasive technologies improved the sub-surface understanding of the Monterey formation and allowed Venoco Inc., an independent operator, to overcome a two-decade old ban on new seismic surveys in California's offshore region. Applying state of the art technology, production in five old wells has increased by an additional 600 barrels of oil per day. "Seep tents" positioned on the ocean floor capture naturally occurring oil and gas seeps. This additional effort has eliminated the oil sheen on the ocean, reduced pollution of the seawater, made the Santa Barbara Channel healthier for marine mammals, and eliminated new tar on the beaches. Both Venoco and the University of Southern California have very aggressive technology transfer and outreach efforts to other U.S. producers and researchers.

Bluff Exploration developed user-friendly software for neural network solving of complex seismic and reservoir characterization problems. Intelligent Computing System (ICS) uses clustering, artificial neural networks and classical regression methods to combine seismic, geologic and engineering data for predicting reservoir potential. The integrated software modules are designed to be used by small teams consisting of an engineer, geologist and geophysicist. They are flexible and robust, working in many environments. The tools are used to transform seismic attribute data to reservoir characteristics such as storage, permeability, probable oil/water contacts, structural depth, and structural growth history. When these reservoir characteristics are combined with neural network solvers, they can provide a more complete description of the reservoir. This leads to better estimates of hydrocarbons in place, a real limits, potential for infill or step-out drilling, and ultimate producible reserves. The ICS software was used extensively in the Red River formation of the Williston Basin in North Dakota. Proved oil reserves were increase by 3.25 million barrels and daily production increased by over 2,600 barrels. Horizontal wells in this formation are expected to produce over 1 million barrels of incremental oil by 2005. The ICS software is not specific to any particular region or depositional types. Users can apply their down databases to populate the programs and generate predictions. Luff Exploration has presented the results of this effort at many national conferences and regional technology transfer workshops. Their software and instructional manual is free to the public.

The Spraberry Field has earned the dubious title of being "the largest uneconomic field in the world," because it holds more than 8 billion barrels of oil under six Texas counties, but has produced 750 million barrels of oil, or less than 10 percent of the original oil in place. Department of Energy funding allowed the risk-taking needed to challenge "conventional wisdom." Pioneer Natural Resources Co. and Texas A&M teamed up to identify the most effective recovery technique for Spraberry. New imaging and horizontal coring techniques were applied to the formation, revealing three major fracture networks, the spacing of the fractures and the direction in which they ran. The information was surprising and important. They redesigned an effective water flood approach that has increased the reservoir pressure, increasing oil production from 15 barrels of oil per day to 80 barrels of oil per day. Cumulative incremental production after 2.5 years is estimated to be over 150,000 barrels of oil. Effective technology transfer efforts resulted in other operators in this field applying the same process. Estimates indicate recovery of an additional 15 percent of Original Oil In Place over the next 20 years, or 1.5 billion barrels of incremental oil. Following the water-flooding period, Spraberry will still hold the potential for successful CO_2 flooding as demonstrated by the pilot study.

Question. Since R&D is as much about failure as it is about success, can you offer any examples from the last year of Fossil Energy research that has failed to produce the desired result?

Answer. Examples of research that did not produce desired results are:

Coal & Power Systems

One example deals with the development of effective means for storing enough hydrogen on board fuel cell powered cars to provide an acceptable range without taking up an excessive amount of room. This is a critical goal of FE research. Carbon nanotubes were proposed as a likely answer to this problem and initial results from different laboratories were highly encouraging. More recently, closer examination by both experimental and computational science provides a more sobering assessment—at their present state of development carbon nanotubes fall considerably short of DOE goals. Reaching the desired result along this line of attack still requires a major breakthrough that has so far eluded the talent of the best in nanotube research.

Oil & Natural Gas

The "Hot Ice No. 1" well recently drilled in Alaska did not encounter methane hydrate as expected, but it did produce information that should help to overcome the substantial technical obstacles to the eventual commercial production of this abundant energy resource. The well also provided an opportunity to showcase several unique and previously untested Arctic drilling technologies that can be expected to play a role in future Alaskan drilling operations. The absence of hydrate at the site is in itself a significant scientific finding. Based on detailed evaluation of log data from adjacent offset wells, the Hot Ice No. 1 well was expected to encounter a significant thickness of reservoir quality sands in the Upper West Sak unit. The sands were there just as expected but we found free gas and water rather than hydrate in the hydrate stability zone. Figuring out why will require a thorough post-mortem analysis of the core, log, and seismic data from the well. Although disappointed by the missed opportunity to evaluate a hydrate-filled formation, the researchers believe that a tremendous amount of knowledge will be gained for future hydrate exploration through analysis of the unique suite of collected data. Clearly, the model for distribution of methane hydrate on the North Slope may be more complex than previously thought. Although the hydrates expected were not found, a suite of technologies were advanced that could ultimately make exploration for and production of the Arctic methane hydrate resource economically feasible. These new technologies can be taken to future hydrate research sites where they will ultimately aid in building a better characterization of this potentially important frontier resource. In addition, the geologic knowledge gained from an ongoing comprehensive analysis of the core, log, and seismic data from the well will improve models for the genesis and distribution of hydrate accumulations on the North Slope

Another example is in the area of seismic wave stimulation technology. This has the potential for being a relatively low-cost procedure for enhancing oil recovery in depleted fields, or returning some shut-in wells to production. A project to develop a novel downhole sonic stimulation tool to increase production resulted in a design error indicated by 2 bench-scale test failures, and finally failure in a field test where the tool became stuck in the well bore. This project focused on a very underdeveloped technology that has a high potential to improve oil recovery.

Question. What did we learn from these failures?

Answer. Based on the knowledge and experience gained in nanotube research, we learned that a better route to achieving DOE goals might be seen by exploiting a new class of materials, the so-called metal organic frameworks. Higher storage capacities have already been found with one example of this material than the best yet achieved with nanotubes. Following this lead is a more productive use of available resources. In addition, we have found that we can apply the expertise and experience that we obtained in our investigations of nanotubes for hydrogen storage to more rapidly assess and evaluate the potential of metal organic frameworks. The ability to apply the expertise and experience from previous efforts will result in much more cost-effective research in the development of hydrogen storage materials capable of achieving the DOE goals.

RECENT R&D ACCOMPLISHMENTS-ENERGY CONSERVATION

Question. Obviously this Committee is generally familiar with the Energy Conservation R&D work your programs support. Can you elaborate on a few specific examples of successes that were achieved in the last fiscal year? If you can, choose some examples in different Energy Conservation program areas, and tell us what breakthroughs were achieved and what the Federal role was in achieving those breakthroughs.

Answer. Several success examples are provided below:

Buildings Success

—With support from EERE, Cree Lighting, an American company based in Research Triangle, North Carolina developed a 74 lumen per watt white-light LED—that's higher than a compact fluorescent lamp (CFL) and five times better than incandescent;

—In this project, two critical R&D advances were made—

—it is the first high-power LED built on a silicon-carbide substrate and

—it incorporates an innovative packaging design to manage heat.
—This laboratory prototype was tested in 2003. It is estimated that products incorporating this technology could be in the consumer market by 2006 or 2007.

Distributed Energy Success

—The Solar Turbines Mercury 50 turbine was developed under the Advanced Turbine Systems Program (ATS).
—One goal of the ATS Program was developing turbines with less than 9 parts per million (ppm) NO_X.
—The commercially available Mercury 50 is available with a guarantee of 5 ppm NO_X.
—The Mercury 50 has over 40,000 hours of operating experience at 6 field sites.
—It is noteworthy that this success does not represent a single technological advance achieved with fiscal year 2003 funds. (In fact, no funds were provided in fiscal year 2003.) Instead, it represents the culmination of more than a decade of Federal investment, totaling more than $200 million, which came to commercial fruition on fiscal year 2003.

FreedomCAR and Vehicle Technologies Success

—The program's research reduced the cost estimate for a high-power 25kW battery system from the 1999 estimate of $3,000/system to $1,180/system.
—This work forms the basis for one of the nine FreedomCAR Partnership 2010 goals, to reduce to $500 the production cost of a high power 25kW battery for use in light vehicles, enabling cost competitive market entry of hybrid vehicles.

Fuel Cell Success

—DOE sponsored fuel cell research achieved a modeled cost of $225/kW for a hydrogen-fueled, 50 kW fuel cell power system, down from $275/kW in 2002.
—$225/kW includes the fuel cell stack, hydrogen storage, and all ancillary components for air, thermal, and water management. (Does not include vehicle drive components such as the electric motor)
—The cost estimate is derived from analysis of best current technology across the industry and assumes high volume manufacturing (500,000 units/year). The estimate does not correlate to any one manufacturer.
—Cost improvement has primarily occurred through research that led to reductions in platinum loading, and the introduction of composite bipolar plates

Industry Success

—Working with industry through activities like Best Practices, EERE helps the country's most energy-intensive industries improve their energy efficiency, environmental performance, and productivity.
—Many BestPractices technological advances and practices have helped companies reduce their natural gas consumption, per unit of output.
—For example, EERE's Industrial Technologies Program provided technical assistance to Progressive Powder Coating, a company based in Mentor, Ohio, to install an infrared (IR) oven in between the powder coating booth and the convection oven on its production line. The IR oven allowed the plant to increase its conveyor line speed and increase production by 50 percent. In addition, the plant was able to reduce its natural gas consumption by 10,500 MMBtu, yielding annual energy cost savings to the company of approximately $54,000.

Question. Since R&D is as much about failure as it is about success, can you offer any examples from the last year of Energy Conservation research that has failed to produce the desired result?

Answer. Research and development in EERE is a process of testing and developing ways to overcome barriers to technology performance and market adoption. Each program within the EERE portfolio has developed a multi-year program technology plan that presents multiple pathways and performance gateways essential for selecting the most cost-effective and technologically-feasible solution and reducing planned performance risk. In every program, failure accompanies success as a necessary component of conducting high-risk research.

Examples of EERE research that failed to produce the desired result and were closed out include:

—In the FreedomCAR and Vehicle Technologies Program, two separate projects aimed at producing very small holes (50 microns) for diesel fuel injector orifices were developed in recent years. These projects were conducted: (1) at Argonne National Laboratory (ANL) using a deposition approach and (2) at Oak Ridge National Laboratory (ORNL) using a sintering approach. Both projects were conducted for three years. At the end of fiscal year 2003, because of the superior performance results, favorable feedback from industry stakeholders, and the Department's engineering judgment, the project at ANL received continued funding while the ORNL project was discontinued.

—Another example of an R&D project not meeting its goals is the work on matrix materials cost-reduction of the wheel substrate material for enthalpy wheels in our Buildings Technology Program. This project was terminated after the Department determined that the biggest impact of reducing the cost of an enthalpy wheel lies in the cassette design, rather than the matrix materials that had been the focus of this project.

—In 2001 and 2002, research on Advanced Materials for Industrial Gas Turbines was being performed. The research involved the use of Titanium Silicon Carbide in rotors, inlet nozzles, and inlet scrolls. In late 2002 it was jointly decided by both the contractor and the Department that sufficient technical progress had not been made to continue the research and no further funding was provided in fiscal year 2003.

—A project was terminated in the mining area of the Industrial Technologies Program that involved microwaves. It was determined that the research could not prove that this technology could be economic in the mining industry, so the project was terminated and other avenues will be explored.

Question. What did we learn from these failures?

Answer. Albert Einstein once said, "If we knew what it was we were doing, it would not be called research, would it?" All of EERE's research programs gain valuable information from both successes and failures, and many research failures by their very nature redirect technology pathways towards success and increase the likelihood of achieving program goals and objectives.

In nearly all instances, EERE's past "research failures" provided important information that significantly impacted the projects' multi-year technical plans. In some cases, such as the vehicle technologies example, the differing results of two research projects helped the project manager decide which technology pathway to pursue in the years ahead. In other cases, such as the mining project in the industrial program, the research findings convinced the project managers that the costs of continued research were not warranted given the limited economic potential for the technology and the project was terminated.

EERE conducted a rigorous Strategic Program Review in 2002 that analyzed the entire EERE portfolio and pointed out that redirections and project terminations are a necessary part of any research plan. Some failures resulted in lessons that could be applied across the entire office, rather than just one project or program.

EERE has learned a number of lessons from its experiences over the years, including:

—Open, competitive solicitations can often, depending on the technology and its stage of deployment, be an effective way to identify promising research avenues. EERE has increased its emphasis on competitive solicitations in recent years.

—Multiple research pathways are important to pursue to increase the likelihood of success and to broaden the range of learning.

—Realistic, clear, quantifiable goals, metrics, and milestones are necessary components of successful RD&D pathways.

—Carefully developed go/no-go decision points focus efforts and provide for the opportunity for termination or graduation of research projects.

—Public-private partnerships are critical for effective technology transfer.

MOUNTAIN STATES ENERGY (MSE) CONTRACT EXTENSION

Question. As a follow-up to Monday's [March 1, 2004] conversation, it will be helpful to get the Department on record regarding MSE's contract. Mr. Secretary, we have previously discussed extending the DOE contract for the Western Environmental Technology Office (WETO) housed at the Mike Mansfield Advanced Technology Center. I want to thank you for your attention to this matter and ask that you have your staff work with mine to ensure the great work performed by WETO continues. Can you please provide an update?

Answer. MSE has submitted a contract extension to the Department of Energy. The Office of Environmental Management has conducted a preliminary review of the request for extension and determined further evaluation needs to be made.

FOSSIL ENERGY—FUTURE GEN

Question. FutureGen continues its march toward possible demise. Last year you (and you alone, I might add) worked to add $9m to get the FutureGen program started. This year the budget allocates $237 million to the project, however, this amount cannot be spent in fiscal year 2005. Industry is concerned that the Government must make a substantial investment to get the program moving along. Unfortunately, the Department used $140 million of prior year Clean Coal Technology (CCT) funding, and an approximately $120 million of reduction in other clean coal research to fund FutureGen. This rob-Peter-to-pay-Paul solution has not been met with industry support. Considering industry is expected to bring hundreds of millions in investment to the table, they are noticeably concerned that the federal government is not stepping up to the table with "new" money to fund FutureGen.

Mr. Secretary, on numerous occasions we have discussed the FutureGen project and our shared commitment to see it move forward. Unfortunately, the Department has yet to provide the report demanded by December 31, 2003 in the fiscal year 2004 Conference Report, and details remain extremely hazy on the project. The Committee is anxious to see your plan.

We have been tracking this issue closely, and upon inquiry, we hear three things from industry: (1) they commend you and your staff for doing an excellent job sorting through the technical and scientific implications of the project; (2) they see it as a meritorious project and want to lend their financial support to the project if a productive path forward can be found; and (3) they are deeply concerned that OMB and the Department are heading toward a financing and project management strategy that brings into question the long-term viability of the venture. Can you update us on the progress of the plan and outline what you have done to date to move FutureGen forward?

Answer. The FutureGen Report to Congress was submitted by the Department of Energy on March 4, 2004. The Department is currently completing internal management review requirements that should be finished in about a month. Once the internal management review is complete, and once the fiscal year 2004 funding for FutureGen is released by Congress, the Department can begin negotiations with an industry partner. We forecast awarding the cooperative agreement in the late calendar year 2004 time frame. After release of funds in fiscal year 2004, the Department will begin its NEPA process for FutureGen. Once the negotiations are complete, the first priority is to develop a set of technical siting criteria that will be used in an open, fair, and transparent competitive process. After release of funds in fiscal year 2004, the Department will begin its NEPA process for FutureGen.

Question. The Conferees of the Interior Appropriations Bill, as well as the Industry Stakeholder Group, have been very clear that FutureGen cannot come at the expense of critical fossil R&D research. However, the coal R&D budget is $470M in your budget with $140M of this funding coming from previously appropriated funding that is earmarked for FutureGen. In reality, this means that your request is $330M of new funds for other coal R&D programs including the Clean Coal Power Initiative.

This $330M compares very unfavorably to the $450M that was spent on the very same programs last year. It is a significant cut in programs like fuel cell research, coal gasification, advanced materials research, and other important programs. FutureGen is not a substitute for these base R&D programs. How does the Department justify such a cut in the base fossil energy R&D programs?

Answer. The Department considers FutureGen as the highest priority coal research effort. The fiscal year 2005 budget request reflects a research focus, of which FutureGen is a key part, towards achieving the goal of affordable zero emissions energy from coal. In the fiscal year 2005 budget request, a rescission of $237 million (including prior year deferrals) is proposed as a total offset to fund FutureGen from prior year available funds from projects that were terminated in the original Clean Coal Technology Demonstration program, thus providing for a total request of $470 million. The budget request reflects a combination of several actions to rebalance our research portfolio to accelerate the zero emission goal for coal. Funding requests in several areas such as fuel cells are reduced because the work on near term fuel cells has reached a point of maturity where it is appropriate for the industry to take it to commercialization. In Solid Energy Conversion Alliance (SECA) fuel cells the work can be stretched out by one year and still accommodate the FutureGen schedule where SECA fuel cells can be used in the power module. Coal gasification research is also stretched out by one year without a schedule impact on the delivery of potential technology for FutureGen. In addition, the gas separation membrane research funded in fiscal year 2004 under gasification is being proposed in fiscal year 2005 as part of the increased request ($16 million) for the hydrogen fuels research to maximize the synergy between these areas. Advanced research was streamlined to emphasize novel concepts that could have potential for zero emission applications. The fiscal year 2005 budget request therefore reflects the priority of achieving a zero emission option for coal given budget realities.

FOSSIL ENERGY—DISTRIBUTED GENERATION—FUEL CELLS—SOLID STATE ENERGY CONVERSION ALLIANCE (SECA)

Question. The majority of interest in DOE—Fossil's fuel cell programs is centered on the SECA program. This program is based upon a number of vertical teams working on competing fuel cell technologies. Also funded are horizontal, or cross-cutting, teams that are focused on addressing technological hurdles the vertical teams are facing. This year, DOE has reduced funding for the core fuel cell program from $71 million to $23 million. This cut comes after DOE has added two new vertical teams to the SECA program (increasing from 4 to 6 teams) at the reduced funding level.

Mr. Secretary, I am extremely interested in the fossil fuel cell programs. I know that DOE now has six industry teams working on the SECA program, yet has proposed a reduction from $71 million to $23 million Distributed Generation with $25 million coming from SECA related activities. I am concerned that reducing the funding for stationary fuel cells will cause the program to slow, when it is poised to make great strides.

Additionally, it is my understanding some teams may be underperforming, and some of the competing technologies may show little promise for future development. Can you update the Subcommittee on the progress of the SECA program and explain how you propose allocating resources in fiscal year 2005 to ensure we are providing sufficient resources to the teams showing the most promise?

Answer. In fiscal year 2005, our highest priority is adequate funding for FutureGen. Within the Fuel Cells Program, our highest priority is SECA, which is expected to contribute to distributed generation applications, and larger-scale FutureGen applications.

Funding for SECA is at the same level as the fiscal year 2004 Request. Proposed funding for SECA is about two-thirds of the fiscal year 2004 appropriation ($35,063,000). Our fiscal year 2005 funding request of $23 million will fund the continuation of work by the SECA teams, given current fiscal constraints. At the proposed funding level we expect identical impacts on each of the participating teams, namely, stretching out the SECA development schedule by one year.

Currently, six Industrial Teams are aggressively pursuing different promising approaches to meet the SECA goal of $400/kW. Each team's progress will be assessed against our rigorous contract requirements in 2005, 2008, and 2010.

Over 40 research and development projects that support the SECA industry teams are in place. The SECA Core Technology Program, SBIR, University Coal Research and the FE Distributed Generation Advanced Research budget lines fund these projects. Each Industrial Team has successfully demonstrated full size cells that promise to meet the SECA 2005 criteria in full prototypes. Half of the Industrial Teams have already operated full prototypes, including balance-of-plant, that demonstrate the basic system operation. One Industrial Team, in partnership with a major electric utility (Southern Company), has demonstrated SECA technology in a coal power plant using coal gas as the fuel. Significant progress has been made in solving the two most challenging SECA technology issues, interconnects and seals: New materials for SECA metallic interconnects and seals are under development at two national laboratories and several small businesses and universities. Long-lived metallic interconnects with significantly reduced degradation and seals that exhibit significantly reduced leak rate have been demonstrated in the SECA Core Technology Program.

FOSSIL ENERGY—DOMESTIC OIL PRODUCTION/IMPORTS

Question. Current Domestic Production continues to decrease in the face of rising demand. Last year you expressed concern that oil prices remained around $28 a barrel following the initial stabilization of Iraq. Currently, the price remains at approximately the same level and, just like last year, domestic crude storage is fairly low heading into the summer months. There continues to be a lag in exports. Most price forecasts continue to highlight that the volatility of fuel costs will be determined on our ability to access crude stocks, but almost all forecasters highlight our ongoing dependence as the reason for continued price swings in the oil markets. Can you comment on this?

Answer. As with any commodity, inventories provide an immediate source of supply should demand surge or shortfalls in other supply sources occur. Should OPEC reduce its production, and consequently its exports, at the same time demand for crude oil is increasing as refiners come out of their maintenance programs to increase refinery throughput to maximize gasoline production, crude oil inventories can be the bridge to fill this possible gap in supply. However, with crude oil inventories well below the average range, pressure will likely build on prices should these low inventories be required to be drawn down further. Simply put, without more crude oil available to world markets, it will be difficult for refiners to maximize gasoline production without drawing crude oil inventories to even lower levels. It appears that more crude oil is needed to supply refiners and help to rebuild crude oil stocks to more normal levels.

OIL RESEARCH BUDGET FIGURES

Question. Obviously, I do not agree with the Department's budget request reducing Oil Technology R&D from $35 million to $15 million. However, your budget request proposes collapsing the traditional functions under the Oil Technology Program. For example, under Exploration and Production, the enacted program includes 8 program areas with specific funding levels. This year you simply propose 3 program areas, with one focused on Global Oil Supply. Given we are overly reliant on imported oil as is, why are you proposing to cease the oil programs that help domestic production and shift those funds to increasing our dependence on foreign oil production?

Answer. The Oil Technology Program includes policy, science and technology development to help resolve oil supply, environmental, and reliability constraints. In addition to activities focused on increasing domestic production, bilateral technology exchange and joint research, in areas including enhanced oil recovery, between the United States and non-OPEC countries will also increase secure supplies of oil. In fiscal year 2005, the program includes a modest effort to diversify oil supplies through bilateral activities with nations that are expanding their oil industry, including Venezuela, Canada, Russia, Mexico, and certain countries in West Africa. Bilateral and multi-lateral work will include technology exchanges and joint research, development, and demonstration under the Administration's North American Initiative and other international agreements.

UPDATE ON WORLD OIL MARKETS

Question. During the early stages of the operations in Iraq, crude prices rose to over $38 a barrel and stabilized back in the mid to high $20s. However, crude prices are rising again and stocks are low. Can you update us on the current state of the highly fluctuating oil markets?

Answer. Crude oil prices have increased by about $7 per barrel since early December. Converted into cents per gallon, this would explain about 17 cents of the 26-cent increase seen in retail gasoline prices since December. OPEC has kept production, and consequently global exports, at levels that have prevented crude oil inventories worldwide, and especially here in the United States, from returning to more normal levels. This OPEC restraint has been followed by a call to decrease production further beginning in April. Additionally, global oil demand continues to increase, particularly in China and the United States. While supply and demand factors explain most of the increase in crude oil prices, other factors, including the large net long position by non-commercial participants in the near-month NYMEX contract and even a demand pull from higher gasoline prices, have also put pressure on oil prices. Nevertheless, crude oil prices have increased in recent months primarily due to a tightening global crude oil market. With crude oil prices at these levels, it is uneconomical for stockholders to hold excess inventories, thus crude oil inventories remain relatively low, and will likely not increase without more global supply being made available.

CURRENT CRUDE IMPORT LEVELS

Question. Can give us a sense of how current crude imports compare to prior years as a percentage of domestic consumption?

Answer. Net crude oil imports were 63 percent of U.S. crude oil inputs to refineries for the month of December 2003, up from December 2002, when net crude imports comprised 61.2 percent of U.S. crude oil inputs to refineries. The current figure is also up compared to the five-year average, as crude oil net imports were responsible for an average of 58.2 percent of U.S. crude oil inputs to refineries during the month of December in each of the years 1998 through 2002. While crude oil imports do seem to be increasing, it is clearly not enough to keep crude oil inventories from reaching very low levels this past winter.

IRAQI PRODUCTION

Question. There is still obvious concern regarding the timeline to return Iraq's oil production to the world market, and we have recently heard rumblings that the Saudi fields may have a shorter lifespan than previously thought. Can you update the Subcommittee on the actions the Department has been taking to help the Iraqi peoples' attempts to bring production online?

Answer. The Coalition Provisional Authority (CPA) is responsible for Iraqi reconstruction, including restoration of their oil industry. The CPA has recruited support for their activities from several Federal agencies, including the Department of Energy. Some of our employees volunteered to serve and have completed rotations; some are still in Iraq. They were chosen based on their backgrounds in oil production, oil logistics, and electrical engineering. While each employee has made meaningful contributions to reconstruction, the Department of Energy is not responsible for planning or executing plans for reconstruction in Iraq and is not best positioned to respond to this question.

CENTRAL ASIAN PRODUCTION

Question. Secretary, you and I have recently discussed the need to work with nations in Central Asia to support both natural gas and oil production. Could you give us your outlook on the region and the potential to work with ex-Soviet states to help stabilize global energy markets?

Answer. The Caspian Sea region is important to world energy markets because of its potential to become a major oil and natural gas exporter over the next decade. Progress has been made in improving export capacity as the Baku-Tblisi-Ceyhan oil pipeline is now under construction and plans for the Shah Deniz gas pipeline are proceeding. Estimates of the Caspian Sea Region's proved crude oil reserves vary widely by source. The Energy Information Administration (EIA) has estimated proven oil reserves as a range between 17 and 33 billion barrels, which is comparable to OPEC member Qatar on the low end, and larger than the United States on the high end. The Caspian Sea region's natural gas potential is, by some measures, more significant than its oil potential. Regional proven natural gas reserves are estimated by EIA at 232 trillion cubic feet (Tcf), comparable to those in Saudi Arabia. The Shah Deniz offshore natural gas and condensate field in Azerbaijan, which is thought to be one of the world's largest natural gas field discoveries of the last 20 years, contains "potential recoverable resources" of roughly 14 to 35 Tcf.

IMPORT/EXPORT AUTHORIZATION FUNDS

Question. I notice you have decreased the Import/Export Authorization line item, which raised a few eyebrows. However, I am told this decrease is the result of shifting functions out of the Fossil Account to align them with a more appropriate area within the Department. Can you elaborate on this change?

Answer. The budget request for fiscal year 2005 reflects the reorganization plan to move the cross border electricity regulation function out of Fossil Energy to the Office of Electric Transmission & Distribution, which was established August 10, 2003, and funded in the Energy and Water Development Appropriations, and combines DOE's electricity transmission and distribution (T&D) programs and research in a single, focused office. The requested funds for Fossil Energy in fiscal year 2005 are appropriate for the remaining Fossil Energy natural gas regulatory functions.

GASOLINE STOCKS

Question. Last year we discussed the alarming dependency on foreign refined product. My hope was that the dependency on foreign gasoline was an anomaly rather than a trend, however, with recent disruptions due to an accident on the Mississippi and regional price spikes, I am hearing more concern from my constituents. Can you update us on imports of refined product and give us an outlook for gasoline prices this summer?

Answer. The average retail price for regular gasoline in the United States has been about $1.72–1.73 per gallon over the last couple of weeks, just a couple of pennies shy of the all-time high of $1.747 (unadjusted for inflation) set on August 25, 2003. While the average retail price declined slightly from March 1 to March 8, EIA expects this to be temporary, and continues to forecast prices averaging $1.83 per gallon later this spring.

Gasoline prices have risen because of two primary factors: (1) a rise in global crude oil prices, and (2) tight gasoline markets nationwide.

—Crude oil prices have increased by about $7 per barrel since early December. Converted into cents per gallon, this would explain about 17 cents of the 26-cent increase seen in retail gasoline prices since December. OPEC has kept production, and consequently global exports, at levels that have prevented crude oil inventories worldwide, and especially here in the United States, from returning to more normal levels. This OPEC restraint has been followed by a call to decrease production further beginning in April. Additionally, global oil demand continues to increase, particularly in China and the United States. While supply and demand factors explain most of the increase in crude oil prices, other factors, including the large net long position by non-commercial participants in the near-month NYMEX contract and even a demand pull from higher gasoline prices, have also put pressure on oil prices. Nevertheless, crude oil prices have increased in recent months primarily due to a tightening global crude oil market.

—Gasoline supply and demand factors have also played an important role in explaining higher gasoline prices. Despite relatively high nominal prices, U.S. gasoline demand has been very strong, averaging 4.5 percent above year-ago levels over the last four weeks, and supply has simply not increased enough to keep up. On the supply side, with the refining system globally showing much less excess capacity than last year, the lack of ability to further increase gasoline production substantially, including here in the United States, may make it difficult for refiners to supply enough gasoline this spring. Gasoline imports have averaged significantly below year-ago levels, particularly in January and February, despite the fact that product imports in January and February 2003 were adversely affected by the disruption in Venezuela that had resulted from the oil workers strike in December 2002. Gasoline imports have been lower so far this year for a number of factors: relatively high freight rates, low supplies available for export from Europe, and, possibly, from lower-than-normal exports from Venezuela.

With supply unable to keep up with demand growth this year, U.S. inventories have been drawn down much more than normal this year. January, which would typically be expected to see an increase of more than 12 million barrels, actually saw total gasoline inventories fall by nearly 1 million barrels, and there wasn't any significant improvement in February, relative to normal changes. As a result, there is little, if any, flexibility in the gasoline market to respond to any imbalances, should they occur in specific regions of the country, or across the country.

Question. Does the Department have any short-term solutions to combat the trend?

Answer. We all understand that the current oil market conditions have evolved over many years and will require patience and resolve to be addressed adequately. The Administration continues to work towards assuring that American consumers have adequate supplies of petroleum products at reasonable prices. I urge the Congress to do its part to complete comprehensive energy legislation and send it to the President.

The trend in imported petroleum products is simple economics: the foreign refiners have excess capacity to produce gasoline; we have strong demand for gasoline, primarily on the East Coast. As long as the U.S. price is attractive to foreign refiners, they will provide our markets with needed petroleum products.

With the FreedomCAR and Hydrogen Fuels initiatives, we are working aggressively to fundamentally change the way we look at transportation, oil use and the environment over the long term, by developing an integrated system using hydrogen from domestic sources that produces no emissions of greenhouse gases or criteria pollutants.

SOLID STATE LIGHTING

Question. The fiscal year 2005 request includes $10.2 million for Solid State Lighting, up from $7.7 million in fiscal year 2004. Industry is pleased by this show of support, but is concerned by the split between core research projects (national labs, universities) and industry-led research. They feel the industry portion provides a bridge to product development, which will allow the U.S. industry to keep pace with foreign competitors. DOE would say that product development should be largely the responsibility of industry. I was pleased to see the Department's formal launch in November 2003 of a dedicated Solid State Lighting research and development program. The energy savings and environmental benefits of this technology could be enormous.

You've asked for just over $10 million for solid state lighting in your fiscal year 2005 budget. I am interested in how the Department is allocating funds in this program between core research and research more geared toward product development and commercialization. From reports that I've heard—including a recent visit to the Far East by our colleague Sen. Bingaman—Korea, China, and Japan are very active, with government support, in developing solid state lighting technologies. Is enough being done to support product development research?

Answer. The Department is funding core research, or "Core Technologies" as well as "Product Development" activities. The November 2003 Solid State Lighting (SSL)

Workshop provided a formal launch of the program and a discussion of the research and development (R&D) plan for SSL. Much emphasis and priority was placed on the Core Technologies tasks, as many fundamental activities still need to be completed and capitalized into products before the performance and price of SSL will be market competitive. Product Development tasks were also prioritized, but for light emitting diodes (LEDs) only. The top priorities for both Core Technology and Product Development will be addressed with competitive solicitations in fiscal year 2004.

Given that Core Technology projects will (a) achieve the technology breakthroughs for large jumps in efficiency (among other attributes), and (b) are longer term with results further out, EERE will emphasize the Core Technology agenda during the early years of its SSL activities. However, it should be noted that less risky projects (generally those in Product Development) require more industry cost sharing than riskier projects (generally those in Core Technology), as required by the Energy Policy Act of 1992 and in alignment with guidelines developed as part of the Administration's R&D investment criteria. Thus, total project funding—including participant cost sharing—is approximately equal between the two categories.

Question. Are you confident we are applying adequate resources to secure the intellectual property, manufacturing capability and infrastructure to lead the world in solid state lighting?

Answer. Yes. The Department is carefully applying the resources available within solid state lighting (SSL) to high-priority tasks selected by the November 2003 Solid State Lighting Workshop and is seeking a balance between long-term Core Technology and near-term Product Development activities. The Department recognizes that foreign-government-funded SSL consortiums are targeting the same white-light markets and applications. However, the U.S. industry base presently holds an edge in technology knowledge and expertise. Given the potential for large profits in the lighting industry, we are confident that the U.S. industry investment, combined with the Department's funding, will allow the United States to continue to lead.

Question. How specifically are fiscal year 2004 funds for this program being allocated?

Answer. For fiscal year 2004, EERE's Building Technologies Program is focusing on placing available funding on competitive solicitations or competitive National Laboratory research and development solicitations. Of the $7.75 million appropriation for solid state lighting (SSL) in fiscal year 2004, $1.5 million is being used to pay mortgages for projects from past solicitations, $6.0 million is being used for competitive solicitations and the balance of $250,000 is being used for analyses and other activities. The competitive solicitation will be split between Core Technology ($4.0 million) and Product Development ($2.0 million) in an approximate two-to-one ratio. Research and development activities ($7.5 million) have been given a higher priority than workshop ($100,000), analysis ($100,000), and communication ($50,000) activities.

Question. How will fiscal year 2005 funds be allocated if funded at the President's request?

Answer. In fiscal year 2005, SSL funding will be allocated using the funding logic emanating from the November 2003 Solid State Lighting (SSL) Workshop, which provided a formal launch of the program and a discussion of the research and development (R&D) plan for SSL. The Department is funding both core research, or "Core Technologies," as well as "Product Development" activities. From this SSL Workshop, many tasks were identified as priority tasks, but only a subset will be placed in the fiscal year 2004 solicitations for either Core Technology or Product Development. The funding split in fiscal year 2005 between Core Technology and Product Development solicitations will be approximately two-to-one.

HYDROGEN—NATIONAL RESEARCH COUNCIL REPORT

Question. The National Research Council recently released a study that identified some pretty tall hurdles that need to be cleared before hydrogen can make a significant impact this country. Big improvements are needed in the cost and reliability of fuel cell systems; advances are needed in transportation infrastructure for hydrogen; and we must determine whether it is feasible to sequester carbon that would be produced if we were to produce hydrogen from coal. Some have interpreted this report as saying that hydrogen is a pipe dream, and that funding anything but the most basic research at this time would be folly. What is your take on the NRC report?

Answer. Conclusions that only the "most basic research' should be funded are gross mischaracterizations of the NRC report. The NRC recommended that the program shift away from "some" development areas and toward more "exploratory" work—as has been done in the area of hydrogen storage. “Exploratory” research is not synonymous with “basic” research.

Exploratory research involves the application of novel ideas and new approaches to “established” research topics, and is likely to catalyze more rapid advances than basic research and more innovative advances than applied research. The Department is doing this through the Hydrogen Storage Grand Challenge, for example, which includes the establishment of three “Centers of Excellence” led by National Laboratories along with multiple university and industry partners. This is the model that the NRC is recommending that the Department use in addressing fuel cell cost, durability, and other areas. The NRC is not recommending a shift away from development in general; the NRC is specifically limiting the areas that it recommends we shift away from to: compressed gas/liquid storage, centralized natural gas production, stationary polymer fuel cells, and biomass gasification.

We agree that significant hurdles exist to realization of the hydrogen economy. These barriers had been previously identified by the Department (see the National Hydrogen Energy Roadmap, released by Secretary Abraham on November 12, 2002); barriers specifically mentioned in your question are each addressed as part of the President’s Hydrogen Fuel Initiative:

—*Fuel cell cost and reliability*.—Over the last several years, the program has increasingly shifted emphasis away from systems development activities because industry is taking on this work with private funding. Instead, the Department is focusing on research at the component level addressing cost and durability issues. This trend is expected to continue, is supported by the fiscal year 2005 budget request, and is in agreement with NRC recommendations.

—*Transportation infrastructure for hydrogen*.—NRC recommendation ES–5 indicates that distributed hydrogen production systems deserve increased research and development (R&D). The Department agrees with this recommendation, and believes an increased focus on relevant technologies (distributed reforming and electrolysis) will help eliminate large infrastructure investments in the transition. Figure 6–1 of the report shows the transition beginning in 2015. The NRC gave a clear strategy that the transition can occur by focusing on distributed production of hydrogen that eliminates the need for full hydrogen production and delivery infrastructure in the near term. The Department will place much more emphasis on exploratory research on electrolysis in fiscal year 2005 and beyond. Decreasing electrolyzer cost and increasing efficiency are critical to producing hydrogen from renewable electricity. We will also continue our work in hydrogen production through distributed natural gas reforming, another key technology in the transition to a full hydrogen economy.

—*The feasibility of carbon sequestration*.—Coal is a potential abundant and domestic source for hydrogen. It is considered a long-term hydrogen source because the technical, economic and environmental feasibility of carbon capture and sequestration technology must be evaluated. Over the next 10 years, FutureGen, a project to employ carbon capture and sequestration technologies will demonstrate emissions-free electricity and hydrogen from coal. Although funding for this demonstration is not part of the President’s Hydrogen Fuel Initiative, the FutureGen project is critical to addressing greenhouse gas reductions and evaluating the long-term potential for coal-based hydrogen and electricity.

Finally, basic research is critical to understanding the underlying science that will lead to hydrogen and fuel cell technology improvements in the near-term and potentially “breakthroughs” in the long-term. The Department has now included the Office of Science as a direct participant in the President’s Hydrogen Fuel Initiative and has requested $29.2 million in the fiscal year 2005 budget for basic science. However, if we shift too many resources away from applied research and technology development, we will not meet the technology milestones needed to enable the industry commercialization decision in 2015. As pointed out by Dr. Michael Ramage, Chairman of the NRC committee on hydrogen, when he testified before the House Science Committee, a continuum of basic science, applied research, development, and learning demonstrations is necessary for the hydrogen initiative to be successful. The Department believes that fiscal year 2005 funding represents a balanced program in terms of the mix of research and development.

Question. Does anything in that report cause you to rethink the allocation of funds in your budget for hydrogen research?

Answer. The Department initiated the request to have the National Research Council (NRC) evaluate its hydrogen program planning in December 2002. In April 2003, we received the interim NRC report with recommendations that we incorporated into the President’s fiscal year 2005 budget request. The fiscal year 2005 request reflects funding increases in fundamental research ($29.2 million for the Office of Science), safety ($18 million represents a 3-fold increase over fiscal year 2004), and systems analysis (to help prioritize research activities).

The Department fully concurs with 35 of the 43 recommendations in the final report. The remaining eight will be implemented to some degree after careful consideration and consultation with our stakeholders, including the Congress. One of the major reasons the Department asked the NRC to examine the program was to obtain independent advice on our priorities and resource allocation. The recommendations are now being considered and funding allocations in future years will be made consistent with our understanding of the proper role of the Federal government and emphasize technology areas that can most greatly impact U.S. oil consumption and carbon emissions. We will continuously re-evaluate technology status, and reallocate funds appropriately.

HYDROGEN—TECHNOLOGY VALIDATION PROGRAM

Question. Last year this subcommittee funded a new activity within the fuel cell program that was designed to support full scale demonstrations of hydrogen vehicles, fueling systems and storage. You're seeking a further increase in funding in fiscal year 2005. Can you update us on how the fiscal year 2004 funds are being spent?

Answer. A solicitation was issued in fiscal year 2004 for a fuel cell vehicle and hydrogen infrastructure "learning" demonstration. The "learning" demonstration is an extension of the research program and is not a commercialization demonstration intended to accelerate market introduction. The planned project is a 50/50 cost-shared effort between government and industry and will provide important performance, durability, and safety data, under real-world operating conditions, necessary to continuously refocus the research program.

Funding from the Interior and Related Agencies appropriations will be used to manufacture and test hydrogen fuel cell vehicles in fiscal year 2004 and fiscal year 2005. Funding from the Energy and Water Development appropriations will be used to develop and test hydrogen infrastructure components. It is expected that award selections will be announced in the near future.

This activity will provide a critical assessment of hydrogen fuel cell technology and the information necessary to validate whether we are on track to meet our interim milestones for a 2015 commercialization decision by industry. It will involve automotive manufacturers and energy companies, with multiple suppliers and university partners, and is critical to understanding the systems integration and interface issues involved with a major transformation in our transportation energy system.

Question. How many demonstrations will be funded, where will they be and what kind of projects will they be?

Answer. The Department anticipates selecting approximately three to five demonstration applications for negotiation for award. Although the applicants were asked to propose specific geographic locations, they cannot be disclosed at this time because selections have not been publicly announced. The solicitation required that vehicles operate in cold and hot climates, dry environments, and in humid conditions. This will provide valuable fuel cell performance data related to water management and heat management that feed back into the applied research program to fully address these issues.

As stated earlier, the vehicle/infrastructure learning demonstration will involve the automotive and energy industries to seek national system solutions, and possible synergies between hydrogen fuel electricity generation and transportation applications.

The demonstration data will include very controlled testing on chassis dynamometers so that fuel cell technology readiness can be reported to Congress with extremely high confidence. We will also be able to focus on safety and work with industry to develop uniform codes and standards necessary for eventual commercialization and safe use of hydrogen as an automotive fuel. The project will specifically validate fuel cell durability, vehicle range, and hydrogen production costs under real-world operating conditions by 2008. The data produced will help focus our R&D to accelerate technological advances. The goal is a 2015 commercialization decision by industry.

Question. In light of the NRC report, are you at all concerned that we're getting ahead of ourselves in committing substantial resources to a demonstration program like this, rather than investing those funds in additional basic research?

Answer. As pointed out by Dr. Michael Ramage, Chairman of the NRC committee on hydrogen, when he testified before the House Science Committee, a continuum of basic science, applied research, development, and learning demonstrations is necessary for the hydrogen initiative to be successful. Furthermore, the NRC report does not recommend that funding be shifted from this "learning" demonstration to "basic" research. The Department's mix of funding according to OMB circular A–11 for the fiscal year 2005 Hydrogen Fuel Initiative budget request is as follows:

	Percent
Basic Research	12.9
Applied Research	42.5
Development	29.2
Demonstration	[1] 13.4
Deployment (Education)	[1] 2.0

[1] OMB Circular A–11 does not provide a definition for this category.

The Department believes that fiscal year 2005 funding represents a balanced program in terms of the mix of research and development. As you can see, 85 percent of the program is research and development.

Basic research is critical to understanding the underlying science that will lead to hydrogen and fuel cell technology improvements in the near-term and potentially "breakthroughs" in the long-term. However, if we shift too many resources away from applied research and technology development, we will not meet the technology milestones needed to enable the industry commercialization decision in 2015.

These learning demonstrations are critical to assessing how well the research is progressing in meeting customer targets and in establishing the business case. A major transition to a hydrogen-based transportation energy system could not occur without the involvement of the automotive and energy industries in this type of project.

FOSSIL ENERGY—DOMESTIC GAS PRODUCTION/IMPORTS

Question. While oil reliance is especially concerning right now, natural gas prices and availability are at the heart of an ongoing domestic energy crisis. Spikes in natural gas prices on the spot market rival the cost spikes for electricity that lead to public outrage in recent years. Mr. Secretary, we have recently discussed our mutual concern over natural gas prices and increasing dependence on foreign natural gas. Could you share some of the statistics you shared with me on Monday, March 1, regarding our need for imported natural gas?

Answer. Total natural gas consumption is projected to increase from 2002 to 2025 in all Energy Information Administration (EIA) AEO2004 cases. The 2005 projections for domestic natural gas consumption are in the range from 29.1 trillion cubic feet per year in the low economic growth case to 34.2 trillion cubic feet in the rapid technology case, as compared with 22.6 trillion cubic feet in 2002.

The North American resource base has matured, making it much more difficult to increase supply levels faster than the rate of production decline. Net imports of natural gas make up the difference between U.S. production and consumption. Imports are expected to be priced competitively with domestic sources. Imports of foreign LNG account for most of the projected increase in net imports. When planned expansions at the four existing LNG terminals are completed and projected new LNG terminals start coming into operation in 2007, net LNG imports are expected to increase from 0.2 trillion cubic feet in 2002, to 2.2 and 4.8 trillion cubic feet in 2010 and 2025, respectively.

Net annual imports of natural gas from Canada are projected to peak at 3.7 trillion cubic feet in 2010, then decline gradually to 2.6 trillion cubic feet in 2025. The depletion of conventional resources in the Western Sedimentary Basin is expected to reduce Canada's future production and export potential, and prospects for significant production increases in eastern offshore Canada have diminished over the past few years.

Question. I notice the Department is focusing on Liquefied Natural Gas (LNG) to help meet these import needs. Have you worked with the Department of Homeland Security to assess the risk and viability of a large LNG infrastructure?

Answer. DOE's Office of Fossil Energy, working with the Office of Intelligence, is leading interagency cooperation on assessing the risk of LNG infrastructure. The lead agencies for LNG infrastructure permitting are the Federal Energy Regulatory Commission and the U.S. Coast Guard, the latter of which is now part of the Department of Homeland Security (DHS). In addition, discussions have been held in an interagency context with the DHS Office of Science and Technology to coordinate efforts.

Question. I know the Natural Gas Technologies accounts under Fossil Energy focuses on exploration and production techniques as well as developing advances in infrastructure to prevent failures and enhance delivery capabilities. Unfortunately your budget request suggests reducing these activities from $43 million to $26 million, down from nearly $46 million just a few years ago. Can you explain the disconnect between the information collected by your Department and the direction the Research and Development Accounts appear to be headed?

Answer. The Administration's fiscal year 2005 budget request for oil and gas research is at the same level as the fiscal year 2004 request. The Department believes that this is the appropriate level based on the priority placed on addressing the growing demand for clean energy with a portfolio of research in clean coal, LNG, renewables, conservation and more.

The oil and natural gas program budgets reflect the PART scores ("ineffective" for the past two years, although the scores improved from fiscal year 2004 to fiscal year 2005), which were lower than other Department of Energy research programs, and budget allocation is based in part, on this evaluation process. However, the Department is committed to improving performance and is taking active steps to improve project planning and the agency's ability to measure its effectiveness. We are in the process of an oil and gas strategic planning initiative and are working with external groups to improve our benefits measures.

GRID RELIABILITY AND FEDERAL LANDS

Question. As you well know, maintaining and improving the reliability of the electric grid is dependent on our ability to maintain transmission lines across Federal lands—particularly in the West. From time to time we hear complaints that maintaining this infrastructure on Federal lands is a cumbersome and expensive process, whether it's vegetation management, line maintenance, or other necessary tasks.

I know DOE has worked closely with the White House to coordinate the designation of corridors across federal lands in 11 Western states for transmission and other utility rights-of-way. My understanding is that the next step in this process is the completion of a region-wide Environmental Impact Statement, and that the Argonne National Laboratory has been designated to prepare the programmatic EIS, funded by the Department of Energy.

I believe it is very important that these corridors be designated if we are going to have adequate transmission capacity in the West to deliver power from renewable and other energy sources. My understanding is that the DOE funding commitment for fiscal year 2004 has not yet been fulfilled.

Can you advise this Committee as to the status of the fiscal year 2004 funding commitment for the region-wide EIS, and whether you are requesting the requisite funds to complete the EIS in fiscal year 2005?

Answer. It must be recognized that the Bureau of Land Management (BLM) and the Forest Service (FS) have made progress in the past 2 years to streamline the management of existing right-of-way grants (ROW) for BLM administered lands or special use permits (SUP) for FS administered lands, and to reduce the burden and expense of infrastructure maintenance, whether vegetation management, line maintenance, or other necessary tasks. It is anticipated that additional administrative practices will be implemented by the BLM and the FS in the next couple of years that continue to streamline many aspects of ROW and SUP management while maintaining safety, public health, and environmental protections. Improvements in transmission policy, such as better practices for siting of transmission lines, is one of the activities supported by the Office of Electric Transmission and Distribution's Electricity Restructuring program. However, completion of the EIS in fiscal year 2005 depends on the availability of funds.

Question. From what program would such funding most logically be derived?

Answer. The electric transmission system would benefit from designated corridors across Federal lands; the expedited review process itself would save both time and money during siting evaluation. Thus, the Office of Electric Transmission and Distribution sees value in this effort. However, other programs outside the electric transmission and distribution area would also benefit. For instance, these corridors would enable better access to renewables and other energy sources, including natural gas and hydrogen.

Question. Are there other steps you're taking administratively on an inter-agency level to address these issues?

Answer. DOE is working closely with the Task Force on Energy Projects established under Executive Order 13212 in addressing these issues. The Bureau of Land Management (BLM) and the Forest Service (FS) are pursuing an effort to modernize their land use plans throughout the West. Both agencies have directed their field offices to identify management issues associated with right-of-way (ROW) grants and special use permits. The agencies will identify ROW corridors, analyze the corridors for their present and future ROW uses, and where appropriate, officially designate the lands as ROW corridors. In accordance with BLM and FS management practices, a designated ROW corridor is a preferred location for the placement of future ROW facilities. Proposals to place future ROW facilities across BLM and FS administered designated as ROW corridors may be able to benefit from an expedited National Environmental Policy Act (NEPA) review process. The DOE is coordinating with the BLM and the FS to ensure that concerns of DOE are addressed in the BLM and FS land use planning efforts/NEPA reviews. DOE will support the designation of appropriate ROW and work with the agencies to help ensure that unwarranted restrictions to the placement of ROW on other public lands do not occur.

Question. Are you getting an appropriate level of response and cooperation from Interior and the Forest Service?

Answer. The Bureau of Land Management and the Forest Service have provided outstanding support to DOE with respect to identification, analysis and resolving of rights-of-way issues on lands the agencies administer. DOE has every expectation that this outstanding level of cooperation will continue.

FOSSIL ENERGY—FUELS

Question. The request reduces the Fuels account under Fossil Energy Research and Development from $31 million to $16 million. This research has focused on producing cleaner fuels using a number of technologies including using carbon feed stocks (coal, petroleum, gas) and separating it into various components, notably isolating the carbon from other elements. The budget proposes stopping all ultra clean fuels research and syngas research that creates clean fuels and hydrogen from coal.

Mr. Secretary, I am interested in your decision to essentially stop all advanced fuels research in the Fossil program. For fiscal year 2004, Congress provided $31 million to continue research aimed at developing cleaner fuels from domestic fossil sources including coal, gas, and petroleum. The strides made in producing new fuel products such as ultra clean diesel have given hope we can produce and utilize much cleaner burning fossil fuels in the near term. Can you explain why you believe we should abandon research that is arguable on the verge of creating marketable solutions to near-term environmental concerns?

Answer. The Coal to Hydrogen program is an important part of the President's Hydrogen Initiative and supports the FutureGen project by providing advanced, less costly technology for producing more hydrogen and hydrogen separation technology for evaluation. In fiscal year 2005, $16,000,000 has been requested for the program. This funding is a significant increase over the fiscal year 2004 appropriated funding of $5,000,000 for hydrogen from coal research and is consistent with the programmatic need as defined in the Hydrogen Posture Plan and FE Hydrogen Program Plan.

No fiscal year 2005 funding is requested for ultraclean transportation fuels and syngas membrane technology because these activities are related to the production of compliant liquid fuels required to meet EPA Tier-2 Standards which industry itself can support without DOE R&D assistance.

The Administration's request does include funding for an alternate route for producing hydrogen via clean, zero sulfur liquid fuel hydrogen carriers that would utilize the existing infrastructure and can be converted to hydrogen near the end-use site.

Question. Your budget proposes numerous projects to produce hydrogen from fossil energy sources. I believe we both realize our natural gas infrastructure is spread too thinly. Can you give us an indication of the potential success of production of hydrogen from coal and other resources?

Answer. In a recent comprehensive study, the National Academies concluded that "a transition to hydrogen as a major fuel in the next 50 years could fundamentally transform the U.S. energy system, creating opportunities to increase energy security through a variety of domestic energy resources for hydrogen production, while reducing environmental impacts, including atmospheric CO_2 emissions and criteria pollutants." The Committee did point out that "breakthroughs" in production, storage, delivery and fuel cells are required.

The mission of the hydrogen from coal program is to develop through public/private RD&D advanced and novel technologies that will enable the use of the Nation's abundant coal reserves to produce, store, deliver and utilize affordable hydrogen in an environmentally responsive manner. The potential for the economic production of hydrogen from coal is considered to be very high. However, in addition to developing new innovative processing technology, studies must be conducted to show the integration of these technologies in producing hydrogen, while successfully sequestering the carbon dioxide. These advanced technologies being developed by the Hydrogen from Coal Program offer the potential of reducing overall cost of hydrogen production by 25 percent, making the cost of the hydrogen fuel very competitive with alternatives.

The integration of processes and the advanced technology studies would be significantly advanced by the design and construction of the FutureGen facility.

In fiscal year 2005, $16,000,000 has been requested for the Hydrogen from Coal Program. This funding is a significant increase over the fiscal year 2004 appropriated funding of $5,000,000 for hydrogen from coal research and is consistent with the programmatic need as defined in the Hydrogen Posture Plan and the FE Hydrogen Program Plan.

NAVAL PETROLEUM AND OIL SHALE RESERVES—ROCKY MOUNTAIN OIL TECHNOLOGY CENTER (RMOTC)

Question. The Naval Petroleum request and proposed DOE Reorganization propose moving the Rocky Mountain Oil Technology Center (RMOTC) (pronounced Remot-C) under the auspices of the Natural Gas R&D portfolio. This facility allows industry to partner with DOE and place facilities on NPR–3 (Teapot Dome) to explore advanced oil recovery techniques. The budget and DOE reorganization proposes moving the Rocky Mountain Oil Technology Center into the Natural Gas R&D portfolio. It is my understanding industry partnerships to promote advanced oil recovery utilize this center with great success. Can you assure the Subcommittee that joint efforts at the center will continue at or above the current level in the upcoming fiscal year?

Answer. The RMOTC program is not being placed under the auspices of the Natural Gas R&D portfolio as you have noted; rather it will be managed as part of the overall oil and gas R&D program within the Office of Natural Gas and Petroleum Technologies. RMOTC offers a place to perform hands-on testing and demonstration of upstream petroleum and environmental products that is tailored to the small, independent domestic oil producers. Government participation accelerates technology transfer by helping speed new technology to the market place. RMOTC also supports the Administration's goal to develop new/alternative energy sources and energy efficiency technologies for use in the petroleum industry. However, we cannot make assurances that funding will remain level or increase.

The type of work done at the RMOTC—field demonstrations of oil exploration and production technology—is something that the petroleum industry primarily should lead. The RMOTC appropriation for fiscal year 2004 was for $2.96 million and the fiscal year 2005 request is $2.17 million, which will primarily be utilized to continue the work commenced in fiscal year 2004. RMOTC will concentrate these resources on primary and applied research and development that does not overlap with industry. It will use the fiscal year 2005 appropriation to complete work on already signed cooperative agreements and judiciously select new projects to fund.

OFF-HIGHWAY ENGINE R&D

Question. You have once again proposed to terminate research on off-highway engines such as heavy equipment, railroad engines, etc. I gather this is because the potential energy savings are not nearly as high as for on-road vehicles research. While off-road fuel consumption is far less than on-road consumption, it does seem that very significant emission reductions could be attained in the off-road area by picking some of the "low hanging fruit". Can you give us an idea about how you weigh such things in your budget development process?

Answer. Our budget development process weighs multiple factors such as program performance, relative priority, alignment with the Administration's R&D investment criteria, and other factors. The R&D investment criteria include considerations such as the Federal role, the quality of the research planning, and the potential for public benefits. While we continue to refine our methods for quantifying and comparing potential benefits of our activities, it is clear that advances in on-road vehicles offer greater benefits than in off-road vehicles. In fact, we estimate that the fuel savings potential from off-highway vehicles research is an order of magnitude lower than the potential for on-road vehicles. Accordingly, our R&D priorities emphasize on-road vehicle R&D, consistent with our fiscal year 2004 request. Also, in a recent peer review of our multi-year R&D plans the review committee recommended that the Department follow this course of action. Our R&D on heavy-duty on-road vehicle engines, however, does address many of the same technical issues present in engines of off-road vehicles.

With regard to emissions from off-highway vehicles, although the Department is deeply concerned about emissions, the Environmental Protection Agency has primary jurisdiction over this area. Recent EPA regulations mandate that the manufacturers of off-highway vehicles reduce future emissions and industry is working to meet these regulations on their own. Our cooperative R&D efforts emphasize research areas that industry would not choose to undertake on its own, especially in the absence of regulation.

Question. Are fuel savings and energy efficiency your only true goals in these programs, with things such as emissions reductions being secondary benefits?

Answer. The Environmental Protection Agency has primary jurisdiction over emission issues. Recent EPA regulations mandate that the manufacturers of off-highway vehicles reduce future emissions, and industry is working to meet these regulations on its own. Our cooperative R&D efforts emphasize research areas that industry would not choose to undertake on its own, especially in the absence of regulation.

The Department of Energy's Office of Energy Efficiency and Renewable Energy certainly considers environmental factors such as emissions in its decision-making and evaluations, but its primary goal is to achieve greater energy efficiency in the United States. In the area of transportation, this translates to decreasing our dependence on foreign oil through fuel savings and fuel switching opportunities.

Question. Can you elaborate for the record your reasons for proposing to terminate this program? Could you describe specifically how the funds appropriated in fiscal year 2004 are being spent?

Answer. Our budget development process weighs multiple factors such as program performance, relative priority, alignment with the Administration's R&D investment criteria, and other factors. The R&D investment criteria include considerations such as the Federal role, the quality of the research planning, and the potential for public benefits. While we continue to refine our methods for quantifying and comparing potential benefits of our activities, it is clear that advances in on-road vehicles offer greater benefits than in off-road vehicles. In fact, we estimate that the fuel savings potential from off-highway vehicles research is an order of magnitude lower than the potential for on-road vehicles. Since the top priority of EERE is to reduce our Nation's dependence on foreign oil, the FreedomCAR and Vehicle Technologies Program decided to focus its R&D efforts on those technologies that offer the opportunities to save the greatest amount of petroleum. Also, in a recent peer review of our multi-year R&D plans the review committee recommended that the Department follow this course of action.

In fiscal year 2004, approximately one-half of the funds go directly to makers of off-highway equipment (construction, agriculture, mining, road construction and rail) for competitively-awarded cooperative agreements, while the other half goes to our National Laboratories to conduct cooperative, cost-shared research with industry.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

ALASKAN ENERGY RESOURCES

Question. Increasing domestic energy supplies to ensure our energy security is a major element of President Bush's National Energy Policy. Alaska's vast energy resources are a key component in meeting the President's goal. Alaska's North Slope provides almost 20 percent of U.S. oil production. Additionally, Alaska's large natural gas reserves are estimated at over 130 trillion cubic feet and our coal reserves are estimated at 5,500 billion short tons. Developing and enhancing these energy resources will ensure stability in domestic energy supplies.

Despite Alaska's enormous resource potential, its energy reserves are largely untapped. Part of the problem has been a lack of research focusing on how to develop the resources given the Arctic's harsh climate, remoteness, and unique geology and environment. Recognizing that such research was important, Congress created the Arctic Energy Office, a branch of the Department of Energy's National Energy Technology Laboratory. The Arctic Energy Office was tasked with conducting Arctic energy research in fossil energy and remote electrical power generation in order to advance the economic and energy security of the United States.

With the federal funding it has received, the Arctic Energy Office has engaged in various energy related research, including tundra studies, enhanced oil recovery (which has the potential to generate an additional 20–25 billion barrels of oil), gas hydrates, gas to liquids technology, and natural gas production and transportation related to the Alaska Natural Gas Pipeline.

In fiscal year 2005, the Department of Energy is requesting over $635 million for fossil energy research and development. It appears from the Department's budget request, none of these funds will be used to support the important research of the Arctic Energy Office.

It is my understanding that your department eliminated funding used to identify and study ways to make the gas pipeline more economical. Alaska gas will meet approximately 10 percent of our nation's natural gas needs, decrease our dependency on foreign sources of LNG, generate over $40 billion in federal revenues, and create 400,000 jobs. At a time when high natural gas prices are severely impacting our industries and consumers and hindering our economic recovery, why would the Department eliminate funding for this project?

Answer. At the requested budget level for oil and gas, DOE decided it would not identify a specific line for Arctic research. This does not preclude competitively funding Arctic projects consistent with program priorities. However, any funding for Arctic research would be at a significantly lower level than the previous appropriations as a result of the overall decrease in funding for oil and gas. Specific gas pipeline funding to conduct testing of an innovative membrane technology for reducing the cost of gas processing prior to its delivery for pipeline transport was appropriated in prior years and remains available to conduct this project.

Question. The mean estimate of gas hydrates on Alaska's North Slope is 590 trillion cubic feet. As the Department of Energy has stated, development of 1 percent of this resource would triple the United States' resource base. Despite this vast potential gas resource, why did the Department decrease funding for the Alaska project by $3.35 million?

Answer. The Department is actually emphasizing hydrate research by increasing its fiscal year 2005 budget request by $2.5 million over the fiscal year 2004 budget request. The requested increase reflects the natural gas program's efforts to focus on areas where there is a clear government role: long-term, high risk research with potentially high payoffs. In fiscal year 2004 and fiscal year 2005, this program will focus on ongoing joint projects in assessing the potential hydrate resource in the Gulf of Mexico and in Alaska.

Question. In fiscal year 2004, over $6.5 million was appropriated to conduct research into the development of syngas ceramic membrane technology used to enhance Fischer-Tropsch (F-T) gas conversion to create environmentally friendly liquid fuels and hydrogen. Why was funding for this project eliminated in fiscal year 2005?

Answer. While the development of syngas ceramic membrane technology would enhance the economic production of Fischer-Tropsch liquids and /or hydrogen from natural gas, this advance could be supported by the private sector and we believe it has the economic incentives to do so. This funding request is consistent with the Administration's budget request for fiscal year 2004.

Question. The President's National Energy Policy called for environmentally sensitive development of Alaska's oil reserves and gas reserves, including those in the National Petroleum Reserve-Alaska. Consistent with that mandate, the Arctic Energy Office engaged in research into tundra travel to extend the exploration window on the North Slope. Why did the Department of Energy eliminate funding for this Arctic research?

Answer. The Tundra Travel Model was fully funded in fiscal year 2003 and the project has been successfully completed. To our knowledge, the Alaska Department of Natural Resources is not seeking additional funds from the Department of Energy to continue the project.

Question. The University of Alaska-Fairbanks and the Arctic Energy Office have been at the forefront of climate change research. Changes in climate are severely impacting Alaska's coastal communities. Why was funding eliminated for this research in the budget for fiscal year 2005?

Answer. Although the Arctic Energy Office has a close working relationship with the University of Alaska-Fairbanks, it does not fund climate change research.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

FUTURE GEN

Question. The Department's FutureGen plan, which is dated March 3, 2004, refers to the congressional directive that the plan be "closely" coordinated with the private sector. The plan does not, however, provide any detail on how the Department went about accomplishing that task. Please tell the Committee how the FutureGen plan was coordinated, including the organizations consulted, the number of meetings convened, and when the Department expects comments back from the industry regarding its plan.

Answer. DOE staff communicated on several occasions with a point of contact designated by the FutureGen industry alliance. The point of contact coordinated industry views and inputs that were discussed. Communications took the form of informal meetings and telephone conversations between Departmental staff and the industry coordinator as the drafting of the plan progressed. The industry alliance also provided input through a letter to the Department from the designated coordinator. The Department considered this input in the drafting of the plan. However, as stated in the FutureGen plan, industry has not had sufficient time to review or comment on the final plan that was submitted. Comments from the industry alliance are being requested on the FutureGen plan.

Question. As the FutureGen plan rightly points out, community acceptance will be one of the keys to the success of the project. What is the Department planning with respect to community outreach, both before and after a specific site is selected? And does the Department have a plan or strategy for addressing environmental legal challenges?

Answer. The Department is planning to include early planning activities for NEPA compliance in its community outreach prior to site selection. Early in the process, we will conduct early community outreach activities including an announcement of an Advance Notice of Intent to prepare an Environmental Impact Statement (EIS) for the FutureGen project. This announcement will include outreach to those state and tribal nation entities that initially submitted letters of interest in hosting the plant, including potentially interested communities within offering states. Every reasonable effort will be made to provide early information to keep the public and potential stakeholders apprised.

Following an open competition to select a host site, the Department will issue a final Notice of Intent regarding the EIS and will announce that intent to all communities, states, and tribal nations responding to the Consortium's competition. The Department will plan and conduct public meetings in communities within all regions offered as reasonable (i.e., potentially qualified) candidate sites for the plant. An extensive state and community outreach program will continue after a site has been selected.

As with any sizeable project, there is always the potential for environmental legal challenges. With respect to addressing these potential challenges, the Department plans to adhere to and comply with all relevant NEPA regulations, meticulously adhere to established procedures, document such procedures, and implement a full and open process that would engage the public and stakeholders throughout. It will also incorporates alternatives (site and technology alternatives) that are as broad as reasonably possible to ensure the reasonable range of alternatives were evaluated in the EIS documentation and serve to embody the actual conditions the project plans to move forward in at the time the site is selected.

Question. Obviously, funding sources for the $950 million cost of the FutureGen project are an important factor that must be carefully considered by the Congress before committing substantial funds to this endeavor. The plan states that $80 million will come from state and foreign governments. Which governments have pledged funds, how much have they pledged, and what mechanism is in place to ensure that these funds will actually end up "in the bank"?

Answer. At this time, several state and foreign governments have expressed a keen interest in participating in the FutureGen initiative. However, at this early stage in the FutureGen process, pledging of funds from any governmental entity would be premature and thus, is not yet expected since such commitments would be subject to further discussions and negotiations. The Department is encouraging broad international participation and will be actively pursuing cost sharing partnerships in FutureGen. Several mechanisms such as existing protocols and agreements, modification of exiting agreements, and new agreements could provide the avenues for addressing cost-share contributions, extent of participation, rights and other quid pro quo issues.

Question. The FutureGen plan also envisions $250 million coming from a private-sector consortium. Please provide the Committee with a list of consortium members and the amount of funding each member has agreed to contribute. In addition, specify whether or not the funds are legally committed to FutureGen.

Answer. As reported by the industry consortium that refers to itself as the FutureGen Industrial Alliance, the members are: American Electric Power, Cinergy Corporation, CONSOL Energy Inc., Kennecott Energy Company, The North American Coal Corporation, PacifiCorp, Peabody Energy, RAG American Coal Holding, Inc., Southern Company, and TXU. It is not known by the Department what arrangements, if any, have been made among the membership regarding the funding contributions of each member. The Department has no knowledge at this time as to whether industry funds are or have been legally committed to FutureGen. It is anticipated these and other questions and issues will be addressed prior to or at the time of negotiations with the industry partner.

Question. There is a real concern that the administration intends to pay for its $620 million share by supplanting current coal research programs. Even assuming Congress agrees to the administration''s proposal to transfer the remaining Clean Coal Technology balances to the FutureGen program, approximately $375 million remains unaccounted for. Does the administration intend to fund the FutureGen program with budget requests above and beyond the base coal R&D program, or will some of the base funds be used for FutureGen?

Answer. On page 8 in the FutureGen plan report, a profile is provided of the estimated governmental expenditures. As shown in the report, the administration's plan calls for a total of $500 million in new direct funding for the project and $120 million from the sequestration program, with $80 million being sought from international partners. The Department considers FutureGen the highest priority coal research effort, and as such, adequate supporting base coal research for FutureGen will most likely continue to be needed. Certain research in some areas such as that in emissions controls will wind up in the out years. In addition, the sequestration research program calls for large scale field tests that would be conducted with or without FutureGen. Therefore, that portion of the large scale sequestration research which can be conducted in an integrated mode with FutureGen could be funded as part of the project.

Question. The FutureGen plan states that the Department will provide $100 million toward the project in fiscal year 2008; $11 million for plant design, and $89 million for procurement and construction. Are these funds in addition to the base coal R&D program, or will they be included in the basic coal research budget?

Answer. On page 8 in the FutureGen plan report, a profile is provided of the estimated governmental expenditures. It is the administration's intent to request a total of $500 million in new direct funding for the project and $120 million from the sequestration program, with $80 million being sought from international partners. The Department considers FutureGen the highest priority coal research effort, and as such, adequate supporting base coal research for FutureGen will most likely continue to be needed.

Question. Please also answer this question with respect to the $113 million the Department proposes to spend in fiscal year 2009.

Answer. On page 8 in the FutureGen plan report, a profile is provided of the estimated governmental expenditures. It is the administration's intent to request a total of $500 million in new direct funding for the project and $120 million from the sequestration program, with $80 million being sought from international partners. The Department considers FutureGen the highest priority coal research effort, and as such, adequate supporting base coal research for FutureGen will most likely continue to be needed.

Question. The Department states that $120 million will be subsumed from the Sequestration research budget and put into the FutureGen project. According to the plan, for fiscal years 2009, 2010, and 2011, this amounts to $52 million. Yet, in looking at the plan's expenditures for those three fiscal years, no research activities are noted. On the contrary, design and construction account for virtually all of the funds proposed to be spent. How does the Department justify using much-needed sequestration research dollars for basic building construction, particularly in light of the fact that the plan makes abundantly clear that much more needs to be done in the sequestration area if FutureGen is to be a success?

Answer. The carbon sequestration aspect of FutureGen will integrate carbon capture in the above-ground facility with geologic carbon sequestration. During fiscal year 2009, fiscal year 2010, and fiscal year 2011, funding from the sequestration R&D program will be used in conjunction with direct project funding for the design, procurement, and construction of carbon sequestration sub-system components for FutureGen, which are required for FutureGen carbon sequestration research and testing. Thus, funds from the sequestration R&D program will be used to enable sequestration research at the integrated FutureGen facility. Funding from the sequestration R&D program for fiscal year 2011 will also support shake-down and start-up testing of the carbon sequestration sub-system components. In addition, the sequestration research program calls for large scale field tests that would be conducted with or without FutureGen. Therefore, that portion of the large scale sequestration research which can be conducted in an integrated mode with FutureGen would be appropriately funded as part of the project.

Questions Submitted by Senator Robert C. Byrd

FOSSIL ENERGY BUDGET REQUEST VS. THE ENERGY BILL

Question. I am aware that this administration did not take into account the now stalled Energy bill when releasing its fiscal year 2005 budget for DOE's Fossil Energy programs. However, one does not have to look far to see a clear disparity between what the administration is proposing this fiscal year and what is needed for many important energy programs. For example, the administration has cut the basic research and development funding for the Fossil Energy program by 32 percent for the fiscal year 2005 request. That is just an average cut, as specific oil, gas, coal, fuel cell, and other fossil energy programs have been cut even more severely. Based on the authorization levels in the Energy bill, the fossil energy program would require a 22 percent increase for fiscal year 2005 above and beyond the fiscal year 2004 appropriated funds. I am sure that similar examples exist for other important energy programs. We have seen this disparity in so many other bills. After the Congress passes a bill, the administration promotes it but then underfunds it.

The Secretary recently traveled to West Virginia touting the administration's work for coal. This administration has suggested that it stands behind the multiple billions for clean coal in the Energy bill, including the President's campaign promise for Clean Coal Technology. However, given this administration's track record, it hardly seems likely this funding will ever fully blossom.

Can the Department provide the Committee a copy of the Department's request to OMB for the Fossil Energy program for fiscal year 2005?

Answer. According to the Office of Management and Budget (OMB), the advice and counsel leading up to the recommendations that form the basis of the President's budget are part of the internal deliberative process of the Executive Branch. Similar to the pre-markup activities of any Congressional Committee, the initial views and positions within the Executive Branch vary widely relative to the final outcome in the President's budget. In order to assure the President the full benefit of advice from the agencies and departments, the Administration treats these working papers, such as the Department's OMB budgets, as pre-decisional internal working documents. Therefore, the Department's OMB budget is not releasable outside of the Executive Branch.

Question. If an energy bill were to somehow pass, would the administration actually support an increase in its funding requests to be in line with new authorizing levels for critical energy programs, or would it simply follow the same deceptive patterns that it has pursued after signing other authorizing bills?

Answer. The fiscal year 2005 budget request represents the Administration's view of where the Department of Energy's budget should be given the totality of demands placed on the Federal budget. The Administration has indicated concern with the potential costs of both H.R. 6 and S. 14, including their cumulative appropriation authorization levels, which in many cases significantly exceed the President's Budget and set unrealistic targets for future programmatic funding decisions.

NATIONAL ENERGY TECHNOLOGY LABORATORY (NETL)/DOE OFFICE OF ENERGY ASSURANCE

Question. As the Department is aware, the National Energy Technology Laboratory (NETL) is currently providing unique expertise and resources to assist the Office of Energy Assurance. NETL has a broad knowledge of how to effectively work with energy infrastructure owners and operators and forge effective partnerships with government and the private sector. I believe that NETL is a good fit for the Office of Energy Assurance, and I hope that the Department will do all in its power to ensure that NETL has the opportunity to excel under this important program.

NETL began providing assistance for the Office of Energy Assurance in fiscal year 2003 at a level of $16 million, with my support. In fiscal year 2004, I added an additional $16 million to the Energy and Water Appropriations bill for NETL to continue its activities under this program, as well as an additional $4 million for NETL to begin construction of a DOE facility dedicated to training first responders and industry on ways in which to prepare for, and respond to, a variety of energy-related emergency scenarios. I understand that this facility is a high priority for the Department.

While I realize that the Department may not have this information readily available today, for the record, would the Department provide a detailed report on the activities for which the $16 million for NETL was expended in fiscal year 2003?

Answer. In fiscal year 2003, the Office of Energy Assurance worked with NETL to direct and allocate the following initiatives:

[In thousands of dollars]

Performer	Description of Work	
NETL	Requirement definition and support of the Energy Infrastructure Training and Analysis Center (EITAC).	3,980
Nat'l Labs	EITAC modeling support	1,700
IUOE	Training first responders	1,265
ISAC, SNL	Energy Information Sharing and Analysis Center (ISAC) support and technology exposition.	689
NASEO	State emergency planning and response enhancements	707
Nat'l Labs	Technology development from a National Laboratory competition	2,200
Nat'l Labs	Visualization and analysis systems	601
GTI	Natural gas disruption study	305
SNL	Supervisory Control and Data Acquisition system technical support	300
BCS	Emergency response protocol support	250
Energetics	Facilitate stakeholder meetings	310
NETL	Develop metrics for energy assurance	761
NETL	Program direction for Federal/contractor salaries, travel, and materials	2,575
	Budget rescission	357
Total		16,000

Question. For the record, how much of the $20 million that I have added for NETL in fiscal year 2004 has been released and for what purpose?

Answer. NETL has received $14,070,000 of the $20,000,000 that was enacted by Congress in fiscal year 2004. In March 2004, the Office of Energy Assurance (OEA) issued Work Authorizations to NETL describing scope, cost, and schedule for work to be performed.

OEA has requested the fiscal year 2004 funds to be allocated as shown below:

[In thousands of dollars]

	Amount
Energy Disruptions and Preparedness	2,645
Coordination with the Private Sector	650
State and Local Government Support	1,075
Criticality of Assets	2,190
Policy and Analysis	875
Technology Development	3,885
Management Support	250
Program Direction	2,500
Total	14,070

By site, OEA funding would be distributed as :

[In thousands of dollars]

	Amount
ANL	550
INEEL	1,080
LANL	400
NETL	5,495
ORNL	375
PNNL	770
SNL	1,455
National Lab Council	200
National Labs (TBD)	470
Private Sectors/Universities	3,275
Total	14,070

Question. Further, I would appreciate a detailed report on how the fiscal year 2004 funds yet to be released will be utilized by NETL to assist the Office of Energy Assurance.

Answer. The Office of Energy Assurance has retained $5,930,000 of fiscal year 2004 funding. Of these funds, $4,000,000 is for construction and furnishing of facilities to support the analytical, training, and emergency response needs of the energy sector; $1,000,000 for NETL Program Direction; and $930,000 for program activities yet to be defined by OEA.

Question. I would also like to know how many NETL jobs are supported by the Office of Energy Assurance.

Answer. In fiscal year 2004, approximately 14 Federal and contractor NETL employees will support the Office of Energy Assurance.

Question. What is the Department's vision for NETL's role in the Office of Energy Assurance in the future? For example, will the Department incorporate funding to support NETL's work under this program into future budget requests and will the Department encourage NETL to work with the Department of Homeland Security in complementary activities?

Answer. Funding for NETL was not identified in the fiscal year 2005 budget request for the Office of Energy Assurance. However, the Department of Energy has encouraged NETL to work with the Department of Homeland Security (DHS) in complementary activities. For example, in fiscal year 2004, NETL is prepared to assist DHS in procuring up to $100 million in national security R&D. NETL would allocate this funding to projects selected by DHS that focus on security and reliability of energy infrastructure. Examples include development of an electric grid monitoring system, development and demonstration of mobile transformers to recover from electricity outages, and implementation of protective measures to monitor buffer zones near key energy infrastructures. NETL is coordinating this work with DOE's Offices of Electric Transmission and Distribution and Energy Assurance.

CLEAN ENERGY TECHNOLOGY EXPORT (CETE) INITIATIVE

Question. In October 2002, the administration, through the Department, released the Clean Energy Technology Exports (CETE) strategy. This action plan outlined a five-year, nine-agency initiative to increase U.S. clean energy technology exports to international markets through increased coordination among federal agency programs and between these programs and the private sector. As I indicated in my September 16, 2003, statement in the Congressional Record, this funding is to be specifically provided to the Office of International Energy Market Development (OIEMD) within the Department to more concretely grow this multi-agency, congressionally initiated effort. The CETE funding in fiscal year 2004 should be made available to the OIEMD to embark on the establishment of an interagency administrative center and to carry out related, near-term outreach efforts in support of CETE's long-term goals.

Answer. Funds have not yet been made available to the Office of International Energy Market Development (OIEMD). The department is working closely with OIEMD to make these funds available from those offices that are funded by the Energy Supply line as specified in the Energy and Water Development Appropriations Conference Report 108–357.

NATIONAL ENERGY TECHNOLOGY LABORATORY (NETL) REORGANIZATION PLAN

Question. On Thursday, March 4, 2004, the Department submitted the follow-up reorganization plan for the National Energy Technology Laboratory (NETL). I have noted that this long overdue reorganization plan follows the nearly three-year, top-to-bottom review of Fossil Energy and the May 2003, reorganization plan that was submitted for the Office of Fossil Energy. As a strong proponent of NETL, I will pay careful attention to the continuation of its mission and strongly support the work of its employees who conduct that mission. As a member of the Interior and Related Agencies Subcommittee, I will also continue to review the reorganization plan and make my views known to the Subcommittee Chairman and Ranking Member prior to its being brought up for approval by the Committee. How can you assure me that the NETL will continue to have the appropriate and necessary flexibility to carry out its important mission?

Answer. The top-to-bottom review and resultant reorganization plan will not adversely impact NETL's flexibility to carry out its mission. Rather, it will strengthen the programmatic relationship between NETL and Fossil Energy Headquarters by better aligning resource management with strategic direction. This will improve program accountability.

Question. Do you foresee disruptions in any ongoing NETL research and development and other programs as a consequence of this reorganization plan?

Answer. No disruptions are expected to occur in any ongoing NETL research and development and other programs as a result of the reorganization plan.

Question. Given NETL's unique role as a government-owned, government-operated laboratory, how can you assure me that federal employees will be equitably treated—treated in a manner that is comparable to that afforded to the private-sector employees of the Department's government-owned, contractor-operated laboratories? What assurances can you make that contact, communications, and decision-making processes will continue to flow both ways—from the Department to the lab and from the lab to the Department?

Answer. NETL's expertise and capabilities have and will continue to be valued by the Department. Their technical contributions are vital to decision-making, communications, and contacts with the public and private sectors, state and local governments, industry, and academia.

Question. Will job losses, immediately or in the future, occur as a result of the laboratory reorganization plan?

Answer. NETL will not sustain any job losses, immediately or in the future, as a result of the reorganization plan.

Question. Does the Department plan further outsourcing or contracting efforts that would, in any way, threaten the jobs of NETL's employees?

Answer. NETL supports the President's Management Agenda by providing documentation to conduct the fiscal year 2004 Feasibility Studies approved by the Competitive Sourcing Executive Steering Group in DOE. The Feasibility Studies may result in determinations that specific functions are appropriate for formal A–76 studies, therefore it is too early to determine any potential impact.

Question. My review of the NETL reorganization plan indicates that the Department is proposing changing the reporting relationship of the employees in the Natural Gas Program to the National Petroleum Technology Office in Tulsa, Oklahoma. Is this a first step in a chain of actions to physically relocate those employees from Morgantown, West Virginia to Tulsa, Oklahoma?

Answer. We do not anticipate, now or in the future, physically relocating employees in the Natural Gas Program to the National Petroleum Technology Office in Tulsa, Oklahoma.

Question. What assurances can you give me that these employees will not be transferred in subsequent years to the National Petroleum Technology Office?

Answer. We do not anticipate, now or in the future, physically relocating employees in the Natural Gas Program to the National Petroleum Technology Office in Tulsa, Oklahoma.

Question. If no plans are anticipated, then how is it in the best interest of the lab's structure that these employees report to distant managers in such an unwieldy fashion?

Answer. As a result of the top-to-bottom review, it was determined that the Department needed a clear strategic focus for the entirety of the natural gas and petroleum programs. The future direction of these programs will provide a significant economic benefit to the American people by aiding the efficient production of domestic resources and diversifying global resource supplies. The reporting relationship is not expected to be unwieldy since the National Petroleum Technology Office is an integral part of the NETL. The manager of the Tulsa office holds weekly face-to-face and/or telephone conference meetings with the NETL Director.

Questions Submitted by Senator Patrick J. Leahy

ENERGY EFFICIENCY BUDGET CUTS

Question. Secretary Abraham has repeatedly stressed the importance of energy efficiency in addressing high natural gas prices. For example in a June 6, 2003 letter to a number of senators, he said, "we concur with the conclusion advanced in your letter that over the next 12 to 18 months there are only limited opportunities to increase supply; and that, therefore, the emphasis must be on conservation, energy efficiency, and fuel switching." Given the importance of energy efficiency to addressing this critical problem (and other energy problems), why does DOE propose to cut funding for Energy Efficiency programs for the third year in a row?

Answer. Our overall budget request for the Office of Energy Efficiency and Renewable Energy (EERE) across both our funding accounts is up 1.2 percent above last year's appropriation. You are correct that we are seeking an amount for the energy efficiency activities in the Interior Appropriations account that is two-tenths of one percent less than the amount of funding provided last year, or roughly $2 million out of an $876 million budget request. Through increased efficiencies, redirections, down-selects, project terminations, and significant shifts across its portfolio of programs, EERE determined that is able to meet its program goals at a funding level that is basically unchanged from fiscal year 2004. Most notable among its internal funding shifts, EERE is seeking a $64 million increase over fiscal year 2004 appropriated levels in the Weatherization Assistance Program. In alignment with the President's commitment, the Department is increasing its assistance to low-income Americans who spend a disproportionately high share of their income on energy. This program not only reduces energy costs for low-income families, but also saves energy for the Nation. The main tradeoff for this increase is a decrease in funding for the Industrial Technologies Program, which generally benefits larger corporations with both the means and the incentive to save energy.

NATURAL GAS SAVINGS

Question. Do you have estimates of potential natural gas savings from the various buildings, industry and other efficiency programs?

Answer. Projected natural gas savings from energy efficiency programs are presented in the table below. We recognize that our point estimates rely heavily on key assumptions. For the appropriate context to interpret these figures, we urge you to consult the description of our modeling procedures and assumptions, which will be available on line at www.eere.energy.gov/office—eere/ba/gpra.html by May 31, 2004.

POTENTIAL NATURAL GAS SAVINGS

[Quads]

	2010	2015	2020	2025
Buildings Technologies	0.15	0.33	0.54	0.78
FEMP	0.02	0.03	0.03	0.04
FreedomCAR and Vehicle Technologies	....	....	....	....
Industrial Technologies	0.19	0.39	0.71	0.63
Weatherization and Intergovernmental	0.19	0.29	0.29	0.23

Benefits reported are annual, not cumulative, for the year given. Estimates reflect the benefits associated with program activities from fiscal year 2005 to the benefit year or to program completion (whichever is nearer), and are based on program goals developed in alignment with assumptions in the President's Budget. Mid-term program benefits were estimated utilizing the GPRA05-NEMS model, based on the Energy Information Administration's (EIA) National Energy Modeling System (NEMS) and utilizing the EIA's Annual Energy Outlook (AEO) 2003 Reference Case.

FEDERAL ENERGY MANAGEMENT PROGRAM

Question. The Federal Energy Management Program is unique in that the money saved through efficiency improvements returns directly to the federal government, and thus to the taxpayers. Nonetheless, you propose to cut the FEMP program by 9 percent. How much money does the federal government save due to DOE's FEMP program each year?

Answer. The nine percent cut in Federal Energy Management Program's (FEMP) fiscal year 2005 budget request will not impact the program's alternative financing programs, the primary driver for generating energy cost savings for the Federal government. Instead, programmatic efficiency improvements within these activities will allow FEMP to help Federal agencies achieve the same amount of savings in fiscal year 2005 as is expected in fiscal year 2004. Unfortunately, the authority for the Energy Savings Performance Contracts (ESPCs) expired October 1, 2003, and we are awaiting legislative extension of ESPC authority providing temporary or permanent ESPC authority.

FEMP estimates that its Super ESPC activity "saved" the Federal government approximately $48 million in fiscal year 2003 (assuming energy usage in the form of electricity). Note that, due to the nature of ESPCs, most of the "savings" realized by government agencies during the ESPC contract term are paid to the ESPC contractor to offset the original capital and installation cost of the energy efficiency equipment. Thus, Federal energy cost savings really don't begin to accrue until the contractor's investment (including interest) is fully paid (the average duration of the ESPC term since inception of the program is 17 years, which has decreased to 15 years on average over the past five years). However, the Federal government realizes real energy consumption savings as soon as the contractor implements the energy efficiency measures (typically, the first or second year of the contract). Because the Federal government is the largest single consumer of energy in the United States, the use of ESPCs to reduce Federal energy consumption can contribute to the Department's energy security strategic goal.

Question. Since this program saves federal tax dollars, why are you proposing to cut it?

Answer. As the Federal Energy Management Program's (FEMP) core activities have matured, the efficiencies in those activities have increased, enabling the program to reduce its funding request in fiscal year 2005.

In fiscal year 2005, FEMP will continue to streamline program activities. For example, FEMP has determined that it is no longer necessary, because of activity maturation, to create any new Technology Specific Energy Savings Performance Contracts (ESPCs). We have found that we can achieve the same benefits through a fuller utilization of our baseline ESPCs in a way that is less complicated for our agency customers. Through more efficient use of its resources, FEMP will continue to conduct its other activities, such as partnership meetings, annual awards, outreach publications and technical assistance projects.

CLIMATE CHANGE INITIATIVE AND ENERGY CONSERVATION BUDGET CUTS

Question. The President's Climate Change Initiative sets a target for reduction of greenhouse gas emission intensity. Energy efficiency measures are typically the cheapest and quickest means of reducing greenhouse gas emissions. With the energy conservation budget cuts, are we taking advantage of the full potential of these programs to reduce global warming?

Answer. The cuts to our energy efficiency budget from the fiscal year 2004 appropriation amount to only two-tenths of one percent, or roughly $2 million out of an $876 million budget request. At this requested funding level, our internal analyses indicate that EERE energy efficiency programs will reduce about 30 million metric tons (mmt) of carbon emissions in 2010 and 100 mmt in 2020 if they achieve the goals contained in the fiscal year 2005 budget request The size of the benefits depends not only on the success of the EERE program activities, but also on the evolution of future energy markets and policies. The EERE estimate of carbon emissions assumes a continuation of current policies and business-as-usual development of energy markets. It does not include the improvements in energy efficiency that would be expected in the absence of continued funding of EERE's programs.

We recognize that our point estimates rely heavily on key assumptions. For the appropriate context to interpret these figures, we urge you to consult the description of our modeling procedures and assumptions, which will be available on line at www.eere.energy.gov/office__eere/ba/gpra.html by May 31, 2004.

Question. Which DOE efficiency programs show the greatest potential for reducing greenhouse gas emissions over the next 10 or 20 years.

Answer. Our modeling suggests that the Industrial Technologies Program (ITP) has the greatest potential to help reduce greenhouse gas emissions by 2020. However, because many ITP activities may contribute directly to the bottom line of some companies, industry has a financial incentive to pursue many of these activities without Federal support. Moreover, the modeling results reflect the fact that many ITP projects are near term in nature, allowing for early market penetration and significant reduction of emission in the year 2020. The Department has generally tried to shift its portfolio to more long-term activities where a stronger case can be made for Federal involvement. Also, like most models, our modeling relies heavily on a few key assumptions, and we have not run the model under multiple scenarios where key assumptions may be different.

Finally, the category of environmental benefits, such as greenhouse gas emissions reductions, is only one of several categories of public benefits that the Department considers in managing its portfolio. Reduced use of oil and consumer energy expenditure savings are also considered, as are benefits that we do not quantify, such as the ability to reduce peak power demand. Given these considerations, the Department does not believe there is a "silver bullet" energy efficiency technology that has the greatest potential for reducing greenhouse gas emissions over the next 10 to 20 years. Instead, DOE has decided to invest in a portfolio of energy efficiency research and development (R&D) programs, each of which has the potential to reduce greenhouse gas emissions and/or provide other public benefits over the next 10 to 20 years.

WATER HEATER STANDARDS—ENERGY STAR

Question. Water heaters are the second largest user of energy in the American home. Thus, DOE should be promoting ways to improve the efficiency of these systems and promote consumer use of the most efficient products available on the market. In an effort to address these issues, DOE recently undertook a substantial effort to establish ENERGY STAR criteria for water heaters, taking it to the point of writing draft standards and convening a stakeholder meeting in April 2003. However, on January 6, 2004, DOE sent a letter to all water heater stakeholders announcing they had "decided not to establish ENERGY STAR criteria for domestic water heaters at this time." Even small gains in efficiency that save energy are worthwhile. Why did DOE decide not to move forward with a water heater ENERGY STAR program?

Answer. This decision rests on several market and technical considerations that made it impractical to consider ENERGY STAR labeling for water heaters at this time, along with the realization that labeling this product category prematurely could undermine some of the fundamental tenets of ENERGY STAR. The key reasons are as follows:

—One of the ENERGY STAR program's basic tenets is that products must provide sufficient market differentiation and savings to consumers. The Department decided, based on its analyses and stakeholder comments, that labeling conventional technologies such as water heaters would not offer sufficient market differentiation or savings to consumers. "Conventional" technologies are established, widespread, commercialized technologies used by homeowners in common applications; in the case of water heating, a "conventional water heating system" consists of a storage tank in the utility room (or basement) with a gas or electric heat source heating the water initially and keeping it hot for distribution throughout the house on demand.

—With stricter Federal energy conservation standards for water heaters already having gone into effect in January 2004, the incremental savings offered by the best performing conventional gas and electric products would not be large enough to justify the awarding of an ENERGY STAR designation.

—ENERGY STAR is an appropriate differentiator of energy efficient products only for product groupings offering a broad range of energy performance levels within the given category. The margins between the top-performing gas and electric storage water heater models and the Federal standards are smaller than for other ENERGY STAR product categories.

—For non-conventional products, the credibility of ENERGY STAR in the market place depends on the label being placed only on those products that save energy without sacrificing performance or customer enjoyment of the product. While many of the non-conventional products offer significant energy savings, there are insufficient numbers of models and manufacturers offering such products for sale to support a viable ENERGY STAR program for these products at this time.

TANKLESS WATER HEATERS

Question. DOE's January 2004 letter recognizes the benefits of tankless water heaters, saying "In order to achieve significant energy efficiency gains, manufacturers will have to pursue tankless technologies, and "tankless water heaters have significant energy savings potential compare to conventional products,' tremendous gains in energy savings and associated pollution prevention could be achieved." Given that DOE recognizes the benefits of tankless water heaters, why did DOE categorize it as a "non-conventional product" and not support using the ENERGY STAR program to promote its use?

Answer. A key tenet of the ENERGY STAR Program is that a broad range of manufacturers and distribution channels exist for products designated as ENERGY STAR. The infrastructure to sell and service "non-conventional" products is not fully developed in most parts of the country, either because the product is new and not widely distributed (as in the case of heat pump water heaters), or because there is low demand for the product in much of the country due to economic considerations (as in the case of solar water heaters).

Although the energy savings potential is great, the challenges associated with bringing these products into the mainstream are also great. The Department hopes that over the next several years the market for these products will develop, leading to a more mature delivery infrastructure, increased reliability, and improved performance and reduced prices. This would create the type of conditions in which the Department would consider creating an ENERGY STAR label for heat pumps and tankless, solar, and other newly developed water heaters.

SPINNING RESERVE DEMONSTRATION PROJECTS

Question. What is the status of DOE's research by the Oak Ridge National Laboratory's (ORNL) Building Technology Program on spinning reserve demonstration projects?

Answer. ORNL has conducted research concerning the technical feasibility of obtaining spinning reserve from aggregations of both large and small responsive loads for enhancing bulk power system reliability and reducing costs. Spinning reserve is the fastest responding and most expensive bulk power system contingency reserve.

This concept requires both a paradigm change and a rule change. As a result of ORNL and other's efforts, NERC rules have been modified to no longer prohibit loads from providing spinning reserve. FERC has also stated that it will allow load to provide spinning reserve. A next step is to change the rules in the Regional NERC Reliability Councils. In addition, market rules, ISO rules, and utility rules all have to be addressed.

ORNL has worked with large aggregations of residential and small commercial heating and cooling loads to develop the concept of spinning reserve from responsive load. Several technologies exist that could support this reliability application, and ORNL has issued two reports on its work with Digi-log and Carrier on the aggregation of small responsive loads.

ORNL has also worked with large water pumping loads and found that they also offer significant potential for spinning reserve. ORNL has worked with the California Department of Water Resources (CDWR) to analyze pumping operations and the results of the analysis are quite encouraging. Based on the aggregated CDWR pumping load, it was found that the CDWR could theoretically supply more spin capacity than the CAISO needs for over 3,000 hours per year, and realize potential total annual revenues for CDWR of over $11 million are possible. Results are documented in the report: B. Kirby, J. Kueck, 2003, Spinning Reserve from Pump Load: A Technical Findings Report to the California Department of Water Resources, ORNL/TM 2003/99, Oak Ridge National Laboratory, November.

As a result of the favorable findings of this report, ORNL is working with the Western Electricity Coordinating Council (WECC) to support a request for a WECC rule change to supply spin from load.

Question. Has DOE considered testing the Digi-log technology in a cold weather climate as well?

Answer. ORNL successfully tested the Digi-log technology for supplying spinning reserve for enhancing bulk power system reliability and reducing costs during the summer of 2003 on eighty room heating and air-conditioning units equipped with Digi-log controllers at a motel in New York. Testing confirmed that load could respond fast enough to perform as spinning reserve. Similar response speeds would be expected when using the Digi-log technology in cold weather applications. DOE has not tested Digi-log technology for cold-weather loads.

SUBCOMMITTEE RECESS

Senator BURNS. Thank you all very much. The subcommittee will stand in recess to reconvene at 9:30 a.m., Thursday, March 11, in room SD–124. At that time we will hear testimony from the Honorable Mark Rey, Under Secretary for Natural Resources and Environment, Department of Agriculture and Dale Bosworth, Chief, Forest Service.

[Whereupon, at 11:22 a.m., Thursday, March 4, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, March 11.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

THURSDAY, MARCH 11, 2004

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

The subcommittee met at 9:35 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.

Present: Senators Burns and Dorgan.

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

STATEMENT OF HON. MARK REY, UNDER SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE

ACCOMPANIED BY:

DALE N. BOSWORTH, CHIEF

HANK KASHDAN, DIRECTOR, PROGRAM AND BUDGET ANALYSIS

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. I will call the committee to order. I am very pleased to see Chief Bosworth and Mark Rey this morning appearing before this subcommittee. Let me start off. I want to congratulate you and cite you for carrying out the duties of your office with great skill, because we have been through some tenuous times here the last couple of years. It does not look like the drought is completely broken, but we are a little bit better off in moisture this year than we have been, and that is the good news.

PROPOSED BUDGET INCREASES

The fiscal year 2005 President's budget for the Forest Service is $4.238 billion in discretionary appropriations. This represents a very modest 1.1 percent increase compared to the 2004 level of $4.19 billion in non-emergency funds. Many of the Agency's operating programs are funded at levels similar to those of last year. There are some significant increases, however, including: Research, $14.2 million; the Forest Legacy program, which has an additional $35 million in it; the Hazardous Fuels program, $33 million; and Wildfire Suppression, $88.2 million. That is probably where we will center some of our discussion today.

I believe the increase for Wildfire Suppression is particularly important given our experience with the fire seasons of the past few years. The average annual cost of fire suppression for the Forest Service in the last 4 years has exceeded $1 billion. We do not know what return the American taxpayer got on that, but nonetheless, it is a figure that worries a lot of us.

By the way of comparison, in the 4 years prior to that, it was $349 million. So we can see a drastic increase in our fire suppression.

These increased costs have forced the Agency to borrow massive amounts of money from non-fire programs. Last year alone, the Agency borrowed $695 million. In 2002, it borrowed close to $1 billion. This annual borrowing has created serious management problems and forced the Forest Service to cancel or delay many important projects.

While I support the proposed increase of $88 million for fire suppression in the 2005 budget, no one should be under any illusion that this will solve the fire borrowing problem. In fact, if the fire season is anything like we have seen in the last few years, the Agency would still have to borrow hundreds of millions of dollars from non-fire programs.

That is why I supported the language in the Senate budget resolution that provides up to an additional $400 million each year for the Forest Service firefighting from 2004 through 2006, and I assure my colleagues that this will not be a blank check for the Forest Service. In my view, cost containment procedures must be tied to the use of the funds. I hope to discuss this issue with you today.

PROPOSED BUDGET DECREASES

I mentioned some of the increases in the budget request. There are also some significant decreases, which do concern me. For example, funding for Capital Improvement and Maintenance has been decreased by $54 million, or 10 percent, compared to the current level. I believe this is unwise, given the $5 billion backlog of maintenance work in our national forests.

Funding for State Fire Assistance has also been decreased, by $25 million. That is almost a 30 percent cut. This program provides critical funds to train and equip local fire departments. These local fire departments are often the first to respond to wildland fires and they provide a vital link with the Forest Service and the Department of the Interior.

I am also troubled by the $17 million cut to the Forest Health program in State and Private Forestry. We have millions of acres in our Nation's forests that are infested with insects and diseases like the western bark beetle, the southern pine beetle, and the gypsy moth. The dead trees that result from these pests add to our already excessive fuel loads in our forests. Reducing this program directly affects the Agency's ability to monitor and eradicate these problems.

On the financial management side of the budget, I am pleased to see that the Agency obtained a clean audit opinion for their 2003 books. That is good because, as you know Chief, up until you came we had many problems in getting an audit. I congratulate you. I think this is the second year in a row that you have passed your audit and that is a good sign. They always had excuses before, but I think your leadership at the Forest Service, to not only deal with all the challenges that you had and then still come up with a good audit is really an achievement.

I want to thank you today for joining us, you and Mark. I look forward to hearing your testimony, asking you both some questions in the hearing.

Now we have been joined by the ranking member and good friend from North Dakota, Senator Dorgan.

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Senator Burns, thank you very much. I appreciate working with you on this subcommittee.

Chief Bosworth, thank you for joining us, and Under Secretary Mark Rey and Mr. Kashdan.

I agree with most of what my colleague has described with respect to priorities. The Forest Service is a big old bureaucracy that is charged with some very important work. When I say "big bureaucracy," I do not mean to be pejorative, but the fact is, big organizations are big and bureaucratic and sometimes slow to act. My hope is that as we work through this Forest Service budget, we can find ways to restore some funding in some of the areas that have been cut that I think are critical and perhaps cut some funding in areas that are not so critical.

I would like to just mention one thing that I am going to be doing with a number of agencies. In 1993, then-President Clinton required of all Federal agencies that they identify their "overhead," quote unquote, or their G and A, general and administrative, expenses. I just had the GAO finish a study of what the compliance with that has been, and virtually no Agency has complied with it.

So I am going to be asking agencies to take a look for us at what in fact are the true G and A or overhead expenditures in the Agency. The reason is fairly obvious. With the kind of Federal deficit we face and the critical needs for funding, as my colleague just described it in certain areas, we need to cut some funding as well. If this were a business—I know it is not, but if it were a business, the first thing we would take a look at is taking a few percent off overhead. That is the first place you try to cut back just a bit, tighten your belt with respect to overhead, travel, and so on.

It is very hard to do that because most agencies have not developed an accounting process by which they establish what their overhead really is. So I am going to ask you to work with us on that if you will.

The $4.5 billion for the Forest Service in our subcommittee accounts for almost 20 percent of all the funding in this Interior bill. So this is a very, very important matter for Senator Burns and myself.

INVASIVE SPECIES AND NOXIOUS WEEDS

I do want to mention, I did bring a weed once again, as I did last year. This is a very small part of this issue. Chief Bosworth, you well recognize this at first glance, I know. Very few Americans do, but I know you do. It is called leafy spurge and it is no friend of the Forest Service, no friend of ranchers, and no friend of mine.

I brought it last year because, as you know, I added an earmark in the Appropriations bill to help control leafy spurge on Forest Service lands because the Forest Service has a responsibility to be a good neighbor. If it does not control its weeds, then the weeds move over into the adjacent land and private landowners get mighty upset because they feel the Federal Government is not a good neighbor.

I felt the money I had added before had been misused. I do not mean it was stolen or frittered away, but I mean that I felt the Forest Service subsumed it for its other expenses rather than putting it on the ground in the form of chemicals and controlling these weeds.

My understanding is that things have improved in the last year—this is not, by the way, the same leafy spurge I brought a year ago, although I probably could have. It is hardy. It is pretty hard to kill. I probably could have kept it alive for the year.

But my understanding is that you have done better and I want to hear from the Forest Service about that. I just think it is important, it is really important to private landowners who have land adjacent to the Forest Service. This noxious weed problem is a very serious problem for them.

My father, bless his soul, he used to—Senator Burns probably had relatives like this. My father felt that 2–4–D cured everything. You know, in that movie "My Big Fat Greek Wedding" where the guy used Windex on everything; no matter what happened he just sprayed Windex and it cured it all. My dad just walked around with a can of 2–4–D, which of course is now illegal. But he would just spray 2–4–D on everything.

Leafy spurge would not have worked well in our yard or in our pasture because he would have killed it dead. But now the things he would have used to kill it would not really work well with current law. So we have to work within the confines of our environmental interests in doing all of this.

Let me say that I think the deferred maintenance account is a very serious problem. We have a big backlog. I believe the backlog is very close to $8 billion, and as I look at it, the budget request, appropriations request, cuts fiscal year 2004 funding by 68 percent. Well, I do not know how we can sit there with a deferred maintenance backlog that is so big and then decide, well, not only is it not a priority just to keep level, but we will cut it by nearly 70 percent. I just do not think that works.

WILDLAND FIRE

My colleague Senator Burns talked about firefighting, and that is an issue he has been especially aggressive on. We in North Dakota are number 50 among the 50 States in native forest lands, so I am not the world's expert on fighting forests fires. But Montana has had a huge and growing problem with these issues, as have many other parts of the country. We have to get our hands around this and find a way to deal with these needs.

Having said all of that, let me again say that Senator Burns and I are from neighboring States and from different political parties, but he and I work closely together. I admire the work he does and I enjoy working with him on this subcommittee. We want to work with the Forest Service to accomplish your goals on behalf of the American taxpayers.

I do have to say as well, before we hear statements, that I have a 10 o'clock hearing that I do not have much of a choice to miss. It is over in the Commerce Committee and it is being held specifically because I demanded it. I have a hold on a nominee. So I am going to ask my colleague from Montana to continue without me after 10 o'clock.

But, Chief, thank you for being with us. Senator Burns, thanks again for convening the hearing.

Senator BURNS. You bet. Do not go over there unless you have got your pistol cocked now; you know, you have got it all ready and everything.

Thank you, Senator Dorgan; I appreciate those statements. It is a committee where we get along pretty good. It seems like our priorities along the northern part of the United States, the northern tier States are similar. We all have a lot of similar problems and we try to deal with them in our own way.

Chief, thank you very much for coming this morning and we look forward to your testimony and our discussion this morning. Do you want to go first, Mr. Secretary? Is that what you want to do?

SUMMARY STATEMENT OF HON. MARK REY

Mr. REY. I will go first with a very brief statement and then I will defer to the Chief.

Let me start by thanking you for the opportunity to present the President's fiscal year 2005 budget for the Forest Service, the budget for the centennial year of the Forest Service. But before we discuss the specifics of that budget, I would like to take the opportunity to express my gratitude and that of the President for the bipartisan support of the Congress that led to the passage of the Healthy Forests Restoration Act. All of the members of this committee understand the devastation and tragedy caused by catastrophic wildfire and more than half of the members have experienced it firsthand in their States, whether through forest fires or grass fires.

The commitment to protecting communities and natural resources that Congress demonstrated in passing the Healthy Forests Restoration Act will be reflected in the priorities of the Forest Service and our sister agencies in the Department of the Interior for years to come. So again, I would like to thank the committee and the Senate for that effort.

Chief Bosworth will be highlighting a number of items of importance to the Forest Service today. In my testimony, let me just touch on two of these issues as well: the implementation of the Healthy Forests Restoration Act and the Agency's achievement of its second clean audit opinion in 2 years.

HEALTHY FORESTS RESTORATION ACT

Prior to fiscal year 2000, attention was beginning to focus on the vulnerability of natural resources to catastrophic wildland fires due to the buildup of hazardous fuels. The devastating fire season of 2000 brought the seriousness of the forest health problem to the homes of all Americans through seemingly constant reports in newspapers, on television, or in other media.

Congress responded quickly with its support for treatment of hazardous fuels, invasive species infestations, and other threats to our Nation's forests, range and grasslands. The overwhelming support for the Healthy Forests Restoration Act in which Congress underscores the importance of this legislation across the Nation, not just in the western United States, but also in other parts of the country that are affected by drought, fires, invasive species, and similar problems.

In reflecting the President's Healthy Forests Initiative, the fiscal year 2005 President's budget places increased emphasis on protecting communities and property from the effect of catastrophic wildfire. The President's budget provides funding for many activities that support forest health, including $760 million for activities in the Forest Service and the Department of the Interior that directly and visibly will result in protecting communities and restoring watersheds through reduction of hazardous fuels.

CLEAN AUDIT OPINION

Now touching on the second issue, which is the clean audit opinion that the Forest Service recently received; as I indicated and as you mentioned, Mr. Chairman, this is the second unqualified opinion in the last 2 years for the Forest Service after many years of financial accountability problems. The Forest Service and the Department are working to ensure that timely, reliable financial information is provided in which the receipt of a clean opinion is the byproduct of an efficient and cost-effective financial management organization that can be sustained in the long term. The Chief will be telling you about some of our plans to that end as he speaks shortly.

LEGISLATIVE PROPOSALS

Inasmuch as both of you mentioned our maintenance backlog, I would like to draw your attention to the legislative proposals in the President's fiscal year 2005 request to provide the Forest Service with the authority to convey at fair market value excess assets and to use the proceeds from the sale of those assets in doing maintenance across the National Forest System.

It is my judgment that the size of the maintenance backlog is such that even if we restored the money that we reduced from the fiscal year 2004 enacted budget and sustained that increase over time, it would take us until the bicentennial of the Forest Service, at that rate of expenditure to deal with the maintenance backlog. So, obviously, we are not going to address the maintenance backlog in its entirety solely through appropriated dollars.

PREPARED STATEMENT

Providing us the legislative authority to convey excess and unneeded assets and to use the proceeds from that to do maintenance work will accelerate our efforts to address the maintenance backlog in a way that merely appropriating more money will not. It will do that, first, by giving our land managers an incentive to divest themselves of unneeded assets as opposed to carrying them on our inventory of assets and including them in the maintenance backlog; and of course, the proceeds that we get from the sale of assets—in some cases such as southern California, extraordinarily valuable assets which are of no particular land management or resource management value—will generate revenues that will move us more quickly to that end than our combined efforts through trying to find additional appropriated dollars.

So with that, I would refer your attention to that legislative proposal and defer to the Chief for his remarks. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. MARK REY

Mr. Chairman, Senator Dorgan, and members of the Subcommittee, thank you for the opportunity to discuss the President's fiscal year 2005 Budget for the Forest Service. I am pleased to join Dale Bosworth, Chief of the Forest Service, at the hearing today on the budget for the centennial year of the Forest Service. Before discussing the specifics of the budget, I would like to take the opportunity express my gratitude and that of the President for the bipartisan support of this Subcommittee that led to passing the Healthy Forests Restoration Act (HFRA). All of the members of this Subcommittee understand the devastation and tragedy caused by catastrophic wildfire and more than half of the members have experienced it firsthand in their States. The commitment to protecting communities and natural resources you demonstrated in passing the HFRA will be reflected in the priorities of the Forest Service for years to come. Again, thank you.

OVERVIEW

Chief Bosworth will be highlighting a number of items of importance to the Forest Service today. In my testimony, I want to address two of these issues as well. I will talk more about the HFRA, and the agency's achievement of its second "clean" audit opinion in 2 years. In managing natural resources, we often use the term "sustainability" in context of maintaining long-term forest and rangeland health and ensuring the long-term delivery of services to the American people. The bipartisan support demonstrated by Congress in passing the HFRA will ensure significant and measurable returns on the investment of the American public. "Sustainability" can also be applied to obtaining a clean opinion in terms of maintaining the public's trust that their funds are being managed effectively. Implementing HRFA and effective financial management will require diligent and concerted efforts on the part of employees throughout the Forest Service to take the agency to sustainable levels of improvement. I am confident that the Forest Service under Chief Bosworth's leadership will meet these challenges and continue to provide the high quality of natural resources management that the American public expects.

HEALTHY FORESTS RESTORATION ACT

Let me specifically address the Healthy Forests Restoration Act. Prior to fiscal year 2000, attention was beginning to focus on the vulnerability of natural resources to catastrophic wildland fires due to the buildup of hazardous fuels. In the late 1990's, the Forest Service developed risk maps that highlighted fuels buildups and serious threats to forest health throughout the Nation. I recall Senator Craig noting in reviewing what was referred to as "forest risk maps," that northern Idaho was a "big red blob" signifying the dangerous buildup of hazardous fuels in that area. Because of the serious nature of the problem throughout the Nation, and especially in the West, Congress responded by authorizing focused experiments to restore health and productivity of our forests and rangelands by authorizing the Quincy Library Group activities in northern California, as well as stewardship end results contracting demonstration authority.

The devastating fire season of 2000 brought the seriousness of the forest health problem to the homes of all Americans, through seemingly constant reports in newspapers, on television, and in other media. The catastrophic fire seasons of 2002 and 2003 further underscored the problem. Although the Forest Service and bureaus in the Department of the Interior have worked together diligently since 2000, the complexity and extent of the problem do not afford us quick solutions. From 2001 to 2003, the Forest Service and Department of the Interior agencies have treated a total of 7 million acres to reduce the levels of hazardous fuels in our Nation's forests and grasslands. In fiscal year 2004, the Forest Service will treat an additional 1.6 million acres and plans to treat 1.8 million acres in fiscal year 2005 with hazardous fuels funds. Additionally, in fiscal year 2004, the agency will accomplish more than 600,000 acres of hazardous fuels reduction through other land management activities including wildlife habitat improvement, vegetation management, and the sale of forest products. This integration of land management treatments is an important aspect of the President's healthy forest emphasis

Congress has responded quickly with its support for treatment of hazardous fuels, invasive species infestations, and other threats to our Nation's forests. Funding for hazardous fuels reduction and fire suppression activities since fiscal year 2000 has increased dramatically. In response to the President's Healthy Forests Initiative (HFI), Congress, with strong bipartisan support in both the House and the Senate, passed the Healthy Forests Restoration Act in December 2003, which contains key elements of the HFI. This Act gives the Forest Service and the Department of the Interior much-needed tools and authorities to reduce the threat of catastrophic wildfire to communities and to restore our Nation's forests and grasslands. Mr. Chairman, over the past several years, your support and that of Senator Bingaman and other members of the Subcommittee have provided a focus on natural resource management today. This is especially true for the support you have shown for the HFI and HFRA.

The overwhelming support for the HFRA in Congress underscores the importance of this legislation across the Nation. The passage of this legislation shows the American people that Congress and the Administration are working together to combat hazardous fuels buildups, insect and disease infestations, and other threats to the Nation's forests and grasslands. Through the HFRA, Congress has also provided Federal land management agencies with additional tools to improve the condition of watersheds, as well as fish and wildlife habitat; enhance grazing allotments; and utilize biomass from forest lands, which may in turn provide local communities with new, and often needed, economic opportunities.

HEALTHY FORESTS INITIATIVE

In reflecting the President's Healthy Forests Initiative, the fiscal year 2005 President's Budget places increased emphasis on protecting communities and property from the effects of catastrophic wildfire. The President's Budget provides funding for many activities that support forest health, including $760 million for activities in the Forest Service and the Department of the Interior that directly and visibly will result in protecting communities and restoring watersheds through the reduction of hazardous fuels. With this funding and by working together, the Forest Service and Interior bureaus will be able to treat more acres more quickly. Much of the coordination for these activities will come about through the 10-Year Cohesive Strategy and Implementation Plan, in which Federal, State, tribal, and local partnerships have formed a foundation to improve the protection of natural resources and communities.

Some of the key aspects of the HFI include administrative initiatives that help expedite projects designed to restore forest and rangeland health. These efforts include new procedures, provided under the National Environmental Policy Act, to allow priority fuels reduction and forest restoration projects identified through collaboration with State local, and tribal governments to move forward more quickly. Guidance from the Council on Environmental Quality has helped to improve environmental assessments for priority forest health projects. As a result, the Departments of Agriculture and the Interior have developed 15 pilot fuels projects using this guidance and have completed the assessments on 13 of the 15 projects. Another improvement to the administrative process has been early and more meaningful public participation in the planning and implementation of forest health projects.

Let me provide some examples of what can be accomplished with the new authorities. Due to its mountainous topography, the Gila National Forest in southern New Mexico has the highest fire occurrences in the State. Dense stands of mature trees and a continuing drought have combined to create a very dangerous wildland fire situation that threatens local communities and wildlife and fisheries habitat. In the summer of 2003, the Gila National Forest successfully used expedited administrative processes to complete planning on four categorical exclusions under the Healthy Forests Initiative. The four projects total 510 acres. All of the projects will reduce hazardous fuels by removing trees mechanically and using prescribed fire. Small diameter non-commercial trees will be chipped or piled and burned. Since some of the projects are located in and around communities, this effort will afford additional protection to the communities, which may be the difference that avoids disaster during a wildland fire.

In Arizona, the benefits of stewardship contracting authority, which was significantly enhanced under HFRA, will be realized through a 10-year project on the Apache-Sitgreaves National Forest. The White River stewardship project, which will start this spring, includes multiple treatments over a 150,000-acre area. The project will use the full stewardship contracting authority authorized in HFRA, thereby reducing costs of current contracting methods by one-half to two-thirds. The project has the full support of the Governor, county commissioners, and local officials.

The administrative relief provided in the Healthy Forests Initiative made possible the planning and implementation of these projects in the same year, thereby allowing projects that are essential to protecting communities to proceed as quickly as possible. HFI is helping to decrease the wildfire threat to communities in a timely manner and promote a healthier forest. I firmly believe that over the long term, the reduction of hazardous fuels in priority areas through efforts supported by the HFRA will be the single most important factor in reducing the cost of wildfire suppression.

With Federal wildfire suppression costs exceeding $1 billion in 3 out of the last 4 fiscal years, this factor alone makes passage of the HFRA an important accomplishment. The fiscal year 2005 President's Budget also reflects a continued commitment to containing wildfire suppression costs by including cost containment performance measures and implementation of actions called for in the fiscal year 2004 President's Budget, including a study of the use of aviation resources on large fires. An emphasis on the accountability of line officers and incident commanders also will be continued.

CLEAN AUDIT OPINION

Now I would like to address the second issue, which is the "clean" audit opinion the Forest Service recently received. This is the second unqualified opinion in the last 2 years for the Forest Service, after many years of financial accountability problems. The Forest Service and the Department are working to ensure that timely, reliable financial information is provided in which the receipt of a clean opinion is a byproduct of an efficient and cost-effective financial management organization and system sustainable in the long term. Chief Bosworth can be justifiably proud of the accomplishment of two clean audits, although as I noted last year, it is the minimum the public should expect. However, as he will tell you later, achieving this opinion required a Herculean effort by Forest Service employees that cannot be sustained with the organization that is currently in place. This effort was highlighted in the USDA's Office of Inspector General's Audit Report for fiscal years 2003 and 2002, which stated that the Forest Service does not operate as an effective, sustainable, and accountable financial management organization. This illustrates additional work on business process design, operation, and control needs to be undertaken to address the reportable conditions and material weaknesses indicated in the fiscal year 2002 and fiscal year 2003 audits.

With this in mind, there are two imperative objectives the Forest Service will be facing this year: sustaining the clean audit opinion for fiscal year 2004 and, even more importantly, addressing the underlying financial management infrastructure challenges the Forest Service faces by building a highly reliable and cost-effective financial management organization. A massive effort to meet the fiscal year 2004 accelerated and congressionally-mandated audit deadline of November 15, 2004 is already under way. The approach being used is different than those used in the past, in an effort to find and address financial accountability problems as early as possible. In addition, the agency is taking steps to consolidate and centralize operations where feasible and practicable in order to make a more efficient and cost-effective organization. I know Chief Bosworth is committed to implementing reforms that will ensure the continued trust of the American taxpayer and the most efficient administrative organization possible.

CONCLUSION

Mr. Chairman, in closing, let me emphasize the importance of the fiscal year 2005 President's Budget for the Forest Service. We have great opportunities and challenges ahead. Due to the support of Congress for the Healthy Forests Restoration Act, we can pursue a strategy for returning our Nation's forests and grasslands to a healthy state. As you know, this will take time, but with the continued support of your Subcommittee and Congress, we will be able to see significant, sustained progress in that direction and will ultimately reach our goal.

I look forward to working with you in implementing the agency's fiscal year 2005 program and would be happy to answer any questions.

Senator BURNS. Thank you very much, Mr. Secretary. And I plan to be at that celebration to cut the tape in the second 100 years.

Anyway, Hank, I am sorry I did not introduce you. I looked past you. Welcome this morning. We appreciate your good work. I know it has been some of your good work that has turned up the good audits. So I appreciate that very much.

Chief, we can hear from you now.

SUMMARY STATEMENT OF DALE N. BOSWORTH

Mr. BOSWORTH. Thank you, Mr. Chairman. Mr. Chairman, Mr. Dorgan; I do appreciate the opportunity to be here. What I have is a prepared statement, but I want to do a very brief summary and then I will get into answering questions.

As Under Secretary Rey said, next year is our 100th anniversary in the Forest Service. That means that we have spent 100 years now managing the national forests and the grasslands. We have spent 100 years doing what I believe is world-class research, providing that to people all over the United States and the world. We have had 100 years of assisting States and private lands with their forestry issues and problems.

Over that time, priorities have adjusted and shifted and funding has changed, and we expect that that will continue. But one thing that has remained: our guiding principle is conservation. Throughout those 100 years, conservation has been our principle and it will continue to be our principle in the future.

We were founded in part because there was an awful lot of shortsighted destruction that was occurring on the forested lands of the United States. People at the time believed that an organization such as the Forest Service should stop some of that destruction and be in charge of managing these national forests. I believe my predecessors have done a good job of taking care of the national forests and grasslands over the past 100 years. In fact, that is probably why we have about 230 million recreationists that want to visit the national forests every year, and that will be increasing.

On occasion, when I read the newspapers I come to wonder if people do not think that maybe Forest Service people are the greatest threats to the Nation's forests and grasslands. In fact, I think our Forest Service people are not the threat, but they are the protectors of the national forests and grasslands.

HAZARDOUS FUELS

But we do face four great threats and I want to mention those briefly. The first of those is one that we talk about a lot, and that is the unnatural accumulation of fuel in our forests and the resulting catastrophic wildfires. I will not go into that any more because we spend an awful lot of time talking to that.

INVASIVE SPECIES

But the second one, the second great threat in my opinion, is invasive species, invasive species all across the country: leafy spurge as you have got there, spotted napweed, kudzu, and salt cedar, or tamarisk. Then there are insects and diseases, things like emerald ash borer that has taken out the white ash in Michigan, and hemlock woolly adelgid in the Northeast. These are a major problem for us.

Before I move on, I would like to just respond to the leafy spurge there and put a picture up, just because I know you are going to be leaving pretty quick, and show you a place in the Medora Ranger District on the Dakota Prairie grasslands. On the left are the yellow fields of leafy spurge and on the right is that same area about 3 or 4 years later, that was treated with flea beetle that has pretty well wiped it out. I mean, it is an amazing contrast in my opinion.

There is another picture that I would like to put up that shows some cooperators working together with the Forest Service. It looks like they have butterfly nets running out through the woods, but actually they have flea beetle nets. They are catching flea beetles and then they contain those, and take them out to other places.

Senator BURNS. Could I inject something here? Was that the work that was done in Sidney, Montana?

Mr. BOSWORTH. Some of that has been done there.

Senator BURNS. No, but I mean the first research on that?

Mr. BOSWORTH. There was research that was done there around Sidney.

Senator BURNS. I think these fleas attack leafy spurge. They have got another one that attacks spotted napweed.

Mr. BOSWORTH. That is right.

Senator BURNS. By the way, for the folks that are here today, that is a joint effort between North Dakota and Montana, the Sidney Research Station in Sidney, Montana, which is over on the North Dakota border. We tried to move it a little more west, but that is between North Dakota State University and the cooperators there. They are doing some good work up there.

Mr. BOSWORTH. Again, I think that demonstrates some hope in trying to deal with and take care of some of these invasives. I had hoped to bring a little vial of some of these flea beetles with me so I could have them attack your leafy spurge if you brought one today, but I could not get any in time to get them in here.

Nevertheless, they are working well and we have high hopes that they will continue to work well.

Senator DORGAN. That is the way it is in the wild, Chief. There is more leafy spurge than flea beetles.

Mr. BOSWORTH. That is right. We are hoping to level that out some.

LOSS OF OPEN SPACE

The third great threat in my opinion is the loss of open space. In particular, I am talking about some of the ranch lands and some of the forested lands that end up being subdivided and turned into ranchettes, particularly when they are adjacent to national forests. Even when they are not, we end up losing some of the biodiversity across the landscape that we need for deer and elk and other species. So I am concerned about that and the results of what that might mean.

UNMANAGED RECREATION

The fourth threat in my opinion is the threat of unmanaged recreation. I am particularly concerned when I talk about unmanaged recreation about off-highway vehicles and the damage that can come from unmanaged off-highway vehicles. My view is that we need to do a better job of managing that use so that people in the future can have a good place to recreate on the national forests and so that they do not also damage some of the other valuable aspects of national forests.

COLLABORATIVE PROCESSES

We are modernizing our processes. We are changing our processes. In some cases, we take some heat for that. We are trying to get our processes modernized so that we can engage people in a collaborative way at the community level up front as we are making these decisions, so that we can have people working together with Forest Service employees to come up with solutions that will be much more effective.

We are spending more time on the ground; part of the purpose of changing these processes is to get work done on the ground.

I would like to respond to one last thing in terms of the general administration costs that we have that Mr. Dorgan was concerned about. I agree with you that we have to cut our overhead costs. We are looking at, for example, centralizing our financial management processes into probably one area to cover all the country. My hope is that we will save $30 to $40 million when we do that. It will be a little controversial and you will probably get phone calls from people when we start moving some folks in some of the locations. But we have to cut our costs. We have to cut overhead costs and we will continue with that.

PREPARED STATEMENT

Finally, I would just like to say that I have been with the Forest Service now for 38 years and my father worked for the Forest Service about 34 years. So together we have probably been with the Forest Service for at least two-thirds of its history, and I am very proud of that.

But I am more proud of the opportunity to be here today and to thank you for your assistance and your help with the Healthy Forests Restoration Act and the many other things that you have assisted us in that will help us to carry out the mission of the Forest Service in a better way. So thank you for that. I would be happy to answer any questions.

[The statement follows:]

PREPARED STATEMENT OF DALE N. BOSWORTH

Mr. Chairman, Senator Dorgan, and members of the Subcommittee, thank you for the opportunity to discuss the President's fiscal year 2005 Budget. I also want to personally thank you, Mr. Chairman and Senator Dorgan for the support provided to the Forest Service this past year in supporting the President's Healthy Forest Restoration Act and for the strong support in protecting America's forests and rangelands from the threat of catastrophic wildfire. I have seen first hand the interest both of you has shown in supporting the improved health and sustainability of forests and rangelands across multiple public and private ownerships.

OVERVIEW

This President's Budget is for the Forest Service's centennial year. It supports the agency's mission of sustainable natural resource management. On February 1, 1905, President Theodore Roosevelt signed into law The Transfer Act, transferring the forest reserves from the Department of the Interior to the Department of Agriculture. On March 3, 1905, the Appropriations Act for the Department of Agriculture referenced the "Forest Service." On the day of the transfer, then-Secretary of Agriculture, James Wilson, wrote a letter of instruction to the first forester of the Forest Service, Gifford Pinchot. He directed that:

"In the administration of the forest reserves it must be clearly borne in mind that all land is to be devoted to its most productive use for the permanent good of the whole people, and not for the temporary benefit of individuals or companies. Where conflicting interests must be reconciled, the question will always be decided from the standpoint of the greatest good of the greatest number in the long run."

Now, 100 years later, that advice encompasses the multiple use management principle that guides the Forest Service's program of work. We are here today to ensure that our nation's forests and grasslands are treasured resources for the benefit and enjoyment of all people now and in the future. The decisions made in formulating the President's fiscal year 2005 budget for the Forest Service are for the long-term good of the public and the resources that we are entrusted to manage for the American people.

I am here to talk with you today about the fiscal year 2005 President's Budget request for the Forest Service as we enter a new century of service to America. In 1905, the Forest Service spent just shy of $1 million total for the young agency. As we propose a budget to begin the second century for the agency, the President's request is $4.9 billion, $68.4 million greater than the fiscal year 2004 enacted budget, excluding emergency funding for repayment of fire transfers and funds for Southern California. The fiscal year 2005 Budget provides funding to reduce the risk of wildland fire to communities and the environment by implementing the Healthy Forest Initiative and the Healthy Forests Restoration Act (HFRA) which President Bush signed into law this past December. In addition, increased funds are provided for research, fire suppression, Forest Legacy, Forest Products, and Minerals and Geology.

In my testimony today, I want to reflect on the challenges faced by the Forest Service in 2005, many of which are similar to those faced in 1905. I want to discuss the new opportunities offered by HFRA that will result in improved forest and rangeland management, healthier landscapes, and reduced risk of catastrophic wildfires. I want to talk about four major challenges facing the Forest Service, which I often refer to as the "four threats." I also want to highlight some other areas of performance accountability and legislative emphasis that comprise the President's fiscal year 2005 budget.

As I talk with you today about the fiscal year 2005 budget, I am reminded of the challenges that the agency, Congress, and the American public have worked through and worked out over the past 100 years. A brief review of the land management issues of 1905 shows that issues were as contentious back then as they are today. The challenges that we faced today are still contentious and complex. I believe, however, that we have an opportunity to change the debate. We want the American people to judge us not on what is taken off the land, but how we have improved its condition after conducting natural resource management activities.

PROGRESS TOWARDS HEALTHY FORESTS AND GRASSLANDS—PROTECTING COMMUNITIES

Today the cleanest water in the country comes from our national forests. More than 60 million Americans get their drinking water from watersheds that originate on national forests and grasslands. A century ago, competition for clean water in America was not the issue it is today and will be in the future. Protecting wilderness values wasn't on the radar screen 100 years ago. Today, we protect some 35 million acres of wilderness, about 18 percent of the land in our National Forest System. At the 1905 American Forest Congress, President Roosevelt spoke of vast forest destruction and an inevitable timber famine if the destruction continued. Large parts of the East and South were cutover, burned over, and farmed improperly. Today, tens of millions of acres of federal, state, and private forests in the East and South have been restored and the total number of forested acres is the same as 100 years ago. A century ago, many animal and plant species were severely depleted or on the brink of extinction. Today, many of these species have made remarkable comebacks after finding refuge on our nation's forests and grasslands. A century ago, the profession of forestry was in its infancy in the United States. Early foresters used a much younger set of scientific principles in managing natural resources. Today, after 90 years of Forest Service research, we have a much firmer and broader scientific foundation for sustaining forest ecosystems into the future.

REDUCING THE THREAT OF CATASTROPHIC WILDFIRE

Today we are putting research-based knowledge to use in restoring the nation's watersheds to a healthy condition. The President's Budget provides $266 million, an increase of $33 million over the funding appropriated in fiscal year 2004, to reduce hazardous fuel. This will allow treatment of 1.8 million acres, an increase of 200,000 acres above the 2004 level. Over the past several decades, declining forest health conditions have led to an increasing incidence of uncharacteristically severe wildfire. Forests that are naturally adapted to frequent natural fires have gone many years without such fire, thus becoming overly dense and laden with fuels. These forests are at abnormally high risk to damage from wildfire as well as insects, diseases, or infestations of invasive plants. The President has acted to address this risk by establishing his Healthy Forest Initiative and providing a budget for hazardous fuel reduction that has more than tripled since fiscal year 2000. In addition, the Healthy Forests Restoration Act passed by Congress last year will bring new administrative initiatives that will compliment expanded stewardship contracting authority that will further reduce hazardous fuels and restore watersheds.

Mr. Chairman, we need only look at how expenditures for wildland fire suppression have doubled in the last 10 years, to understand the need for this bold strategy. Just this past October we saw a graphic illustration of the serious forest and rangeland health problems we face. Although tragic in terms of loss of life and property, the severe wildfires in Southern California this past fall burned for the most part in mixed ownership chaparral areas and did not appreciably affect the forest health situation on forested lands in Southern California, particularly on the San Bernardino National Forest. In the forested areas, much of the remaining unburned acres are still choked with mostly small trees, many of which are dead and dying from drought and bark beetle infestations. Much of these forested lands are still at risk. Additional work remains on the national forests in Southern California as well as on other areas across the country that are experiencing serious forest health problems. Nor are these risks limited only to Federal lands. Mitigating the risks of catastrophic wildfires and treating forest health challenges across ownerships and jurisdictions requires cooperative action to be taken on the parts of governments, communities, private landowners and individual homeowners.

Mr. Chairman, I want to thank you and the other members of Congress for working last year to pass the Healthy Forests Restoration Act and expanded Stewardship Contracting authority. The President's Budget and new authorities provided by HFRA will aid Forest Service field managers work with local communities to treat more areas more quickly than in the past. The President's Budget also recognizes the need to integrate the fuels reduction program with other programs that support wildlife habitat improvements, watershed enhancements, vegetation management, and forest products. Restoring and rehabilitating our fire-adapted ecosystems may be the most important task that our agency undertakes. To provide optimal wildfire risk mitigation across the landscape, we are prioritizing our hazardous fuels reduction work to ensure the most beneficial use of funds. We are moving from treating symptoms towards treating the underlying problems, and treating hazardous fuel in locations on our nation's forests and rangelands where they will be most likely to influence large-scale fire behavior. We expect this approach to restore forest health and significantly reduce the potential for large, damaging fires over the long term, as well as the costs of fires that do occur—both in terms of the taxpayer and the environment.

We must also realize that it is not only the hazardous fuel reduction program that will improve overall forest and rangeland health. The integrated approach of multiple management activities in the agency's wildlife, grazing, vegetative management, and timber programs will improve the condition of the land, or in the Forest Service vernacular "improve condition class." This emphasis encompasses one of the "four threats" I refer to in managing this agency. We are committed to accomplishing the aggressive treatments planned in the President's Budget for fiscal year 2005 using new authorities in the Healthy Forests Restoration Act that improve the condition class of the nation's watersheds and thus protect communities and resources for future generations—and our Research Station directors are committed to providing the Forest Service with the best science available.

I have discussed in detail wildland fire, the first of the "four threats." I will discuss elsewhere in my testimony the other three threats; invasive species, loss of open space, and unmanaged outdoor recreation. Before doing so, let me highlight other areas that will require our attention in our Centennial year.

PERFORMANCE AND FINANCIAL MANAGEMENT ACCOUNTABILITY

The Forest Service efforts to improve agency efficiency continue to focus on the implementation of the five initiatives in the President's Management Agenda (PMA). One key element of the PMA is improved financial performance. In the past few years we made an unprecedented effort to get our financial house in order. For a second year in a row, we received a clean audit opinion and made progress in reducing the number of material weaknesses from 6 in the fiscal year 2002 audit to 4 in fiscal year 2003. The remaining material weaknesses are; need to improve financial management and accountability; accrual methodology needs strengthening; controls over certain feeder systems needs improvement; and Forest Service needs to improve its general controls environment. We look forward, in the not too distant future, to also seeing the agency removed from the General Accounting Office "high risk list." I am proud of our financial management progress. To be candid, however, the effort made by Forest Service employees to keep the agency from falling into a type of financial receivership was so unprecedented that the agency cannot sustain this level of effort as we are currently organized. Our internal financial management and administrative support infrastructure is based on a 50-year-old model that is archaic. It does not operate within acceptable government-wide standards. It fails to use today's technology and business based models that can make our operations more efficient and our accountability the best it can be. With this in mind, the Forest Service will implement a new model for Forest Service financial management that involves significant centralization and consolidation of administrative support. We anticipate a minimum cost savings of $30–$40 million over time, although there may be some short-term costs incurred associated with setting up this model.

We are also reengineering human resource management processes. Our objectives are to maximize automation, streamline processes, provide for consistency, and reduce overhead costs. At the same time, we will ensure compatibility with OPM's Government-wide initiatives.

We will implement this overhaul without affecting the ability of field line officers to make decisions about natural resource management. We will continue to put considerable effort into improving the effectiveness of our financial management and administrative support program with the objectives of improving efficiency, reducing indirect costs, and dedicating funds to accomplish on-the-ground resource management objectives.

An important tool that will help the agency improve its operational and program accountability is contained in the President's Management Agenda. It is the Program Assessment Rating Tool (PART). For fiscal year 2005, the Office of Management and Budget conducted reviews on the Forest Service's Forest Legacy Program, Land Acquisition Program, and reevaluated the Capital Improvement and Maintenance Program. This analysis recommended that the programs reviewed include the development of long-term measures that focus on outcomes, development of efficiency measures that assess the cost on a unit basis, and completion of program analysis to help focus program objectives and management.

The PART process for fiscal year 2006 will assist the agency in addressing one of the "four threats" because the agency will utilize PART to evaluate invasive species activities. In addition to utilizing PART, the agency will use funds to address emerging threats to the nation's natural resources from the spread of unwanted pests and pathogens. The President's Budget proposes $10 million for an Emerging Pest and Pathogen fund to be used for quick response. We will integrate our National Forest System, State and Private Forestry, and Forest and Rangeland Research programs to ensure we are focused on this invasive species threat. I intend to emphasize line officer performance accountability for halting the spread of invasives as an important element of the performance appraisal process. The PART program will be a tool to ensure the effort is integrated, outcome-based, and properly focused.

RESEARCH

I noted earlier that I felt the agency's Forest and Rangeland Research program was a foundation of improved ecosystem health. I am pleased to support an fiscal year 2005 President's Budget request that emphasizes a renewed focus on Research as a foundation for establishing management practices that are applied to the national forests and grasslands as well as state, tribal, local, and international lands. The total Research and Development budget for fiscal year 2005 is up $14.3 million.

The President's fiscal year 2005 Budget recognizes that the demand for solutions based on research is exceptionally high, and the Forest Service should organize to optimize the delivery of information to provide solutions in the timeliest, accurate manner. To enhance the linkage between forest researchers and on-the-ground resource managers in both the public and private sectors, it is critical that the most efficient development and delivery of mission-critical information be employed. Enhancing the linkage between the information user and the information generator helps ensure this efficiency. The President's Budget provides additional funding for optimizing the transfer and implementation of research findings.

Within R&D, $7.2 million is focused on research that will protect water quality for human use and aquatic habitat, and provide improved tools for land managers to restore native vegetation on sites disturbed by fire and mechanical means. This program increase will also afford the agency the opportunity to continue its research focus on controls for newly arrived insects including the hemlock wooly adelgid, the Asian long-horned beetle, invasive bark beetles, and the emerald ash borer. In addition to this significant program increase, the State and Private Forestry technology applications program will be integrated with the Research and Development mission area. We expect an improved technology applications program that focuses on a thematic basis, including applications in hazardous fuel utilization, fire science applications, invasive species, watershed, and other mission critical areas.

FOREST LEGACY PROGRAM

The third of the four threats that I have emphasized involves the loss of open space. The President's Budget fully funds the Land and Water Conservation program, including a $35.8 million increase in the Forest Legacy Program. The program has seen great success in addressing the threat of reduced open space through the use of conservation easements in partnership with private landowners to maintain viable and healthy forested lands. The PART review of the program by OMB found that management of the Forest Legacy Program is valuable and generally strong. We will work to improve performance measures that track the percentage of priority forest lands at risk of conversion to non-forest uses that are currently in a contiguous forest condition.

RECREATION

The last of the four threats to the nation's resources involves the challenges posed by unmanaged recreation. To use an old phrase, in many areas of the national forests we are "loving our public lands to death." The fiscal year 2005 budget reflects an increase of $2.3 million in the Recreation budget. With this in mind, I intend to have the agency focus on managing the program with improved efficiency and greater reliance on partnerships. Moreover, our work in the area of hazardous fuel reduction and invasive species provides a number of benefits that protect and enhance the quality of recreation on National Forest System lands.

The Forest Service is a leading provider of outdoor recreation opportunities in the nation. People visited national forests and grasslands over 211 million times in fiscal year 2002. These millions of visitors expect cleared trails, accessible facilities, and safe experiences. They also cause significant impacts on the land and on our facilities, as they hike, camp, kayak, ski, hunt, or fish on our federal lands. Since 1997, we have relied on fees from the Recreational Fee Demonstration Program to provide safe, enjoyable, and memorable experiences for these millions of visitors. We know that without those fees, we would be hard pressed to keep some campgrounds open, toilets cleaned, and trails safely maintained. The President's fiscal year 2005 legislative proposals include permanent authority for the Recreational Fee Demonstration Program. Visitor use continues to increase, especially near urban areas and many of the very special places we manage on our national forests and grasslands. As more and more people enjoy these places, their presence comes with the price of increased needs for maintaining facilities, equipment, and the land itself. Through the Fee Demo Program, the recreating public has told us how important increased safety and security is to them, an elevated service made possible through Fee Demo funds.

This is the 40th anniversary of the signing of the Wilderness Act, a bold legislative action that secured the enduring benefits of wilderness for present and future generations. The Forest Service manages 32 percent of the National Wilderness Preservation System and was the first Federal agency to manage a designated wilderness area. The National Survey on Recreation and the Environment finds that Americans who know about wilderness tremendously value it.

Our backlog in deferred maintenance for our facilities continues to be a challenge. This backlog includes facilities for providing recreation opportunities to the public, as well as our administrative sites where employees work and provide services to the public. The budget reflects improvements made by the Forest Service in implementing recommendations contained in a PART review of the Capital Improvement and Maintenance program, and includes $10 million to address deferred maintenance.

In addition, there are important legislative proposals to be presented by the Administration that will help us leverage limited discretionary appropriations to accomplish key objectives of the recreation and other administrative programs. The Administration will submit legislation proposing a Facilities Acquisition and Enhancement Fund. This authority will provide a useful tool for reducing our administrative site backlog through an authorization to dispose of lands and improvements in excess of our needs, and use the proceeds for infrastructure improvements.

The Administration will propose expanded and consolidated partnership authorities to make it easier and more efficient for third parties to get involved in the agency's recreation program as well as other management programs and activities. This legislation will streamline the ability of the Forest Service to collaborate with non-Federal partners in achieving natural resource management goals. Forest Service directives cite over 30 different laws relating to partnerships and 14 different types of agreement instruments document partnership relationships. Navigating this complex patchwork of authorities and agreements has hindered the agency's ability to work efficiently and effectively with nonprofit and community partners. We look forward to working with Congress in making it more efficient to work with partners in managing the national forests.

WILDLAND FIRE SUPPRESSION

As the Forest Service focuses on a new century of service to Americans, its emphasis will be centered on management activities that address the four threats and the goals of the Healthy Forests Initiative. Our success over the long term will reduce the risk to communities and natural resources from catastrophic wildland fire. The Forest Service, in partnership with the Department of the Interior and state and local agencies, is committed to protecting communities and resources with the best and most efficient fire fighting infrastructure possible.

The total wildland fire budget for fiscal year 2005 is $1.4 billion including an $88.3 million increase over the fiscal year 2004 enacted level for fire suppression. This increase reflects the ten-year average cost for fire suppression. I want to address several important wildfire suppression issues.

Wildfire suppression activities are dangerous. Unfortunately, last year we lost five lives in fires related to the Forest Service. The agency continually evaluates the fire suppression program for safety, and makes improvements to reduce the risk to firefighters. After the Thirty mile fire in 2001, the Forest Service implemented a number of significant changes to improve safety measures for firefighters and the public. Changes were developed in cooperation with OSHA, the Department of the Interior, and other interagency partners through the National Wildfire Coordinating Group. We have clarified and added emphasis on fatigue awareness and work/rest guidelines; added driving guidelines for transportation safety; and improved risk assessment and mitigation procedures. We continue to scrutinize our firefighting program to make additional safety improvements, including an examination of relation of completed fire management plans and the deployment of incident personnel in locations where resource values are minimal. Areas we are particularly concentrating on are human factors such as experience and leadership. While we will never remove all the risk from firefighting, we will constantly work to reduce the risks. We must never compromise our emphasis on components of the agency's budget that might affect the safety of our workforce.

This past year we have aggressively focused on reducing the costs of firefighting efforts. The President's budget proposes new incentives for reducing wildfire suppression costs including the allocation of suppression funds to Forest Service regions, and the authority to retain unexpended suppression funds for use in forest restoration activities consistent with the goals of the Healthy Forest Initiatives and HFRA. It also includes the establishment of clearer rules concerning the use of suppression resources and incentives for rapid demobilization and better use of local non-federal resources. I am proud of the fact that in fiscal year 2003 we kept more than 98 percent of all unwanted fires that started from becoming large fires in 2003. While large fires represent only 2 percent of the total number of fires, over the past few decades they have accounted for more than 87 percent of the total costs for fire suppression. Many large fires are complex and more expensive to suppress today than 20 years ago, and they can be more dangerous. The costs of containing fires in the wildland urban interface will likely continue to be high as we struggle to keep fire from destroying people's homes and livelihoods. At the same time, the President's fiscal year 2005 Budget reflects the full implementation of fire management plans completed for all National Forest Systems lands that will allow for cost savings associated with a full range of suppression actions, including an increased use of wildland fire use fires, as appropriate. It also contains new performance measures that will provide baselines on which the total cost of fire suppression can be assessed.

Over the past year, we have completed the Consolidated Large Fire Cost Report 2003, in which we have identified areas to contain costs. Clearly, reducing the number and improving the way we manage large fires will lead to lower costs. I have issued policy direction that states, "Fires are suppressed at minimum cost, considering firefighter and public safety, benefits, and values to be protected, consistent with resource objectives." We will take the lessons learned from the past year and continue efforts to reduce the costs of large fires. We will also look at better ways to use fire in its natural role and will work together with our Federal, Tribal, State, and local partners to accomplish these goals.

CONCLUSION: ENTERING A NEW CENTURY OF SERVICE

Our agency's 100th anniversary is a time for us as an agency to reflect on our history, the contributions we have made as stewards of our nation's natural resources, and lessons we have learned to provide world-class public service into the future. We see fiscal year 2005 as a time to broaden public understanding and appreciation of our nation's forests and grasslands, and a time to broaden partnerships worldwide to collectively sustain our natural resources. In this centennial year we will sponsor several events and activities that help focus this attention.

Mr. Chairman, let me say again how honored I am to be here as Chief presenting the 101st President's Budget for the Forest Service. We have 100 years of amazing accomplishments. We also have 100 years of promises to keep, 100 years of laws and regulations to uphold. For 100 years, Americans have both applauded us and picketed our doors. The country has seen sweeping changes over those 100 years, and many innovative tools to help us keep up with those changes.

As we enter our second century of service, the continued prosperity of our country is in large part dependent on sustaining the health, diversity, and productivity of our Nation's forests and grasslands. This is the Forest Service's mission today. And much as Secretary Wilson directed the agency in 1905, our successes are only as great as our ability to act under a businesslike structure, promptly, effectively, and with common sense. I am proud of the many accomplishments our talented and dedicated employees have given to this country and the mission they face in entering this new century of service.

We still have much work to do and many challenges to undertake. Restoring the nation's forests and grasslands in balance with society's goals will take time. We have new tools to help meet those challenges in the Healthy Forests Restoration Act and expanded Stewardship Contracting authority, in continued research to support these complex challenges, and through the work we continue to do with local communities and partners—new ways of solving land management problems in more effective and inclusive ways.

I enlist your continued support and look forward to working with you toward that end. I will be happy to answer any questions.

Senator BURNS. Chief, thank you. Let me also congratulate you. You started this process. I think it was you that coined the phrase "paralysis by analysis." You are now making some decisions and have some information that you can use to move forward in restructuring and bringing the true emphasis on our forests, what really works and what does not work.

CONSERVATION

When you use the word "conservation," I would imagine you and I graduated from the old school that the definition of "conservation" was the wise use of a renewable product. I think as long as we define it in that way, whenever we see conflicts of management or conflicts of ideas it usually boils down to definitions, how we define our words.

So I have always been—up here you learn that pretty quickly, and especially with policymakers, that definitions are everything. But I do not think we should leave the old. I think the old definition of conservation was pretty well defined—the wise use—and we have used it in agriculture a long time. I know sometimes they think they should move the Forest Service out of the Department of Agriculture, but I do not think it should be. It is a wise use of a renewable resource.

In some areas we have been wrong, but we have been wrong before and we know how to correct those and identify them and pay attention to our history. If we pay attention to our history we solve a lot of those problems.

EFFECTS OF FIRE BORROWING

The increasing costs in firefighting has forced the Agency to borrow massive amounts of money from other non-fire programs, causing many projects to be cancelled or delayed. I applaud your proposed budget increase for $88 million for fire suppression. We know that if you have a season that is anything like the average of the past few years, you will still be a considerable amount of money short.

Can you just outline for us, if you could, the problems you face whenever you have to borrow from other accounts, especially the huge amounts of money that we have experienced in the last 2 or 3 years?

Mr. BOSWORTH. Well, usually when we get in a situation where we have to transfer dollars from other accounts it occurs, of course, in the fourth quarter of the fiscal year. At that point, we pretty well have our field work laid out. We are ready to go get the work done, and then of course when we transfer those dollars, we have to stop many of those projects.

I can give you a very quick list of some of the effects from fire transfer impacts from last year. We ended up with 10 percent less timber offered, we had 20 to 25 percent less wildlife habitat restoration accomplished, a significant shortfall in grazing allotment NEPA work, 30 percent less accomplishment in vegetation management, 150,000 acres less fuels treatment, 200 construction projects deferred, 60 land acquisition projects deferred, some research delayed, some forest inventory analysis delayed, and $8.5 million in legacy projects that were delayed.

Some of those we will be able to pick up in the next year and so on, but they were not done on time.

The biggest thing that bothers me perhaps as much as anything is the effect it has on our partners. We are trying more and more to work together with people in a partnership way. The biggest frustration is when we have partnership agreements, the folks that we are working with come to the table, and then we come to the table at the last minute and say: Guess what, we cannot do our part.

It becomes very, very difficult to maintain good relationships and good partnerships when at the 11th hour we pull out. But those are some of the impacts. I can be more specific and give you more information for the record if you would care for it.

Senator BURNS. You know, that is an interesting thought, though, your partners. I think basically they probably understand the problem. Have relationships deteriorated to where it is difficult to do business with them again?

Mr. BOSWORTH. Well, in some cases when people think that this is going to continue to happen, they end up looking for somebody else to partner with that they think might be a little bit more reliable. I believe when we end up with some kind of a long-term fix for this, I hope we will be able to get our partners back.

Another effect is matching funds; sometimes when we use challenge cost-share agreements—we do a lot of work with organizations like the Rocky Mountain Elk Foundation—we will have some matching funds and then we when do not bring our part to the table, we lose those matching funds to some other place. Sometimes they will come back, but sometimes we do not ever get those matching funds back.

FIREFIGHTING COST ANALYSIS

Senator BURNS. I was in a couple of fire camps last year, as you well know, and visited with your leadership and was on the ground out in Montana, especially the fire in Glacier National Park. Chief, have you done anything to make a special assignment of anybody or any part of your organization to analyze and see how we can be more efficient in our firefighting? Because I think when you look around a fire camp, you see a lot of waste. That happens whenever you are under emergency conditions; I understand that. But have we done any analyzation of how we fight, when we fight, and what it takes to fight?

Mr. BOSWORTH. Well, there are a couple of things. Let me start off by just talking about cost containment. Last year we instituted a number of cost containment measures, and then we have added a few more for the next year. Let me just run through those first.

Of course, we were very concerned, as you are, about the rising cost of our fires. So we instituted some national-level review teams that report to me essentially. They go out to some of these major fires while the fires are burning and they review the decisions that are made, particularly as associated with costs.

We also have some regional review teams working. We have some post-incident teams that go out and review a fire after it is over and we look at all the costs. Those teams are looking at that to try to find how that is going.

The Wildland Fire Leadership Council is made up of the heads of all the wildland firefighting agencies, Under Secretary Rey, and one of the assistant secretaries at Interior. We have chartered a blue ribbon panel to look at cost containment across the board and to give us some advice. They are working with the Western Governors Association.

Also, the President's budget proposes to allocate 50 percent of the fire suppression dollars to the regions, with the idea that it would be an incentive. If they do not spend those dollars, then those dollars could be used for other kinds of projects like fuels treatment. And that is a very big incentive to our folks because our folks like to get work done on the ground.

We also have directed all line officers and incident managers to do what we call an escape fire situation analysis whenever a fire escapes initial attack to look at alternative suppression strategies. We have directed them to develop a least-cost fire suppression strategy and to give that significant consideration.

Another thing that was brand new last year was, with our enhanced or our improved financial management, we now have real-time cost accounting information for each individual fire. So every 24-hour period we can tell exactly what that fire has cost, what those cost centers are, how much, and where.

In the past, it would be 2 or 3 weeks before we could do that. So that is another area that will help us get a handle, I believe, in terms of our costs.

Senator BURNS. Well, you know, I sat in on a couple of the meetings. They allowed me in there—and I appreciate that very much—on how they operate and areas of responsibility in Kalispell. I was impressed because your comptroller, the guy that was in charge of the money and the accounting, sat right there and he said: We cannot do that; we have got to move this; and these are the dollars that we have used now, this is our allocation.

Sometimes under those conditions it is kind of hard to do business. In other words, maybe you would like to do something that day, but yet maybe you might not expend the money so you did not overrun the tape, so to speak.

FIRE SUPPRESSION

Also, I hear criticism—and this is a criticism and you might want to respond to it—when a fire is first detected, we just do not get people on the ground and hit it while we can. In other words, there has been criticism that some fires were allowed to smolder for a while and then all at once blow up and create an even larger problem.

Can you respond to that criticism?

Mr. BOSWORTH. Yes, I would be happy to. First I would like to put another chart up on the wall there. We have continued to suppress about 98 percent of the fires in initial attack and keep them less than 300 acres. So in terms of that criticism, we suppress 98 percent. In some cases, as you know, we will end up with lightning strikes and we can have a couple hundred fires, 200 or 300 fires on a forest, start in one lightning storm.

My belief is that it is going to be tough to get to 100 percent. Maybe we can get up to 99 percent. But I believe that is working fairly well.

On this chart you will see that, the purple there is the small fires, and then 2 percent of them get out in that darker color, meaning they escape initial attack. So you can see from the circles over on the right that 87 percent of our suppression costs are within that 2 percent of the fires. So only 13 percent of our suppression costs are on that other 98 percent.

In terms of acres burned, 96 percent of the acres burned come from that 2 percent of the fires that escaped initial attack. So it is extremely important from just a cost and a damage standpoint that we do as good as we can in nailing those fires in their initial attack.

Mr. REY. In addition to that, when we fail to succeed at initial attack and we end up in a large incident fire, one of the factors that we review when we do a cost review of that large incident fire are the circumstances associated with failure to control the fire at initial attack. What I have found in the incidents that I have looked at—in all honesty because of member interest—where we failed at initial attack is that there was usually a reason associated with the limits of the technology, the equipment we had, or safety concerns that precluded a more aggressive initial attack response.

The quintessential example was the fire in San Diego this summer, where fire was reported right about dusk and we were criticized for not scrambling our tankers at that point. Well, our tankers are not equipped with night-flying vision. The worst and most hazardous time to fly those on bombing runs is at dawn or at dusk, because they are flying at low elevation with the sun often right in the pilot's eyes. You make those safety requirements for a reason and you do not deviate from them just to save a few dollars.

That has been my personal experience in reviewing the specifics of some of those criticisms in individual incidents.

Senator BURNS. Well, I would recommend—of course, I was in a couple of them way back in the old days—that you have got to go experience a fire camp now and then. Now, not everybody is going to have the opportunity to sit in on the morning briefing or even the evening debrief, as you well know, but that is where you learn quite a lot of things.

So we continue to worry about fire suppression and fire prevention, first responder and first response. We will continue to worry about that. I would suggest, just from a standpoint of up here, that we continue to look at those fire suppression costs and do some things.

I know, Chief, when you were in my office we talked about that in the old days you fought fires at night. Now, we lost a couple of people and maybe we should not have, the Edith Peak Fire being one of them, way back when. You would take the fire on when it is the weakest. It is at night; that is when it is the lowest, that is when it is the coolest. And if you do not get it by then, at 10 o'clock the next morning, or whenever the drafts start, then you are lost. You might as well go twiddle your thumbs and play gin rummy or something. But you just cannot, especially with these fires.

It just seems to me the intensity of these fires now are just beyond belief. You know, on Glacier up there, you watch the intensity of those things and watch them go up a mountainside. I tell you what, I have never seen fires moving like that, not in my lifetime anyway. So we continue to look at that.

GRAZING

Well, let us shift away from fire and the challenges that it has a little bit. We have other activities that go on in the forests. Of course grazing is one of those. By the way, he is not with us any more, but there was an old sheepherder out at Big Timber, Montana, who did his own kind of research. As you know, they are livestock people and people of the land do pretty good research. They are probably not recognized in the scientific community, but as far as the data being accurate, it is pretty accurate.

In the forest where we had active grazing permits, we also did the best job in hazardous fuels removal and fire prevention, and lines are drawn on that. So I think grazing is a part of areas that become more vulnerable to that, because forest grazing takes care of a lot of the undergrowth.

We have a real problem in the backlog of expiring grazing permits that need to be renewed. Congress put a schedule in place for the renewal of these permits in the 1995 Rescissions Act. Your budget justification says that you are only getting done about 50 percent of the work that you need each year. Can you give me a number of the backlog and how we are dealing with that backlog?

Mr. BOSWORTH. We have had NEPA completed on about 36 percent of the 6,900 permits at this point. We have a backlog of 4,590 as of right now. We are doing things to try to improve our approach; one of them is that we have redone or made some changes in our handbook that instructs the field on how to do the NEPA on allotment management planning to make it more efficient, to make it more collaborative with the permittees, and to allow us to get some decisions made quicker.

We are trying to improve our efficiency. We are trying to cut down our overhead, but we are significantly behind. The troubling part of this to me is that if we had a significant increase in dollars, that probably would still not solve the problem. It would help us; it would help us get done a little bit sooner than what we are going to get done anyway.

I feel like we are putting an awful lot of money into doing an awful lot of paperwork, that in the end does not really affect or change the way the grazing is being done on the ground; it just results in having NEPA finished. We do an environmental impact statement and we have a whole bunch of alternatives, and then we end up making some slight adjustments. But we put a lot of money into pushing paper around, and it just seems to me that maybe there is a better way.

Maybe we ought to be looking at some things like what you do on the Healthy Forests Restoration Act or some of those kinds of options that might help streamline and modernize some of the processes we are using for our allotments right now.

Senator BURNS. This question may be out of line, but if you did not have to do a full-blown NEPA, a full-blown EIS, and operate under an EA, would that help? I do not know that much about what you have to do on the ground, the hoops that you have to jump through.

Mark, can you address that?

Mr. REY. That would probably help some. The other alternative would be to look at formulating a categorical exclusion for at least some number of the grazing allotment renewals where not much is going to change on the ground as a consequence of the renewal anyway.

In 1995 when the Rescissions Act schedule was established, I was sort of sitting on your side of the dais and we asked the then-Chief of the Forest Service, Jack Thomas, whether the expenditure that was going to be invested in doing EIS's for all these grazing lease renewals was going to result in on-the-ground range improvements, and his general response if I remember it correctly—and I will paraphrase it and we can go back and look at the transcripts—was that we would get a lot more on-the-ground improvement if we invested that money in range improvement work as opposed to just renewing NEPA documents for at least those allotments where not much has changed and all we are doing is renewing an allotment because we have hit a statutory or a regulatory deadline.

I think an EA would help for at least some number of those, those 4,800 renewals that are not going to change very much. A categorical exclusion would probably help a lot more, particularly if we were able to reinvest that money in range improvement work.

Senator BURNS. I will tell you that, on an assessment of range country the other day, even though we have been through drought areas, range and forest grazing permits have never been in this good of a shape. They are basically taken care of by the people who are leasing the grass. So you may have a point.

I will have to go back. I had forgotten about the Jack Ward Thomas statement and I am glad you recollected that. We will take a look at that, and we will also look at the categorical exclusion end of that. I think some of that does have merit whenever we start managing our resources.

STEWARDSHIP CONTRACTING

The Congress has provided you with many new authorities during last year, including the expansion of the Stewardship Contracting program, in the passage of the Healthy Forests Restoration Act. The Agency has also put in place through regulations several new categorical exclusions to help speed up fuels reduction and timber salvage.

Chief, can you tell us if these new authorities have helped you address the problem, and the implementation of these acts—give us a progress report?

Mr. BOSWORTH. In terms of stewardship contracting, first I would like to just say again thank you for your help in getting us the stewardship contracting pilot authority, going back to 1999. You have been a real champion in terms of stewardship contracting to help us with that. We have experimented with that over the years and now we have the extended authority.

We awarded 49 contracts in fiscal year 2003. We expect to have 60 just in this coming year, in 2004. So we had 49 that we are working on and then 60 more this year.

I think the extended authority has made a big difference because it has told a lot of people that this is a little more permanent. While it was still in the pilot stage, we had an awful lot of work to do with potential contractors, with people who might come in with proposals or bids, and not everybody was anxious to take the time to learn how to make those kind of bids.

Now that they see that it is a tool that will be used more widely and for a longer period of time, there is a whole lot more interest. So I would expect that we will have a bunch more of those coming along and we will see some real successes. So I will be anxious to see some more on the ground, where we will be able to go out and maybe take a look at them. Perhaps you would be interested in seeing some of those.

CATEGORICAL EXCLUSIONS

In terms of categorical exclusions, we have a number of different categorical exclusions that we have gotten authority to use over the last probably 9 months. We have about 560 of those that we have completed since then or that are ongoing since then. Now, not all of those are for fuels treatment. They are for a variety of things. I would guess probably half of them are for fuels treatment, and there are a number of other ones that we are also doing.

FOREST MANAGEMENT

Senator BURNS. When you look at all of these things that have been done—we know that we have mills in trouble in our part of the country. There are a number of mills in the wood products business that keep going the other way; that is, failing because of lack of wood. I was interested—this last weekend, the Senator from Georgia accompanied us into Montana. He had never been to Montana before, and we were looking at some regrowth areas in the Gallatin National Forest. He does not ski and I do not ski and this was a ski outing. I had a fundraiser up there. That looks good on the tape. But anyway, it was pretty unstructured. I used to ski. I have only been on them once and I wiped out a whole platoon of Marine Corps, and I kicked them damn things off and I have not had them on since.

But nonetheless, we went on a little jaunt, and we started talking about regrowth and things that are happening in the forest, took a snowmobile trip into Yellowstone Park, seeing the regrowth that is happening there after the devastating 1988 fires.

It is something to see, people who have forests in their States, how they manage against how we manage. Of course, their rotation on a mature tree is much shorter than ours, as we know. But it was also interesting to know; they said when they replant a forest where they are in the South, they get growth and then they use what they take out when they thin the forest; that goes to pulp. That gives way to the trees that will finally end up in lumber.

We have had a difficult time in doing that. That is usually on private lands, privately managed lands. We have had a difficult time selling the idea on public lands that that sort of a management situation does work. Maybe it is a longer cycle from a seedling to a mature tree than they have in Georgia, no doubt. But nonetheless, the principle is about the same.

We still have a difficulty of selling the public on the idea that those management practices work. I think that is one of the challenges ahead of us, that just because we thin, that that is a lost product; in other words, it is wasted. It is not. The taxpayers get paid for it, actually.

EDUCATION EFFORTS

So I think we need a little more outreach to the public, public education. Can you tell me what you have done in that area? It is a constant education of the public of how we manage their forests and why we do certain things.

Mr. BOSWORTH. Well, we do have conservation education programs, a number of programs, particularly at the local levels, with folks to try to help people understand at least what takes place and what is going on, what the opportunities are.

We also have some places where we have been experimenting on occasion with what we call collaborative learning, where you have people together from different points of view in a collaborative way, trying to learn on specific projects based upon their different values. We are also using the best science that we have available, so that people can learn together and be more informed about what the issues are and what the potential is.

Of course, there is still always the difference of opinion about what they want their national forests to be managed for. There are definitely some places where we manage the national forests and produce timber, but then there are the places where people's preference is to have it, as you know, for wildlife purposes or for recreational purposes.

So I think our challenge is again to try to find that balance through public participation, but at least to have as informed a public participation as we possibly can, where people are educated, as you say, as to what the potential is, what the results are, and what the consequence is.

Senator BURNS. Well, I say that because I walked into an elementary school and there was a big poster up there that says: "When a tree is gone it is gone forever and the land lays barren forever." And that statement just stuck in my mind, and I said: Somebody has got to call on that school teacher; this is just not good information and it is not the way we should be teaching our young people about renewable resources and what this land really has.

Mr. BOSWORTH. We also have programs in a number of places where we are working with school teachers, because that is perhaps the most effective way in the long run where we can get people informed on the facts.

Senator BURNS. Sometimes I have a hard time relating to those folks, so you know how that is.

That is about all the questions. I think we kind of worked our way through the management part of it. I do want to encourage you to look at this, the waste and the way we respond to fires, and try to see if we cannot cut some costs there. But we do not want to be penny wise and dollar dumb either in those areas. As to your accounting, I want to congratulate you again. You have got a clean audit and I think your Department is for the most part doing a real job under very difficult conditions.

If other members of the committee want to offer some questions, we will leave the record open; and if you would respond to the committee and to the specific Senators, we would appreciate that.

Secretary Rey, good to see you again, and Hank, and all of you, and your leadership. I am just glad that we are in an area right now where I think there has been a lot of integrity restored back into the Forest Service. For the most part, the morale of the rank and file is pretty high, and I congratulate you for that. I talk to

Forest Service people throughout my State, and we appreciate that. Relationships have improved, even though we have some areas where we could improve more. But nonetheless, that may boil down again to definitions.

ADDITIONAL COMMITTEE QUESTIONS

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 Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR CONRAD BURNS

Question. The Committee is concerned about the rising costs for firefighting. The average annual cost of fire suppression for the Forest Service over the last 4 fiscal years (fiscal year 2000-fiscal year 2003) has exceeded $1 billion. By way of comparison, in the 4 years prior to that it was only $349 million. The Committee understands some of the factors that have raised these costs like: (1) the severe droughts in the West; (2) the expanding Wildland Urban Interface as more and more people want to live on the boundaries of our forests, parks and refuges; and (3) the poor health of our forests caused by years of inactive management.

What, if anything, can the Forest Service do to reduce the skyrocketing costs of firefighting? (S&PF)

Answer. The Forest Service has issued two reports that outline expectations of line officers, incident commanders, and employees in the area of suppression cost containment. We have standing cost containment oversight teams that visit large incidents and recommend actions that will reduce expenditures. We are developing a new fire planning system that will lead to better strategic analysis of large fires and the decisions that cause them to become expensive. We are developing a new situation analysis that will display a better range of suppression alternatives to line officers during their decision process. This will be accomplished by clarifying the definition of the least cost suppression alternatives within decision support models and establish this alternative as the default option for suppression activities for a given incident and by completing updated geospatially-based fire management plans linked to databases that will lead to increases in the annual number and acres designated as wildland fire use fires. We are embarking on an aggressive fuel management program to rid forests of accumulated fuel. In addition, we will:

—Implement priority cost containment activities called for in the fiscal year 2004 President's Budget and the recommendations contained within the Wildland Fire Management PART, as well as select recommendations from the National Academy of Public Administration (NAPA) report entitled, *Wildfire Suppression: Strategies for Containing Costs.*

—Reduce wildland fire suppression costs through a continued emphasis on the accountability of line officers and incident commanders.

—Review the cost-effectiveness of large fire aviation resources and assess state cost-share agreements to ensure that the federal government is not paying a disproportionately high share of suppression costs.

—Continue to conduct national cost containment reviews on selected incidents and implement recommendations contained in the Consolidated Large Fire Cost Report of 2003 to address suppression cost containment issues raised during cost reviews in fiscal year 2003. Provide oversight to ensure that cost containment measures are implemented.

—Working through the National Wildfire Coordinating Group's Incident Based Automation Task Group, continue to enhance the "real-time" incident obligation reporting system.

In addition, in fiscal year 2005 the Forest Service will initiate incentives to reduce suppression expenditures. The President's Budget proposes to allocate fifty percent of suppression funds to the field and allow unobligated year-end balances to be retained by the regions to be used for vegetative treatments to improve condition class. The objective is to create an incentive in the field (additional funds for on-the-ground work) to reduce expenditures, with the goal of eliminating the need to transfer funds. An added benefit will be an increase in funds available to improve condition class, which will further reduce suppression costs and the need to transfer funds. The President's Budget also includes cost containment actions and performance measures, expands the use of risk mitigation, updates fire management plans to increase wildland fire use, and implements suppression cost savings incentives. The Forest Service and Department of the Interior will develop a process through which rural fire department training, experience, and qualifications can be recognized as equivalent to National Wildfire Coordinating Group (NWCG) qualifications. Together with agency actions already under way, these efforts should effectively reduce the need for further borrowing, supplemental appropriations, or both.

USDA and the Department of the Interior will continue to enhance agency policy and procedures to reduce suppression costs.

Question. This subcommittee asked the National Academy of Public Administration (NAPA) to review increasing fire costs. One of their recommendations was that the Forest Service could save millions of dollars by more efficiently procuring the supplies and equipment that are used each year for firefighting. Do you agree with this assessment?

Answer. On the surface NAPA's study and recommendations look good. However, the Agency feels that there are many variables and complexities that require further analysis. The Forest Service plans to continue to study and analyze NAPA's recommendation.

Question. Are you planning to act on the NAPA recommendation?

Answer. The Forest Service plans to continue to study and analyze NAPA's recommendation.

Question. How long would you expect it to be before the investments that we are making in hazardous fuel reduction projects should lower the severity of our fire seasons and reduce firefighting costs?

Answer. Fire season severity is the result of several factors including climate (primarily drought), weather (hot, dry, windy days), available fuel (fuel amount and fuel moisture), and ignition patterns and timing (primarily from lightning storms and human causes). Hazardous fuel reduction projects only influence one of these contributing factors. That said, fuel treatment in general can reduce the intensity of fire behavior under all but the most severe burning conditions.

In 1999, the GAO estimated it would take the Forest Service 15 years and $12 billion to treat 39 million acres at high risk (Western National Forests—A Cohesive Strategy is Needed to Address Catastrophic Wildfire Threats, GAO/RCED–99–65). They also believed that the Agency had an estimated 10 to 25-year "window of opportunity" for taking effective action before damage from uncontrollable wildfires becomes widespread.

Further analysis conducted by Agency scientists (A Cohesive Strategy for Protecting People and Sustaining Natural Resources: Predicting Outcomes for Program Options, Hann et. al., 2002) indicates that after 15 years of an aggressive treatment program using a strategic landscape restoration approach (as opposed to random placement of treatments) that the average annual costs for suppression, prevention, initial attack, rehabilitation and property loss will drop below the current level.

We need to remember that these are estimates based on our current knowledge of modeling predicted changes in condition class over an extended period of time due to the cumulative effects of fuel treatments, wildfire disturbance, and natural vegetation succession (growth).

Question. Please outline the management problems that face the Agency when it has to borrow such large amounts of money from non-fire programs.

Answer. Although transfers from other accounts have led to delays in some projects, the long-term negative effects on programs has been significantly mitigated by reprioritizing programs of work at both local and regional levels. In making these adjustments, the agency considers factors that determine whether related opportunities, availability of additional temporary employees, and increased use of contracting can be used to meet program and project objectives. The agency carries over large unobligated balances every year for multi-year projects. In heavy fire years, it makes sense to temporarily use these balances until we can determine how much additional funding is actually needed. In addition, every year some work, such as prescribed burning, cannot be done due to dangerous fire conditions or other unanticipated conditions. There are also personnel costs that are budgeted in one of the Forest Service's non-fire accounts but, when those personnel are assigned to fire duties, are ultimately spent out of the fire account. In these situations, it is appropriate that available Federal funding be redirected to fire suppression, and it is not necessary to repay the non-fire accounts for such salary savings.

Question. Does the Administration have any suggestions for a long term solution to this persistent problem of borrowing from non-fire accounts for firefighting?

Answer. The administration has been activity addressing this issue through cost containment efforts and is requesting the 10-year average for fire suppression for both the Forest Service and the Department of the Interior adjusted for inflation.

In fiscal year 2003, the Forest Service initiated several new efforts to contain and reduce suppression costs. This included improving large fire cost reviews, conducting post-incident activity reviews, increased accountability and oversight, increased engagement of line officers, greater use of incident business advisors, and the preferred use of the least cost alternative when suppression wildfires. These policies and directives were published in the *Chief's Incident Accountability Report 2003 Action Plan*, February 2003, the *Large Fire Cost Reduction Action Plan*, March 2003, and the *USDA Forest Service Fire & Aviation Operations Action Plan for 2003*, April 2003.

In September 2003, the agency released the *Consolidation of 2003 National and Regional Large Incident Strategic Assessment and Oversight Review Key Findings*. The report summarizes the key findings of the national and regional Large Incident Strategic Assessment and Oversight Review teams and makes recommendations to improve suppression cost containment and other wildfire management efforts. The agency is developing an Action Plan based on these recommendations and will continue large incident reviews in 2004. During 2004 the agency will:

—Continue aggressive initial attack on unwanted and unplanned ignitions.

—Increase wildland fire use as prescribed in land and resource management plans and report these increases in future Budget Justifications.

—Implement priority cost containment activities called for in the fiscal year 2004 President's Budget and the recommendations contained within the Wildland Fire Management PART, as well as select recommendations from the National Academy of Public Administration (NAPA) report entitled, *Wildfire Suppression: Strategies for Containing Costs.*

—Continue to implement safety, cost containment, and program action items from the Large Fire Cost Reduction Plan and the Fire and Aviation Management 2003 Operations Action Plan.

—Reduce wildland fire suppression costs through a continued emphasis on the accountability of line officers and incident commanders.

—Review the cost-effectiveness of large fire aviation resources and assess state cost-share agreements to ensure that the federal government is not paying a disproportionately high share of suppression costs.

—Continue to conduct national cost containment reviews on selected incidents and implement recommendations contained in the Consolidated Large Fire Cost Report of 2003 to address suppression cost containment issues raised during cost reviews in fiscal year 2003. Provide oversight to ensure that cost containment measures are implemented.

—Working through the National Wildfire Coordinating Group's Incident Based Automation Task Group, continue to enhance the "real-time" incident obligation reporting system.

In addition, in fiscal year 2005 the Forest Service will initiate incentives to reduce suppression expenditures. The President's Budget proposes to allocate fifty percent of suppression funds to the field and allow unobligated year-end balances to be retained by the regions to be used for vegetative treatments to improve condition class. The objective is to create an incentive in the field (additional funds for on-the-ground work) to reduce expenditures, with the goal of eliminating the need to transfer funds. An added benefit will be an increase in funds available to improve condition class, which will further reduce suppression costs and the need to transfer funds. The President's Budget also includes cost containment actions and performance measures, expands the use of risk mitigation, updates fire management plans to increase wildland fire use, and implements suppression cost savings incentives. The Forest Service and Department of the Interior will develop a process through which rural fire department training, experience, and qualifications can be recognized as equivalent to National Wildfire Coordinating Group (NWCG) qualifications. Together with agency actions already under way, these efforts should effectively reduce the need for further borrowing, supplemental appropriations, or both.

The Forest Service will continue to enhance agency policy and procedures to reduce suppression costs and looks forward to working with Congress on other possible solutions.

Question. The Senate version of the 2005 budget resolution has set aside a specific funding category for fire suppression of $400 million for the Forest Service for fiscal years 2004 through 2006. What is the Agency's position on whether these additional funds are necessary to lessen the program disruptions you have faced as a result of borrowing to fight fire?

Answer. We appreciate the efforts made by the Senate to develop an alternative source of funds for fire suppression. However, the agency would like to continue to work with Congress on ways to reduce the costs of fire suppression.

Question. Rehabilitation and restoration needs from wildfires remain high. Two of the FS "threats" are impacted by not completing these activities; invasive species and unmanaged outdoor recreation by the loss of access by roads or trails from wildfire. What suggestions does the Agency have if additional funding was available or given the fiscal concerns the Committee has, where would the Agency propose to reallocate funding with in your existing budget to fund this work?

Answer. As you note, wildfire rehabilitation and restoration are high priorities in the Forest Service. The four threats, including invasive species and unmanaged recreation also remain high on our list of issues with disturbing trends that we are working hard to reverse.

The Forest Service continues to improve efficiencies within our programs that squeeze multiple benefits out of each program dollar. Where it makes sense, we are developing integrated projects that address multiple priorities. In addition, we are taking advantage of streamlined processes and increased capability provided by the new Stewardship Contracting and Healthy Forest Restoration Act authorities. To address invasive species concerns, the fiscal year 2005 President's Budget includes $10 million for rapid response to new introductions of non-native or invasive pests or pathogens for which no previous Federal funding has been identified to address, or for a limited number of instances in which any pest populations increase at over 150 percent of levels monitored for that species in the immediately preceding fiscal year and failure to suppress those populations would lead to a 10-percent increase of annual forest or stand mortality over ambient mortality levels.

Attempting to address all of the significant issues facing the agency within a constrained budget is no easy task. Trade-offs between nationally significant issues that can have long-term consequences requires us to strike a balance and in some cases do the best we can to "hold the line." The fiscal year 2005 President's Budget strikes that balance in a fiscally sound manner within a complex set of priorities.

Question. There is a real problem with a backlog of expiring grazing permits that need to be renewed. Congress put a schedule in place for the renewal of these permits in the 1995 Rescissions Act. The budget justification says that the Agency is only getting done 50 percent of the work that needs to be done each year.

How many grazing permits are currently in the backlog?

Answer. Since section 325 of the Fiscal Year 2004 Interior Appropriations Act provides relief until the end of 2008 for renewal of permits without completion of NEPA analysis, all grazing permit renewals are current for this fiscal year.

However, there is a backlog for completing NEPA on allotments. At the end of fiscal year 2003, 5,002 allotments were scheduled to be completed out of the original 6,886 allotments on the 1996 Rescissions Act schedule. Only 2,296 allotments have been completed. This results in a backlog of 2,706 allotments at the end of fiscal year 2003. At the current pace of approximately 200 allotments per year, NEPA analysis for the backlog will not be completed until 2018. A total of 4,590 allotments still need NEPA on the 1996 Rescissions Act Schedule.

To more effectively address the backlog, the fiscal year 2005 Budget calls for the Forest Service to adopt methods for prioritization through the development and use of qualitative tools that assess rangeland health and sustainability through the use of indicators that are linked to existing monitoring data. The Forest Service will consult with the Department of the Interior to develop and utilize an integrated and consistent framework and process for using monitoring and assessment information that leads to reduced allotment monitoring backlogs.

Question. Given this backlog, can the Agency explain why the budget proposes to cut $2.5 million for the grazing management program that funds the permitting process?

Answer. In addition to the methods for prioritization through the development and use of qualitative tools that assess rangeland health and sustainability through the use of indicators that are linked to existing monitoring data mentioned in the answer to the previous question, we will be applying efficiencies generated from improved direction in Chapter 90 of Forest Service Handbook 2209.13 which should help reduce costs. Examples of efficiencies include better defined and limited inventory and analysis needs, focusing the analysis on the condition of the land, conducting inventory and analysis on multiple allotments, keeping the number of alternatives analyzed in detail to an absolute minimum, and developing well defined purpose and need statements and proposed actions.

Question. At the rate the Agency is going when will this backlog be eliminated?

Answer. At the current pace of approximately 200 allotments per year, NEPA analysis will not be completed until 2022. Accordingly, the fiscal year 2005 Budget provides for an integrated and consistent framework and process for using monitoring and assessment information that leads to reduced allotment monitoring backlogs.

Question. If the Committee provided more funds for permitting could the Agency effectively spend it next year and get more grazing permits completed?

Answer. Additional funding is not needed to complete the issuance of grazing permits because there is no backlog of permits; all permits due to expire have had a new permit issued. If the Agency was provided additional funding beyond the constrained budget, it could complete additional NEPA analysis and decisions for allotments on the schedule.

Question. How can the Agency work more efficiently to speed up this process?

Answer. Yes. In addition to the methods for prioritization through the development and use of qualitative tools that assess rangeland health and sustainability through the use of indicators that are linked to existing monitoring data mentioned in the answer to the previous question, field units are conducting training that emphasizes the efficiencies described in the recently released Chapter 90 of Forest Service Handbook 2209.13. Examples of efficiencies include better defined and limited inventory and analysis needs, focusing the analysis on the condition of the land, conducting inventory and analysis on multiple allotments, keeping the number of alternatives analyzed in detail to an absolute minimum, and developing well defined purpose and need statements and proposed actions. Field units are also using the flexibility provided in section 325 of the Fiscal Year 2004 Appropriations Act that allows them, ". . . to determine the priority and timing for completing required environmental analysis of grazing allotments based on the environmental significance of allotments and funding available . . ."

Question. In fiscal year 2003 the FS expected to sign 451 decision notices for livestock grazing, but only 195 were signed. The FS expects to sign 432 decision notices in fiscal year 2005. What changes has the FS made to ensure these decision notices will be signed?

Answer. The Agency is conducting training that emphasizes the efficiencies described in the recently released Chapter 90 of Forest Service Handbook 2209.13. Examples of efficiencies include better defined and limited inventory and analysis needs, focusing the analysis on the condition of the land, conducting inventory and analysis on multiple allotments, keeping the number of alternatives analyzed in detail to an absolute minimum, and developing well defined purpose and need statements and proposed actions. Although there is no absolute assurance, it is expected that these efficiencies will help the Agency succeed.

Question. The Chief has frequently talked about "analysis paralysis" at the Forest Service. Please explain how these new authorities will help to address that problem and how implementation of these authorities is proceeding? The budget increase of $33 million to a total of $266 million will allow the treatment of 1.8 million acres. Do you anticipate any issues that will prevent the FS from treating these acres?

Answer. The President's Healthy Forest Initiative (HFI) is helping us address our "analysis paralysis," which was impeding our restoration of fire adapted ecosystems, including treatment of hazardous fuels. We are actively using categorical exclusions to accomplish hazardous fuel reduction. Additionally, the Agency is utilizing new categorical exclusions for limited timber harvest to address small areas needing vegetation treatment and salvage. These new categorical exclusions facilitate scientifically sound, efficient, and timely planning and decision making for the treatment of vegetation, including hazardous fuels.

The counterpart regulations developed as part of HFI enhance the efficiency and effectiveness of the Endangered Species Act (ESA), Section 7 consultation process by providing an optional alternative to the procedures when the Forest Service determines a project is "not likely to adversely affect" any listed species or designated critical habitat. After analysis by qualified biologists, Forest Service line officers will be able to certify that projects meet the ESA regulations and requirements without an additional concurrence from the U.S. Fish and Wildlife Service.

Another useful tool is the Stewardship Contracting authority. These contracts allow private companies, communities and others to retain forest and rangeland products in exchange for the service of thinning trees and brush and removing dead wood. Long-term contracts foster a public/private partnership to restore forest and rangeland health by giving those who undertake the contract the ability to invest in equipment and infrastructure.

The Healthy Forests Restoration Act authorities promise to expedite environmental analysis and decision making for hazardous fuels reduction and treatment of insects and disease in certain areas.

We do not anticipate any issues that will prevent us from treating these acres.

Question. How many more stewardship contracts does the Agency plan to do in 2004 compared to 2003?

Answer. Currently, 7 contracts have been awarded in fiscal year 2004. We may award over 60 contracts and agreements in fiscal year 2004. We awarded 49 stewardship contracts in fiscal year 2003, so the planned increase in fiscal year 2004 over fiscal year 2003 is 11 contracts and agreements.

Question. How many more acres can be treated for hazardous fuels as a result of all these new authorities?

Answer. For 2005, we plan to treat 200,000 more acres than we anticipate accomplishing in 2004. These new authorities will add flexibility to our ability to increase our acre accomplishments, particularly with mechanical treatments.

Question. How many salvage harvest and hazardous fuels reductions projects used Categorical Exclusions in 2003?

Answer. A query of the National Fire Plan Operations and Reporting System (NFPORS) database shows that 157 hazardous fuels reduction projects were categorically excluded in calendar year 2003.

A query of the Agency's Timber Information Manager (TIM) database yields a conservative estimate of 140 categorically excluded salvage harvests in 2003. While the database allows for identification of categorically excluded harvests, salvage harvests can only be identified where the term is used in the project name.

Question. How many more projects does the Agency expect to use these on in 2004?

Answer. A query of the National Fire Plan Operations and Reporting System (NFPORS) database shows that 442 hazardous fuels reduction projects are planned for calendar year 2004, using a categorical exclusion.

Salvage harvests normally occur on an opportunity basis. As such, providing a planned figure would be speculative. While the level of salvage harvest activity will be dependant on events such as fire, blowdown, insects, and disease, there is a likelihood of increased usage of the salvage categorical exclusion to improve planning efficiency and make more timely decisions concerning salvage harvests.

Question. The Forest Service has received a clean audit opinion for fiscal year 2003. After years of not having the books in order, the Agency has received a clean opinion of your financial statements for the last 2 years.

Has the Agency put in place the necessary accounting systems to ensure that the Agency will continue to receive clean opinions in the future?

Answer. The Foundation Financial Information System (FFIS) implemented in fiscal year 2000 has enabled the Forest Service to facilitate Federal accountability requirements by complying with the United States Standard General Ledger (SGL). FFIS is also compliant with current system and reporting requirements, as well as, Federal budget and accounting standards. FFIS also provides the capability to produce periodic reports that display budgetary and actual financial results, as well as, meet other financial and reporting requirements.

Since implementation of the Foundation Financial Information System (FFIS), we have had significant improvement over financial management and accountability of our funds. However, in addition to implementing a new financial management system, we also made policy and/or procedural changes. For the past several years we have made improvements in our business processes to ensure the results of our operations are properly recorded for all funds. These policies also help improve our internal controls in the field offices, as well as, in the headquarter office.

The Department of Agriculture is leading efforts with the elimination of feeder systems and in some cases replacing them with more technologically advanced systems.

Question. The Chief recently sent out a memo to the field discussing the need to update the Agency's financial management systems. What needs to be done in order to update these systems?

Answer. The memos recently issued by the Chief addressed the need to reengineer our financial management organization. Reengineering our financial management organization is part of the ongoing effort to stabilize financial management which includes leveraging the use of current technology within our Agency.

Question. How much will these new systems cost?

Answer. At this time, information is not available to compute the cost of the changes.

Question. The Forest Service is still on the GAO's list of agencies at high risk of waste, fraud and abuse even though it received a clean audit opinion.

What further steps must be taken in order for the Agency to get taken off of the GAO list?

Answer. The Forest Service is in the process of implementing changes in processes, procedures, and systems to ensure that we are not a high risk Agency. We are developing and clarifying accounting policies that can be used by our financial and program management staffs. These policies will improve our internal and administrative controls. We are also in the process of resolving material weaknesses cited as a result of the audits. A few of the fiscal year 2002 material weaknesses were resolved or disclosed as reportable conditions, which indicates improvement. Also we went from six material weaknesses in fiscal year 2002 to four in 2003 which is a result of on-going assessments and modifications to our processes and procedures. The Department of Agriculture is leading efforts with the elimination of feeder systems and in some cases replacing them with more technologically advanced systems. We have begun the process of establishing a centralized financial management organization. In conjunction with the centralization efforts we will also reengineer our business processes. At this time information is not available to compute the cost of changes, such as, the centralization of our financial management organization, which will lower our risk. We are in the early stages of this process. The cost of implementing new systems is part of the Department's assessment.

According to the proposed budget, the Agency has a backlog of deferred maintenance of over $5 billion. But the 2005 budget proposes to cut $54 million from the Capital Improvement and Maintenance account.

Question. Why is the Agency cutting this account when the backlog of maintenance needs is so high?

Answer. Given the reduction in deferred maintenance, the Agency will continue to focus on addressing the deferred maintenance backlog and addressing critical safety needs. Moreover, despite the decrease in Captial Improvement, facilities, roads, and trail maintenance funding is virtually level and the President's Budget proposes $10 million in funding above the 2004 request to address the deferred maintenance backlog.

Question. How is the Agency planning to address this enormous backlog of deferred maintenance?

Answer. Forests are completing their facility master planning which will identify unneeded and underutilized facilities. We are actively reducing unneeded or underutilized roads, trails and facilities. As one example, over the past 5 years we have decommissioned over 10 times the more roads than we have constructed under decommissioning authorities provided by Congress. We are focusing our capital investment funds on those projects where critical health and safety items exist and on deferred maintenance projects. We are utilizing the "pilot" facility conveyance language that the Agency has had in fiscal years 2002, 2003, and 2004 to sell excess administrative sites and use the proceeds to reduce deferred maintenance or consolidate operations into a new facility which will save outyear operation and maintenance funds.

Question. In the fiscal year 2004 Interior Appropriations bill language was included dealing with post-fire rehabilitation and salvage issues on the Kootenai and the Flathead National Forests. The intent of this language was to speed up the environmental review process so that these areas could be rehabilitated before invasive weeds took over and we could provide some critically needed timber to local Montana mills.

Please explain how the implementation of this critical legislation is proceeding?

Answer. The Flathead National Forest is proceeding quite well due to the legislation, Flathead Forest Supervisor leadership, and the dedication of many Forest Service team employees. The Draft Environmental Impact Statement (EIS) for the Robert/Wedge Fires will be released in June 2004, with a final EIS anticipated by October 2004. Per the legislation, only one action alternative is being analyzed. Offer of salvage volume is planned in October-December 2004.

Implementation of the legislation for the Kootenai National Forest is delayed because 15 planned sales for about 17 million board feet are currently suspended due to a court order that has not been resolved.

Both Forests have met all the requirements of the legislation.

Question. How much quicker will the Forest Service be able to start on-the-ground salvage and rehabilitation projects as a result of this authority?

Answer. Projects that require an environmental impact statement can take from 1½ to over 2 years to complete. However, because of Flathead National Forest leadership, the Flathead project will only take about 10 months to complete. At least 2 weeks of time were saved by analyzing only one action alternative, and an unknown amount of time was saved as a result of omitting total maximum daily load process, per the legislation.

The Forest Service fiscal year 2005 budget request proposes to eliminate the Economic Action Program which received $25.6 million this year. Through projects like Fuels for Schools, the Forest Service has helped to create markets to utilize the smaller diameter material that is the major component of fuels reduction projects.

Question. Isn't funding new commercial uses for small diameter material crucial to reducing fuel loads on our nation's forests?

Answer. In the Forest Service's Strategic Plan for fiscal years 2004–2008, we are emphasizing the use of hazardous fuels reduction by-products. This will involve efforts to support relatively new or emerging product markets such as bio-based fuels in addition to expanding the use of wood in traditional markets. We will work in collaboration with Federal, State, tribal, and local government and with the private sector to adopt effective solutions to this issue. Developing these partnerships at the local level to address local variations in the issue is particularly important.

We will also strive to keep timber sales economical for the existing infrastructure, so that it can be maintained. In addition, we will emphasize the use of service contracts and stewardship contracting to support new and existing markets and accomplish our restoration objectives.

Question. Isn't the Economic Action Program, which requires a local match, an effective way for the Federal Government to help spur the development of these new uses and markets?

Answer. Some EAP grants may be effective; however, they duplicate other USDA programs.

Question. What do the Agency's fire models predict for this year's fire season in the West?

Answer. Fire season 2004 has all the indicators of being very active, particularly in the western states. Although experiencing a normal amount of snow pack this year, that along with associated rainfall have not been significant enough to break the drought. The persistence of this drought, exacerbated by record rates of snow melt, will continue to plague much of the west and subject many areas to above normal fire danger. One example would be north-central Montana where a record setting driest October-March period was recorded. Currently many states are experiencing record high temperatures which promote fuels reaching critical levels at early dates. Longer-term forecasts call for no significant improvement in terms of temperature relief or increased precipitation.

Dry conditions also are evident in parts of the south and will continue to experience high to extreme fire dangers until seasonal rainfall is established, hopefully by July 4th.

Even normal, seasonal drying will produce conditions which have the potential to produce an active season in the west and one which could be equal to the one experienced in fiscal year 2003.

Question. Nationally, does the Agency expect a fire season in 2004 that was as bad as last year?

Answer. While difficult to predict, the 2004 fire season could be equal to the one experienced in fiscal year 2003.

The Committee is concerned about the large cut (17.5 percent) that is proposed in the budget for the Forest Health program in State and Private forestry. This program helps to monitor and treat millions of acres of state, Federal, and private lands for insects and diseases.

Question. During the terrible fires we had last summer in Montana, a letter was sent from the Chairman of the Interior Appropriations Subcommittee asking for additional resources to help with rehabilitation and salvage work. The Chief responded by committing to make these resources available so that this work could get done and we could help the small mills in Montana.

What additional resources did you provide to Montana?

Answer. The Northern Region (Region 1) received $3 million to fund emergency timber salvage needs across the Region. The Flathead National Forest was allocated $850,000 to immediately begin NEPA work on the Wedge Canyon, Robert and Westside fires areas. An additional $800,000 is anticipated for fiscal year 2004 preparation work. Over $1.5 million was also allocated to other national forests in Region 1 for work that will be accomplished using categorical exclusions, primarily for fire and bark beetle salvage.

Region 1 also received $1,922,000 in fiscal year 2004 for restoration and rehabilitation work. Reforestation, road restoration and noxious weed treatments are the primary projects funded.

Question. What additional timber volumes was the Agency able to provide to the mills by using these extra resources?

Answer. About 100 million board feet in salvage volume is anticipated from the Flathead National Forest projects, to be offered in the first quarter of fiscal year 2005. About 12 million board feet is being offered in fiscal year 2004 using categorical exclusions.

Question. The Committee is concerned about the large cut (17.5 percent) that is proposed in the budget for the Forest Health program in State and Private forestry. This program helps to monitor and treat millions of acres of State, Federal, and private lands for insects and diseases.

How many fewer acres will be treated as a result of these cuts?

Answer. We estimate about 270,000 acres. However, many of these acres would be offset and long-term risk mitigated though the $10 million proposed for the emerging pests and pathogens.

Question. How many acres nationally need treatment for insects and disease?

Answer. Nationally there are millions of acres that need suppression, prevention and/or restoration treatment to reduce the risk of an insect or disease outbreaks or restore the forest after such outbreaks. That number would require vastly more sums of money to treat than are available, so prioritization of treatment is paramount. Areas at special risk include several southern and western states with increasing incidences of southern pine beetle and western bark beetle attacks, urban and community forests in the Lake States threatened by the invasive emerald ash borer, areas of California and Oregon where sudden oak death has been introduced, and eastern states with hemlock wooly adelgid attacking eastern hemlock.

Question. How will these cuts impact the Forest Service's response to the increased threat of sudden oak death syndrome to eastern oak forests?

Answer. In fiscal year 2004, the Forest Service allocated $1.7 million for survey and management activities related to sudden oak death (SOD). Recently, we allocated an additional $1 million to survey and sample forestlands threatened by spread of SOD through infected nursery stock, much of which has proved untraceable. The Forest Service has pledged to help our partners find and eradicate incipient infestations, and protect the eastern hardwood forests, to the degree funding allows.

Question. How many acres are in the greatest need of fuels reduction treatments?

Answer. The Forest Service's Cohesive Strategy published in October 2000 identified some 73 million acres of National Forest lands that are in fire regime 1 and 2, condition class 2 and 3, at high risk of wildland fire, and in greatest need for fuel reduction treatments.

Question. How many acres does the Agency plan to treat in 2005 compared to 2004?

Answer. The Agency plans to treat 1.6 million acres in fiscal year 2004 and 1.8 million acres in fiscal year 2005.

Question. Please outline the various programs besides fuels reduction that also further the goals of the Healthy Forests Act and reduce fuels in our forests?

Answer. The fuels reduction program is integrated with other programs that support wildlife habitat improvements, watershed enhancements, vegetation management, timber harvest, and forest health management, and research. Some of the budget line items within the National Forest System appropriation include; Wildlife and Fisheries Habitat Management, Forest Products, Vegetation and Watershed Management, and Hazardous Fuels. Budget line items within the State and Private Forestry appropriation include; Forest Health Management—Federal Lands, and State Fire Assistance. Some of our Permanent Appropriations and Trust Funds include; Timber Salvage Sales, and Cooperative Work—Knutson-Vandenberg. A portion of our Research appropriation also contributes to the goals of the Healthy Forests Restoration Act.

Some of the new tools now available include the new categorical exclusions provided through the Healthy Forest Initiative that focus on hazardous fuels reduction and post-fire rehabilitation, and the limited timber harvest categorical exclusions that include the thinning of overstocked stands of timber, salvage of dead or dying trees, and harvest of trees to control insect and disease. The stewardship contracting authorities are also being used to meet the intent of the Healthy Forests Initiative and reduce fuels. Planning and implementation of timber sales is being focused in areas where fuel reduction needs are greatest. To accomplish fuel reduction with stewardship contracts, the fuels treatments will be done through trading goods for services.

Question. Please explain the rationale for the administration's proposal to move the funding for hazardous fuels reduction from the Fire account to the National Forest System account?

Answer. The proposal is consistent with the President's Healthy Forest Initiative and the Healthy Forest Restoration Act. It enhances consideration of the effects of all vegetative management treatments upon the condition class of NFS resources. The proposal will allows managers to consider in a quantifiable, systematic manner the relative costs and benefits of proposed projects upon wildfire risk reduction and other land resources management objectives. The proposal also will allow the agency the ability to prioritize fuels reduction projects along with other NFS programs if it becomes necessary to transfer funds to Wildland Fire Suppression during severe wildfire seasons. This discretion is not currently available.

Question. Why is this transfer necessary?

Answer. The proposal enhances consideration of the effects of all vegetative management treatments upon the condition class of NFS resources. The proposal will allows managers to consider in a quantifiable, systematic manner the relative costs and benefits of proposed projects upon wildfire risk reduction and other land resources management objectives.

Question. On March 23, 2004, the Department of Agriculture, Department of the Interior, and Department of Commerce signed an agreement to implement new regulations that will expedite fuels reduction and other forest health projects while ensuring the protection of threatened and endangered species. The Forest Service and BLM are preparing a Northern Rockies Lynx FEIS and ROD to amend the Forest plans of 18 Forests in Montana, Idaho, Wyoming, and Utah.

How will the Agency measure the success of the new regulations to expedite forest health projects?

Answer. The Forest Service tracks hazardous fuels reduction accomplishments through an inter-agency National Fire Plan Operations and Reporting System database (NFPORS). Through this database, the Agency can review planned and realized hazardous fuels reduction accomplishments. In addition, the Chief's office will be conducting fuels program reviews, which will provide an additional feedback mechanism for monitoring the efficacy of the Agency's new authorities and tools.

Question. How will the Northern Rockies Lynx Amendment FEIS and ROD reduce the "analysis paralysis" for projects other than hazardous fuel treatment?

Answer. The comment period for the Northern Rockies Lynx Amendment Draft Environmental Impact Statement (EIS) closed April 15, 2004. We are evaluating those comments to determine what, if any, changes are needed in the Final EIS, including the need to modify the preferred alternative. Therefore it is somewhat premature to answer this question.

Question. Will the new lynx amendment allow the Forest Service to provide adequate snowmobile play areas or groomed trails to offset the reduction or worse, the loss of snowmobile use in Yellowstone National Park?

Answer. The management direction only applies to lynx habitat on National Forest and Bureau of Land Management system lands, and only applies to routes or areas that are designated for over-the-snow recreation. Routes or areas designated for over-the-snow recreation are those areas under permit or included in winter recreation maps/brochures where we encourage use.

The comment period for the Northern Rockies Lynx Amendment Draft Environmental Impact Statement (EIS) closed April 15, 2004. We are evaluating those comments to determine what, if any, changes are needed in the Final EIS, including the need to modify the preferred alternative. Therefore it is somewhat premature to answer this question.

The alternatives considered in the Draft EIS have varying abilities to accommodate increased levels of snowmobile use. Alternative B essentially maintains the status quo. Alternatives C, D, and E allow some level of increased use. The Draft EIS did not include a detailed analysis regarding the amount of surplus capacity available on National Forest System lands that would be available under each alternative to absorb use from Yellowstone National Park, should they limit snowmobile use there.

Question. The Forest Service recently acquired 25 surplus COBRA helicopters from the Army surplus yard at Ft. Drum, NY. Two of those COBRA's have been outfitted by the Forest Service with state of the art electro-optical/infrared (EO/IR) sensors which significantly enhance the operator's ability to see in obscure or reduced visibility situations, which is often present in fire fighting situation. Many Federal law enforcement and military services are already using this technology.

The Committee understands that for the Forest Service this EO/IR technology may have the capability to accurately determine the position of hotspots and fire lines and pass the precise GPS coordinates to ground crew in real time; track the progress of ground crews and assess dangerous developing situations; and with this technology fire fighters can more effectively direct aerial tanker assets.

Could you provide the Committee an update on where the two EO/IR systems are currently being deployed?

Answer. The first Cobra EO/IR system has recently been completed with the assistance of USFS Region 5 (California) as the program's initial administrator. The Cobra is currently in Redding, California and is scheduled to become available for fire assignments on May 24, 2004 (the historical average start of the California fire season). This Cobra could be mobilized earlier if other geographic areas request it.

A second Cobra EO/IR system is currently being converted at Ft. Drum, NY and should be ready for delivery by mid-June 2004. It will then be relocated to Grass Valley, California and activated shortly thereafter.

Question. Who ultimately determines when and how those two COBRA units will be used for aerial fire surveillance, tactical fire fighting missions, possibly search and research, or any other purposes?

Answer. These assets are considered national resources and can be mobilized at anytime by a number of mechanisms. The host Geographic Area Coordination Center (GACC) or Multi-agency Coordinating Group (MAC Group) is responsible for assigning appropriate resources to any outstanding order they receive. When there is serious competition for resources in multiple geographic areas, the National Interagency Coordination Center (NICC) or the National MAC Group (NMAC) will determine priorities and may reassign any "national resource."

The crew of the aircraft will be directed to a delivery point or incident and coordinate with a dispatch center, line officer or incident personnel as to how they will be utilized. The crew will advise those requesting assistance of their ability to accomplish specific missions in an effective and safe manner.

Question. The Forest Service maintains an admirable record of controlling over 90 percent of the fires which present themselves on Federal lands, but those outbreaks which do develop into Type I (major) fires are extremely costly and disruptive to the Forest Service budget. Could you provide a breakdown of the cost of controlling/containing Type I fires compared to other smaller fires in fiscal year 2003–2004?

Answer:

Fire Class & Size	Fiscal year 2003	Percent	Fiscal year 2004 [1]	Percent
Small (A, B, C, & D class .25 to 299.9 acres)	$100,600,626	7.9	$20,802,427	4.3
Large (E, F, & G 300–5,000+ acres)	1,170,224,295	92.1	460,873,744	95.7
Total	1,270,824,921		481,676,170	

[1] Fiscal year 2004 costs incurred from 10/1/2003 through 4/29/2004.

Question. Could you provide a table delineating the major cost items, such as man-power, fuels, leased equipment, retardant, etc. for Type I fires in fiscal year 2003–2004?

Answer. Our ability to break down major cost items is limited to the Budget Object Class information contained in the accounting system. So, for example we can break information into personnel costs, travel, supplies and equipment, and contracts, but we cannot separately identify retardant or fuels expense. We were unable to compile the requested detail by the due date.

Question. If the fire situation in the west worsens this year, does the Forest Service have the capability to rapidly convert additional COBRA units with EO/IR sensing equipment from within available funds?

Answer. There are no plans nor designated funds currently budgeted to expand the program beyond the two cobras that have been identified.

Questions Submitted by Senator Ted Stevens

Question. I am pleased to see that the Forest Service proposes an increase of $63.8 million above fiscal year 2004 for hazardous fuel reduction near and around the WUI, which includes $1.29 million for Alaska. However, these funds will only provide treatment on 361 acres on the Chugach National Forest. Over 200,000 acres of untreated hazardous fuels within the WUI still remain on the Kenai Peninsula. The Kenai Peninsula has been devastated by the spruce beetle—almost 4 million acres of forests were infested and killed by the spruce beetle. This negatively impacts wildlife habitat, fisheries, and watersheds, and contributes to the fire hazards in the area. Given these statistics, why is the Forest Service proposing treatment on only 361 acres?

Answer. The Forest Service proposes to treat 361 WUI acres in fiscal year 2004 on the Chugach, financed out of Wildland Fire Hazardous Fuels (WFHF) funds, because those acres were identified as the priority for the Alaska region, and are at high risk for wildland fire. The Forest Service also allocated WFHF funds to the Alaska Division of Forestry to treat 110 acres on state lands adjacent to Federal lands in high risk areas on the Kenai. The Forest Service has allocated non-WFHF funds to treat 325 WUI acres of hazardous fuels on the Kenai. Thus, the total number of acres to be treated on Forest Service and state & private lands on the Kenai Peninsula, using Hazardous Fuels and other Forest Service funds, is 796 acres. Additional funds have been allocated for treatment of hazardous fuels on the Kenai Peninsula via State Fire Assistance, National Fire Plan and congressional earmarks.

The acres at risk in the WUI on the Kenai Peninsula are primarily located on State or private land. Congressional earmark funds have been directed to the Kenai Peninsula for several years to treat this hazardous fuel. In 2002, $6 million was allocated to State, Tribal, or local entities for treatment of hazardous fuels on State or private lands on the Kenai; in 2003, the Forest Service also allocated $5.4 million for the Kenai, and in 2004, $5.9 million was set aside for this purpose.

A Collaborative Forest, Wildfire and Fuels Treatment Program—Coordinating Committee has been established, representing major land owners on the Kenai Peninsula, to help plan and prioritize hazardous fuel treatment projects to insure that funds expended by State, Tribal, or municipal authorities achieve maximum benefits for community fire protection and are spent in accordance with Congressional intent. A 5-year fire prevention & protection, forest health, restoration & rehabilitation and community assistance action plan has been developed and will be implemented under the direction of the coordinating committee. The action plan is titled the "Interagency All Lands/All Hands 5-Year Action Plan (2004–2008)".

Question. I am extremely concerned that the Forest Service's budget proposes only $4.64 million for the State & Private Forestry account in Alaska, a $3.39 million decrease in funding. This program provides grants to communities for land-use treatments on private lands to protect communities from wildfires, which is very important to communities in Alaska that are surrounded by Federal lands. Given the President's focus on maintaining healthy forests, why did the Forest Service decrease funding?

Answer. The amount of funds going to Alaska in fiscal year 2005, as shown in the budget justification, is a very rough estimate. The allocation has not yet been determined with any degree of precision. Forest Health funds will depend on conditions that are not yet known. Cooperative fire, forest stewardship, and urban forestry funds vary with the amount of funding—to the degree that funding is higher or lower, Alaska's share will be higher or lower. Forest legacy funds are project-specific; the President's budget includes $1,000,000 for the Agulowak River project, plus a yet-to-be-determined amount for program administration.

Question. Another program important to my state is the Economic Action Program. This program develops partnerships with the state and communities to improve management and protection of forest products and maintaining forest health to achieve long term goals for sustainable development. It has provided grants to 17 communities near the Chugach and Tongass National Forests totaling more than $2 million. Despite the critical importance of these grants to forest dependent communities in Alaska, the Forest Service eliminated funding for this program. Why was funding eliminated?

Answer. The President's Budget focuses on USDA's rural development programs and in other Forest Service Programs that both directly and indirectly assist communities. Forest Service programs that benefit communities include forest health management, state and volunteer fire assistance, forest stewardship, urban and community forestry, and the hazardous fuels reduction program.

For those places that already have adequate community capacity to compete for loans and grants, USDA's Rural Development programs can address the needs via the following programs:

—*Business and Industry guaranteed loans*.—Provides up to 90 percent guarantee of a loan made by a commercial lender for agricultural enterprises. The business applying for the loan must already have strong equity and collateral.

—*Rural Business Enterprise Grants*.—Provides grants to public institutions to assist agricultural business. Grants do not go directly to businesses.

—*Intermediary Re-lending Program*.—Provides grants for intermediaries to relend through an adequately secured loan for new agricultural businesses, and expansion of those existing businesses unable to obtain a conventional loan.

—*Rural Business Opportunity Grants*.—Promotes sustainable economic development in rural communities with exceptional needs such as natural disasters, structural changes, and persistent poverty or population decline. Provides grants for economic planning, business assistance, and training to obtain specific USDA-RD program funding.

—*Cooperative Development Grants*.—Grants are available for cooperative development to establish and operate centers for cooperative development.

Question. The 2002 Farm Bill authorized $100 million over 5 years for the Forest Land Enhancement Program to provide financial and technical assistance through State Foresters to landowners to implement land enhancement practices. These improve the productivity and health of non-industrial private forest land. In Alaska, over $800,000 was used for reforestation efforts. The Forest Service's budget proposes eliminating this program by reprogramming $40 million to other high priority programs. What will the Forest Service do with those funds?

Answer. FLEP activities qualify for other Forest Service, Federal, or State conservation program support. As of 2004, USDA alone administered 23 programs that give agricultural land users financial incentives to apply conservation measures to their farms, ranches, and forests. These programs are included in the following table:

USDA Bureau	Program	Resource conservation issues
FSA	Emergency Conservation Program	Land damaged by wind erosion and other disasters, including drought.
FSA	Soil and Water Conservation Loan Program.	Conserve, improve, and sustain natural resources and environment.
FSA	Conservation Reserve Program	Wildlife habitat. Tree planting. Enhance forest and wetland resources.
FSA	Conservation Reserve Enhancement Program.	Improves water quality by establishing vegetative buffers, including trees.
FSA	Farm Debt Cancellation—Conservation Easements Program.	Environmentally sensitive lands for conservation, recreation, and wildlife purposes.
FSA	Integrated Farm Management Option	Conserving soil, water, and related resources, including forests.
FS	Forest Legacy Program	Conservation easements for forests threatened with conversion to non-forest uses.
NRCS	Colorado River Basin Salinity Control Program.	Conservation practices that reduce salt levels in the Colorado River.
NRCS	Rural Clean Water Program	Rural non-point source pollution control.
NRCS	Small Watershed Program	Improve water quality in small watersheds.
NRCS	Emergency Wetland Reserve Program	Restore wetlands function.
NRCS	Water Bank Program	Conserve water and wildlife habitat.
NRCS	Wetlands Reserve Program	Range land, pasture, or production forest land where the hydrology has been significantly degraded and can be restored.
NRCS	Agricultural Management Assistance	Plant trees for windbreaks. Integrated pest management.
NRCS	Conservation Innovation Grants	Water. Soil. Air. Grazing Land and forest health. Wildlife habitat.
NRCS	Conservation Security Program	Maintain and enhance the condition of natural resources, including forests.
NRCS	Emergency Watershed Protection	Watershed protection.
NRCS	Environmental Quality Incentive Program.	Prescribed burning. Planting. Fencing. Riparian forest buffers. Firebreaks. Forest site preparation. Tree/shrub enhancement. Forest trail and landings. Forest stand improvement.
NRCS	Watershed Protection and Flood Prevention.	Water needs for fish, wildlife, and forest-based industries.
NRCS	Farm and Ranch Lands Protection Program.	Conservation easements.
NRCS	Grasslands Reserve Program	Conservation easements.

The General Accounting Office, in its report entitled *Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds* (GAO–03–922T June 18, 2003), stated:

"Policymakers and managers need to look at ways to improve the economy, efficiency and effectiveness of Federal programs and specific tax expenditures. Even where we agree on the goals of programs, numerous opportunities exist to streamline, target and consolidate to improve their delivery. This means looking at program consolidation, at overlap and at fragmentation."

In addition to the 23 other conservation incentive programs within USDA alone, the fiscal year 2005 President's Budget includes $129.5 million for the Department of the Interior's Cooperative Conservation Initiative. That amount is a 25 percent increase over fiscal year 2004. Because FLEP is duplicative of services provided by other programs of USDA and DOI and countless other programs of other Federal agencies, States or non-government organizations, the proposal is fully consistent with GAO's suggestion.

Question. The Forest Service also eliminated $5 million in additional funding to prepare timber sales in Alaska. These funds are used to prepare environmental assessments and impact statements necessary to ensure a stable supply of timber available for harvesting while maintaining the multiple use mandate of the Forest Service. Under the Forest Service budget, how much funding will be allocated to Alaska's timber program in fiscal year 2005?

Answer. The estimated allocation to the Alaska Region is $25.5 million. The final allocations to the Region will be based Agency's total final enacted budget.

Question. Alaska currently has a backlog on road maintenance projects. It is estimated that an additional $5.6 million is needed to address this situation. What portion of the Forest Service's road maintenance budget will be allocated to Alaska?

Answer. Road maintenance is not broken out from capital improvements by region in the Roads budget line item. The final allocation of the Roads, Capital Improvement and Maintenance appropriation will be based on the Agency's total final enacted budget.

SUBCOMMITTEE RECESS

SENATOR BURNS. Thank you all very much. The subcommittee will stand in recess to reconvene at 9:30 a.m., Thursday, March 25, in room SD–124. At that time we will hear testimony from the Honorable Gale A. Norton, Secretary, Department of the Interior.

[Whereupon, at 10:29 a.m., Thursday, March 11, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, March 25.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

THURSDAY, MARCH 25, 2004

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

The subcommittee met at 10:16 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.

Present: Senators Burns, Stevens, Bennett, and Dorgan.

DEPARTMENT OF THE INTERIOR

OFFICE OF THE SECRETARY

STATEMENT OF HON. GALE A. NORTON, SECRETARY

ACCOMPANIED BY:

LYNN SCARLETT, ASSISTANT SECRETARY, POLICY, MANAGEMENT, AND BUDGET

JOHN TREZISE, DIRECTOR, OFFICE OF BUDGET

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. We're going to call this hearing to order, thank you very much, Madam Secretary, for allowing us to maneuver a little bit this morning. We did have a lot of things going on, and it was my fault, because both committee hearings that I'm involved in this morning have quite a lot of gravity to them. I appreciate your flexibility to come down and start 45 minutes late, we will try to get done the important work that you do and the important work that I think we do.

I also appreciate you coming by earlier this week. We had a good discussion on a number of topics, of which I think we are moving to some fruition and we will probably cover a little more of that today, but nonetheless, thank you for coming.

The Department of the Interior budget totals $11 billion this year, $10 billion of which is under this subcommittee's jurisdiction. This amounts to a 3.4 percent increase if we take out the emergency funds provided in fiscal year 2004 for wildland fire.

In the context of the broader budget situation and our emphasis on defense and homeland security, that's pretty good. I think it's a sign that the President and the director of OMB have confidence in what you're doing over at the Department of the Interior, and I also want to congratulate you on a lot of things that you've done down there.

But as we get into the details, it's obvious that we're going to have some issues in your budget as we go forward, and I'm sure they can be worked out. As has become the custom in recent years, every specific project or priority identified by Congress in fiscal year 2004 has been stripped from the budget, generally without any apparent consideration of its worthiness of those priorities. You've used those reductions to finance a number of increases in your own priorities, such as various programs that make up the "Cooperative Conservation" Initiative. While many of these programs have long been supported by this committee, we're going to have to look carefully at the trade-offs inherent in these proposed increases.

There are also a handful of big ticket items in your budget proposal that we'll want to talk about. You're proposing a $53 million increase, or 28 percent for the abandoned mine reclamation in conjunction with the administration's proposal for SMCRA reauthorization. As I'm sure you're aware there are several different reauthorization proposals that have been introduced in Congress, and I think it's anybody's guess on the outcome of the legislative process and how that will impact the 2005 appropriation.

You've also asked for an additional $161 million for activities related to Indian trust reform. Let me first say that your dedication to addressing this problem has been outstanding and it cannot be denied. There is plenty for people to quibble about in the terms of the specifics of trust reform, but nobody can rightly deny that you have dedicated an immense amount of time and effort to the problem and that you have advanced the ball significantly down the field.

That said, we still need to talk a great deal about the next set of investments that you're asking us to make in what sometimes appears to be a fiscal black hole. Sometimes we throw good money after bad.

Your budget also includes an additional $58 million for the wildland fireaccount, including increases of $29 million for fire suppression and $25 million for hazardous fuels reduction. I don't have to tell you that these costs of wildland fire have been eating our lunch, just absolutely tearing our head off the past few years. Consistently high levels of fire borrowing has been disruptive to a number of programs, and have led directly to the cutting or cancellation of projects funded by this committee. We hope to avoid that this year, but as you know, sometimes those kinds of activities are unavoidable.

I'm hopeful that between the additional funds included in your request and the firefighting reserve fund I worked to include in the Senate budget resolution, we can avoid disruptive borrowing this year. But over the long term the solution lies with better management of our forests, and in actively working to restrain firefighting costs. I look forward to hearing your progress on those fronts.

Finally, I want to express my appreciation for one particular item in the budget request. For the first time during your tenure, the administration is not proposing a large decrease in PILT, payment in lieu of taxes. Counties that have large amounts of public lands rely on those funds in their budgets. While I certainly like to see a larger increase than the one you've proposed, this budget is a significant improvement over the previous ones. In that regard, I give you great credit and we appreciate that very much.

PREPARED STATEMENT

Since we've got a busy committee schedule this morning, I'll simply stop here and say that this is a work in progress, as you well know and I'm sure that we can find common ground and fund the agency as it should be.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Welcome Madam Secretary. It's good to see you here again.

I appreciated your taking the time to come by my office earlier this week. We had a good discussion about a number of topics, many of which I'm guessing we'll cover again this morning. But obviously there's a lot more to cover. When it comes to your department, there is never an absence of things to talk about.

The fiscal year 2005 budget request for the Department of the Interior totals about $11 billion—$10 billion of which is under this subcommittee's jurisdiction. This amounts to about a 3.4 percent increase if we take out the emergency funds provided in fiscal year 2004 for wildland fire.

In the context of the broader budget situation and our emphasis on defense and homeland security, that's pretty good. I think it's a sign that the President and the Director of OMB have confidence in what you're doing over there.

But as we get into the details, it's obvious we're going to have some issues with your budget as we go forward. As has become the custom in recent years, every specific project or priority identified by Congress in fiscal year 2004 has been stripped from the budget—generally without any apparent consideration of the worthiness of those priorities.

You've used those reductions to finance a number of increases for your own priorities, such as the various programs that make up the "Cooperative Conservation" initiative. While many of these programs have long been supported by this Committee, we're going to have to look carefully at the tradeoffs inherent in these proposed increases.

There are also a handful of big ticket items in your budget proposal that we'll want to talk about. You're proposing a $53 million increase, or 28 percent, for Abandoned Mine Reclamation in conjunction with the Administration's proposal for SMCRA [SMACK-rah] reauthorization. As I'm sure you're aware there are several different reauthorization proposals that have been introduced in Congress, and I think it's anybody's guess how the outcome of the legislative process will impact the fiscal year 2005 appropriation.

You've also asked for an additional $161 million for activities related to Indian trust reform. Let me first say that I think your dedication to addressing this problem is admirable, and cannot be denied. There is plenty for people to quibble about in terms of the specifics of trust reform, but nobody can rightly deny that you have dedicated an immense amount of time and effort to the problem, and that you have advanced the ball significantly since you arrived. That said, we'll need to talk a great deal about the next set of investments you're asking us to make in what sometimes appears to be a fiscal black hole.

Your budget also includes an additional $58 million for the wildland fire account, including increases of $29 million for fire suppression and $25 million for hazardous fuels reduction. I don't have to tell you that the costs of wildland fire have been eating our lunch for the past several years. Consistently high levels of fire borrowing have been disruptive to a number of programs, and have led directly to the cutting or cancellation of projects funded by this Committee.

I'm hopeful that between the additional funds included in your request and the firefighting reserve fund I worked to include in the Senate budget resolution, we can avoid disruptive borrowing this year. But over the long term the solution lies in the better management of our forests, and in actively working to restrain firefighting costs. I look forward to hearing of your progress on those fronts.

Finally, I want to express my appreciation for one particular item in the budget request. For the first time during your tenure the Administration is not proposing a large decrease in the PILT program. While I'd certainly like to see a larger increase than the one you've proposed, this budget is a significant improvement over previous ones in that regard. I give credit where credit is due.

Since we have a busy committee schedule this morning, I'll stop here and simply say that I look forward to working with you as the process goes forward—which hopefully it will.

Senator BURNS. I welcome my good friend from across the little Missouri River in North Dakota, Byron Dorgan.

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Senator Burns, thank you very much. Madam Secretary, thank you for being with us this morning. This is a fairly sizable Department and budget request with a lot of very important functions, and I will want to visit with the Secretary about a range of things, some of which she will anticipate before she came here, the United Tribes Technical College, tribal college funding, and a series of issues dealing with the Bureau of Indian Affairs and Indian health issues and so on.

As I indicated, this is a very large appropriation for an agency that has an impact on much of this country in many significant ways and I'm very pleased the Secretary is with us today. Senator Burns, you mentioned the payment in lieu of taxes. Let me add a comment about that. That is a very, very important piece of work that we do and we have chronically underfunded that over many, many years. The Federal Government really does have a responsibility to make up for those revenues that had been previously paid in taxes to support schools and children and local government functions, and we have not done nearly enough, and so we'll visit about that this morning as well.

Senator BURNS. Thank you, Senator Dorgan. Senator Bennett.

OPENING STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you very much, Mr. Chairman, and Secretary Norton, welcome. I must join with my colleagues in saying thank you for recognizing reality on PILT. Previous budgets have always low-balled it, knowing that the Congress would bring it to where it needed to be and then we'd get beaten up for being the spendthrifts, and we're glad to have you join us now in spending the PILT levels that make more sense.

I notice your chart here about the national parks system. I'll be happy to talk to you about that. I remember our colleague, Malcolm Wallop, with whom I served on the Energy and Natural Resources Committee, who always voted against adding any acreage at all to the national parks system, and I'd say why, don't you like national parks? He said, I love national parks, but what we have been doing for decades is adding to the national parks system while not adding to the budget, and I'm not going to vote for an additional acre of national park until we get the budget where it ought to be. And I'll be happy to visit with you about that during the question period.

I've raised in previous times and will again in the question period the question of how much of the budget of various agencies goes for litigation. I've talked to our people in Utah about that and I'll be glad to pursue that with you, and then Alan Greenspan's warning to us on the Joint Economic Committee about the coming crisis, indeed, it's not coming, it's here, in natural gas and our inability to produce as much natural gas as we need to. It is the fuel of choice because it's cleaner, easier to transport, et cetera, than anything else, so everybody wants to build a natural gas fired—electricity plant, and then they wonder why the price keeps going up when they will not allow us to exploit the natural gas that we have on our public lands.

So those are the areas that I will be talking to you about. Welcome and thank you for your service. This is not a fun Department always. This is not an easy situation ever, and your willingness to take on this assignment and serve as diligently as you have is something that does not get commented upon and appreciated as often as it should. So welcome to the committee and thank you for your willingness to carry on in this assignment.

Senator BURNS. Thank you, Senator Bennett. The chairman of the full committee, Senator Stevens, have you a statement?

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Thank you, Mr. Chairman. I have just a few comments about Alaska. I do at the time, appropriate time, have a couple of amendments that I'd like—a couple of questions that I'd like to ask. If it does not become my turn before that time, I'll submit it for the record.

Senator BURNS. Thank you. Madam Secretary, welcome this morning and we look forward to your statement.

SUMMARY STATEMENT OF HON. GALE A. NORTON

Secretary NORTON. Good morning, Mr. Chairman, members of the committee. I'm happy to be here today to present our fiscal year 2005 budget proposal. Interior manages one out of every five acres of America's lands, lands where people work, play, enjoy nature's beauty, and sustain this nation's cultural and historical legacies.

Our mission is challenging because the world around us is so complex. Expectations evolve, new technologies emerge, and our mission encompasses so much. We seek to leave a legacy of healthy lands and waters, thriving communities, and dynamic economies. That legacy depends on how well we work together across landscapes and across communities.

As the chairman has noted, our overall budget request is approximately $11 billion in 2005. This is an increase of $250 million. That includes the capability to help us achieve our vision of healthy lands, thriving communities, and dynamic economies by accelerating the clean-up of abandoned mine lands, advancing trust reform, expanding opportunities for cooperative conservation, and mitigating water problems in the West.

NATIONAL PARKS

In each of these endeavors, we are harnessing the collective creativity of our employees and our partners. Let me begin by discussing the national parks. Our parks harness these energies by employing about 118,000 volunteers who contribute over $4.5 million of work annually. The parks provide a very positive visitor experience. Visitor satisfaction with our parks was surveyed at 96 percent last year.

An environmental advocacy group recently released Endangered Rangers, a study of the severe staffing shortages crippling America's national parks. The portrayal of what this report calls a human resources backlog is perplexing, given both recent and long-term funding commitments in support of our national parks and the funding support that has come from this committee.

The Park Service budget for park operations is at an all-time high and we are proposing a further increase of $80 million in 2005. The group's report says that funding for parks has declined by 20 percent since 1980. The chart that is behind me shows the reality. Park operations funding in nominal dollars has increased by 3½ times since 1980. That's far ahead of the overall Federal budget growth or Interior's appropriation. The red line on the chart is the overall Park Service budget increases, where the other two lines are Interior and overall Federal spending.

To put this number in context, in inflation-adjusted dollars, the Park Service increase has been 121 percent. The discretionary spending for the Department of the Interior has increased by 12 percent in inflation adjusted dollars.

The President and Congress have demonstrated a strong commitment to the parks. Although visitors are satisfied, we recognize the need to continue to improve park management to ensure that dollars are spent effectively and efficiently. I am working with Fran Mainella to review how we manage our parks to ensure that priorities are set and goals are achieved.

PARK MAINTENANCE BACKLOG

The President pledged to address the park maintenance backlog. Our 2005 budget provides tools to improve accountability and a total of $1.1 billion in support of the President's commitment to address the deferred maintenance backlog. That budget includes $725 million for park facility maintenance and construction, which is a $25 million increase over 2004. Also, within the highway bill, there is a proposal for $310 million for park roads.

We have already undertaken 1,300 projects to ensure safe trails, sturdy roofs, and smooth roads for our parks. We have also implemented management reforms to ensure that these funds are spent wisely and that the maintenance backlog will not recur. For the first time in its history, the National Park Service will have by the end of this fiscal year a complete facility condition index, thus allowing a systematic approach to facility repair and maintenance.

Our budget also includes a $10 million increase in the National Park Service's historic preservation account for the First Lady's Preserve America Initiative, a multi-agency effort to promote the protection and contemporary use of historic sites through heritage tourism.

ABANDONED MINE LANDS

Another challenge that is addressed in our 2005 budget is abandoned mine land reclamation. The problems caused by abandoned mines have long presented challenges to communities in which they are located. Since the Surface Mining Act was established in 1977, our program has reclaimed over 225,000 acres of damaged and dangerous lands. But despite all the work done over the past two decades, more than 3½ million Americans still live less than 1 mile from dangerous, abandoned coal mines.

I've traveled to see these sites in several States, and it's easy to see why they are so dangerous. There are steep cliffs, there are ponds with submerged dangers in them. Since 1999, about 100 people have died in incidents related to abandoned mines.

Over the past 25 years, the allocation formula under the act has resulted in shifting funds away from high priority sites. Most abandoned mine lands now go to States based on current coal production, yet there's no relationship between the current production and the magnitude of the abandoned mine land problem in each State. Today only about 52 cents of every dollar that we give out in abandoned mind land funding goes to the high priority sites.

Because of this problem, we estimate that it would take 60 years to reclaim dangerous abandoned mine sites in Pennsylvania and 50 years in West Virginia. Our budget addresses this dangerous problem by directing abandoned mine land funding to where the danger is the greatest. The reauthorization proposal would change the funding structure and it would allow States like Pennsylvania and West Virginia to eliminate significant health and safety problems within 25 years.

Our proposal will remove 142,000 people from risk annually, an increase of 67 percent over the current program. To support this proposal, we are requesting $244 million for the abandoned mine land program. This is the largest amount ever requested since States established their programs almost 20 years ago. By acting now to refocus the program, and by directing funding to the highest priority sites, the abandoned mine land reforms will save $3 billion over the life of the program.

INDIAN TRUST

Let me now move on to Indian trust. This is another of our long-standing challenges. We very much appreciate the funding support that we have received from this subcommittee over the years in order to tackle this challenge.

INTERNET SHUTDOWN

Before I go into our trust reform priorities, I'd like to report on the court-ordered shutdown of Interior's Internet access. Interior has invested tremendous effort and resources over the past 2 years to dramatically improve the functioning and security of our computer systems. Despite these efforts and tangible improvements, on March 15, the U.S. District Court for the District of Columbia in *Cobell* v. *Norton* issued a preliminary injunction that ordered a shutdown of most of Interior's information technology systems from access to the Internet. This ruling crippled our ability to carry out a host of statutory mandates and to provide services on which the public depends.

It forced most of the Department's computers to be disconnected from the Internet, including external e-mail. It shut down our web sites. Our work force is spread across thousands of locations. The Internet allows us to handle information that we need to fulfill our responsibilities to manage these diverse areas. The court's ruling affected Indian schools, wildlife refuges, financial accounting, and distribution of oil and gas royalty payments.

Fortunately, late yesterday the Court of Appeals put this ruling on hold temporarily and will soon consider a longer-term and more extensive appellate review. So as of today, most of our system will be back up and running, but we still have for the Bureau of Indian Affairs, the Office of Special Trustee, and the Solicitor's Office a disconnection that has been in effect for over 2 years now. They have had no Internet access since December 2001. This is also on appeal.

INDIAN TRUST MANAGEMENT

Now I'd like to focus on our unprecedented efforts to address trust management. We have a chart that shows our increased funding for trust management. In 2003, the Department began reorganizing trust functions in the Bureau of Indian Affairs and the Office of Special Trustee. The new organization resulted from a detailed analysis and a year-long consultation process with tribal leaders. Our reorganization reflects a synthesis of the views we heard during that consultation process.

The reorganization will help us meet our fiduciary trust responsibilities and provide better customer service for our beneficiaries. Yet one of the greatest challenges in managing these trusts remains, the fractionation of individual Indian interests in land that the Federal Government holds in trust.

As you can see from this chart, with each successive generation, individual interests in the land have become further and further divided among heirs, each of whom holds a smaller and smaller interest in the land. For example, if a couple in 1887 owned an undivided interest in 40 acres and that couple has four heirs, as you see on the chart, and each of them has four of their own heirs, by the time we reach the fifth generation, each heir owns less than half a percent of the original 40 acres. Without corrective action, millions of acres of land will be owned in such small ownership interests that no individual owner derives any meaningful value from that ownership.

Our 2005 budget supports our trust reorganization needs. It also funds a major expansion in our efforts to reduce the fractionation of Indian trust lands. To support these trust reform efforts, the 2005 budget includes a $53 million increase to reduce the fractionation of Indian lands. Another $7 million increase will sustain and expand work begun in prior years to reform, re-engineer, and reorganize trust duties so the Department can better fulfill its fiduciary responsibilities. This work will not be easy. We will continue to work with this committee to find constructive solutions for land fractionation, probate, and related issues.

WILDLAND FIRE

We are also continuing to work with Congress on the problem of catastrophic fires. Our Nation's communities must not continue to experience the unnatural catastrophic fires that have devastated homes and habitats in recent years. We must restore forest and rangeland health.

On December 3 of last year, President Bush signed the bipartisan Healthy Forests Restoration Act. That legislation will help us reduce threats from destructive wildfires, enable us to restore forest and rangeland health, and encourage public participation in selecting and implementing projects to reduce unnaturally high levels of brush build-up and overly dense tree stands.

Our budget provides a $25 million increase to conduct fuels reduction projects and monitor the results. In total, our budget includes over $300 million to advance the goals of the new legislation. This investment, together with that of the Forest Service, will provide a total of $760 million to meet the goals of the Healthy Forest Restoration Act. Our new stewardship contracting authority will help us to partner with small businesses, non-profits, and local communities to restore healthy forests and reduce catastrophic fires.

COOPERATIVE CONSERVATION

Our overall cooperative conservation budget of $507 million includes many different grant programs, many of which are very familiar to this committee. All of these are based on cooperation with States, tribes, local governments, and the private sector. Through a variety of conservation partnerships, Interior's land managers are joining with citizen stewards to remove invasive species, reduce stream bank erosion, and enhance habitat for threatened and endangered species.

For example, our 2005 budget proposal of $58 million for invasive species will enable us to partner with other agencies, States, tribes, and communities to combat the brown tree snake, salt cedar, and many other invasive species through research, prevention, control, and rapid response methods. In the Klamath River basin, the Department is seeking a long-term resolution to conflicts over water and land management. Our 2005 budget includes $67 million for this effort, an $18 million increase. By improving the health of the Klamath River basin ecosystem, we will benefit farmers, tribes, and wildlife.

Through our cooperative conservation challenge cost share program, we funded 256 projects with more than 700 partners in 40 States and Puerto Rico. We achieved an almost two to one matching of non-Federal to Federal funds, with a non-Federal portion of $23 million complementing the $13 million Federal share.

Another example of cooperative conservation is the 11-State High Plains region, which includes agencies, communities, and citizens partnering together from North and South Dakota down to Texas. Our budget includes a $5 million increase for the High Plains partnership that will help leverage funding by partners for conservation efforts over the next 10 years on 2 million acres.

Central to all of our resource protection and resource management activities is an emphasis on results. Monitoring helps us assess those results. Are we achieving healthy lands? How effective are our management practices? Our budget includes increased funding for our monitoring efforts.

MANAGEMENT EXCELLENCE

Across all of these proposals is the need for excellent management, and we have taken a number of steps to improve our management to make sure that we are operating more efficiently, including improvements to our information technology system purchasing and state-of-the-art e-government initiatives, and a clean audit opinion for the Department and improved financial management.

PREPARED STATEMENT

Our 2005 budget supports our journey toward management excellence. Above all, it is a budget focused on partnerships and results. We look forward to working with Congress, the States, and all Americans to achieve these goals. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. GALE A. NORTON

Good morning. I am pleased to be here today before the Subcommittee on Interior and Related Agencies to discuss the fiscal year 2005 budget for the Department of the Interior. I appreciate the opportunity to highlight our priorities and key goals.

The Department of the Interior's mission is complex and multi-faceted. We provide recreation opportunities. We provide access to resources. We protect some of the Nation's most significant cultural, historic, and natural places. We serve communities through science, wildland firefighting, and law enforcement. We fulfill trust and other responsibilities to American Indians, Alaska natives, and the nation's affiliated island communities.

Interior's mission is also challenging. It is challenging because the world around is increasingly complex as expectations evolve, new technologies emerge, and our responsibilities to the American people increase.

Above all, our mission is inspiring. We have close connections to America's lands and people, whether American Indians and naturalists, hikers and hunters, ranchers and recreation enthusiasts, or environmentalists and entrepreneurs. Our responsibilities touch the lives of individuals across the Nation. How well we fulfill our mission influences:

—Whether farmers will have water and people can turn on the tap;
—Whether our children will enjoy America's grand vistas, places, and history;
—Whether we can hike, bird watch, canoe, or hunt and fish; and
—Whether we can warm our homes and fuel our transportation systems.

By fulfilling Interior's mission, we can leave a legacy of healthy lands and waters, thriving communities, and dynamic economies. That legacy depends on our ability to work together across landscapes and with communities. It depends on the efforts of our 70,000 employees, 200,000 volunteers and thousands of partners.

BUDGET OVERVIEW

Our 2005 budget request for current appropriations is $11.0 billion. The Department anticipates collection of $10.1 billion in receipts in 2005, equivalent to 92 percent of our current appropriations request.

The 2005 request includes $10.0 billion for programs funded in the Interior and Related Agencies Appropriations Act, an increase of $228.4 million or 2.3 percent over the 2004 enacted level.

Interior's 2005 budget request provides the single clearest statement of how we plan to work toward our goals in the upcoming year. Our budget fulfills the President's commitments to fully fund the Land and Water Conservation Fund; address the backlog of park repair and maintenance needs; fix Bureau of Indian Affairs schools; and re-establish healthy forests and rangelands.

Our 2005 budget also advances other key goals. It accelerates the cleanup of abandoned coal mine lands; expands opportunities for cooperative conservation; advances trust reform; seeks to mitigate water problems throughout the West through Water 2025; and supports the goals of the National Energy Plan.

ADDRESSING LONG-STANDING CHALLENGES

Park Operations.—The National Park Conservation Association recently released *Endangered Rangers, A Study of the Severe Staffing Shortages Crippling America's National Parks.* The Study recognizes recent progress made in reducing the deferred maintenance backlog, but alleges a critical shortage of staff in America's national parks. This portrayal of what the study refers to as a "human resources backlog" is perplexing, given both recent and long-term funding commitments in support of our national parks, and the funding support of this Committee.

In the near term, the Park Service's operating account will grow by nearly 20 percent in actual dollars and by 13 percent in constant dollars from 2001–2005. The 2005 President's budget proposes to increase operational spending by $79.8 million, including $22.0 million in specific park base increases.

Our review of the operating level of the National Park Service indicates that the system currently has more funds per full-time employee, per acre, and per visitor than at any time in its history. In addition, the Park Service has better tools for decision-making, including our state-of-the-art facility management system.

The Association's Study reports that funding for parks has declined by 20 percent since 1980. Based on our records, funding for operation of the National Park System and the U.S. Park Police has increased by 121 percent in constant dollars, or $473 million, since 1980. To put this number in context, the discretionary spending for the Department of the Interior in total has increased by 12 percent in constant dollars, or $506 million during this same time period.

Park Maintenance Backlog.—President Bush pledged to improve the condition of National Park Service facilities and resources and committed $4.9 billion over 5 years for park facility maintenance and construction. The 2005 budget continues to fulfill the President's pledge, investing $1.1 billion for maintenance, rehabilitation, and road repair. The National Park Service's budget includes $724.7 million for park facility maintenance and construction, a $25.0 million increase over 2004. An additional $310.0 million for park roads is included in the Administration's legislative proposal to reauthorize the Highway Bill.

In addition to providing additional resources for park stewardship, the 2005 request continues to provide critical tools to improve accountability. Utilizing data from annual condition assessments, which have been completed for almost all of its regular assets, the Park Service has developed an estimated facility condition index, an industry standard for quantifying the condition of facilities. This baseline provides a launching point for monitoring and addressing the maintenance backlog. In 2005, $8.2 million of a $13.2 million increase in the repair and rehabilitation budget targets improving the condition of priority buildings to good condition. By focusing on one asset category, the Park Service will be able to monitor improvements to the facility condition index and evaluate the performance and efficacy of maintenance programs. The Park Service is committed to bringing all assets up to acceptable condition on average with funds provided through 2009.

Abandoned Mine Lands,—Since enactment of the Surface Mining Control and Reclamation Act in 1977, the Department has partnered with States, Tribes, local governments, and others to reclaim over 225,000 acres of damaged and dangerous lands. Despite these accomplishments over the past two and a half decades, dangerous abandoned coal mines remain within one mile of the homes of more than 3.5 million Americans. Since 1999 a total of 100 people have died in incidents related to abandoned coal mines.

The primary impediment to completing reclamation of abandoned mines is the fundamental imbalance between the goals of the 1977 Act and the requirements for allocating funds under the Act. The statutory allocation formula limits the ability of the Office of Surface Mining to meet its primary objective of abating the highest-priority abandoned coal mines. The majority of funding in the program is distributed to States on the basis of current production. Yet there is no relationship between current production and the number of priority sites in each State, which is a function of pre-1977 production.

Over the past 25 years, the allocation formula has enabled some States and Tribes to complete reclamation of all abandoned coal mines. Others are decades away from completing work on the most critical, high-priority sites. We estimate it will take 60 years to reclaim dangerous abandoned mine sites in Pennsylvania and 50 years in West Virginia.

Our 2005 budget proposal seeks to correct this problem. We propose to direct reclamation grants to sites where the danger is greatest. The reauthorization proposal will allow all States to eliminate significant health and safety problems within 25 years and would remove 142,000 people from risk annually. At the same time, by shifting funds to speed resolution of serious health and safety problems, the proposal will reduce fee collections and spending by $3 billion over the life of the program.

Under our proposal, States and Tribes that have certified completion of high-priority projects will be paid their accumulated State share balances in the abandoned mine lands fund as of September 30, 2004. These payments will be made over a 10-year period. Going forward, the grants would be distributed for high priority mine reclamation projects.

The 2005 budget proposes an appropriation of $243.8 million for the abandoned mine lands program, including $53.0 million for the initial State share balance distribution to certified States and Tribes.

Indian Trust Programs.—Fulfilling the Department's trust responsibilities continues as one of our highest priorities and greatest challenges. We appreciate the funding we have received from this Subcommittee in addressing this challenge. The assets of the trust today include over 56 million acres of land. On these lands, the Department manages over 100,000 leases for individual Indians and Tribes. We collect approximately $194 million per year from leasing, use permits, sale revenues, and interest for 260,000 open individual Indian money accounts. About $378 million per year is collected in 1,400 tribal accounts for 300 Tribes. In addition, the trust manages approximately $2.9 billion in tribal funds and $400 million in individual Indian funds.

For 2005, we are seeking $614 million for our Unified Trust budget, a net increase of $161 million.

In 2003, we began to reorganize trust functions in the Bureau of Indian Affairs and the Office of the Special Trustee for American Indians. The new organization is based on a detailed analysis and a year-long consultation process with tribal leaders. Our reorganization reflects a synthesis of the views heard during the consultation process. When fully implemented, the new organization will better meet fiduciary trust responsibilities, be more accountable at every level, and operate with people trained in the principles of fiduciary trust management.

To support continued implementation of the new organization, the 2005 budget proposes a net increase of $7.2 million, including funding for 85 new trust-related positions at the local level. We request an additional $4.0 million to quicken the pace at which probate cases are resolved.

Improving our trust organization will not by itself resolve the issues that we face in managing the trust. A still greater challenge remains. That challenge is the fractionation, or continuing subdivision, of individual Indian interests in the land that the Federal government holds in trust. Indian trust lands are primarily transferred through inheritance. With each passing generation, individual interests in the land become further subdivided among heirs, each of whom holds a smaller and smaller interest in the land. Many acres of trust land are already owned in such small ownership interests that no individual owner will derive any meaningful value from that ownership. Without corrective action, this problem will grow exponentially.

As the number of interests grows, we expect the cost to the Federal government for managing, accounting for, and probating these interests to increase substantially, possibly to as much as $1 billion at the end of the next 20 years.

The Indian Land Consolidation program, which acquires small ownership shares in allotted land from willing sellers, is a critical component of trust reform. We have conducted this program as a pilot for several years. The pilot has taught valuable lessons about the need to target purchases to maximize return of land to productive use and allow closure of accounts associated with fractional interests.

The 2005 budget proposes an unprecedented amount of $75.0 million for Indian land consolidation, an increase of $53.3 million. This funding will support an expansion beyond the seven pilot reservations to include additional reservations with the most highly fractionated lands. On a nationwide basis, we are targeting opportunities to purchase the most fractionated interests. Interior plans to use contractual arrangements with Tribes or private entities to acquire individual interests.

This commitment to end fractionation will also require legislative action to provide for workable probate reform, disposal of unclaimed property, and partition of land. We want to continue to work with the Congress to find meaningful and constructive solutions to these issues.

The 2005 budget also proposes funding to address the issue of accounting for past transactions in the trust. As the Subcommittee is aware, the American Indian Trust Management Reform Act of 1994 requires the Secretary of the Interior to "account" for "the daily and annual balance of all funds held in trust by the United States for the benefit of an Indian Tribe or an individual Indian which are deposited or invested pursuant to the Act of June 24, 1938."

The Department is currently involved in a major class action, *Cobell* v. *Norton*, and 25 tribal suits over the Department's management of Indian trust funds. On

January 6, 2003, as ordered by the District Court in the Cobell litigation, the Department filed *The Historical Accounting Plan for Individual Indian Money Accounts.* This plan provides for an historical accounting for about 260,000 individual Indian accounts over a 5-year period at a cost of approximately $335 million. The accuracy of the transactions would be verified by reviewing support documentation on a transaction-by-transaction basis for all transactions over $5,000 and by statistically sampling transactions under $5,000. The sampling methodology would be designed to provide a 99 percent confidence level at any error rate.

On September 25, 2003, the Cobell court issued a structural injunction directing a far more expansive accounting and requiring that it be completed under more constrained time lines. We estimate that the cost of compliance with the structural injunction would be between $6 to $12 billion. An appeal from the September decision is pending. The Court of Appeals for the D.C. Circuit has stayed the structural injunction. In addition, the 2004 Interior Appropriations Act provides that the Department is not required to commence or continue an accounting for IIM accounts until 2004 or the Congress amends the Trust Management Reform Act to delineate the Department's historical accounting obligations or until December 31, 2004, whichever occurs first.

The 2005 budget includes $109.4 million for historical accounting. This increase of $65.0 million over the enacted 2004 appropriation is targeted to provide $80.0 million for IIM accounting and $29.4 million for tribal accounting. The budget for IIM accounting is based on the estimate of the Department's costs to continue implementation of its historical accounting process. This amount may be revised depending on how the Court of Appeals rules with regard to the structural injunction in the Cobell case and on whether Congress acts to delineate the specific historical accounting obligations of the Department as suggested in the 2004 Appropriations Act. The Department will continue to work with the Congress and trust beneficiaries to consider settlement of the historical accounting and related issues.

INVESTING IN CONSERVATION

Healthy Forests and Rangelands.—A significant, ongoing challenge we face is that of wild land fire and the risks that catastrophic fires pose to communities. The fires in California last fall were a poignant and tragic reminder that we must care for our forests and rangelands. Our Nation's communities must not continue to experience the unnatural, catastrophic fires that have devastated homes and habitat in recent years.

This past December, President Bush signed the Healthy Forests Restoration Act. This landmark bipartisan legislation will help to restore forest and rangeland health and reduce threats from destructive wild fires. It will also encourage public participation in selecting and implementing projects to reduce unnaturally high levels of brush build up and overly dense tree stands.

As part of our $743.1 million wild land fire proposal for 2005, the budget includes $209.3 million, a $25.0 million increase over 2004, to conduct fuels reduction projects and to monitor the results. In combination with forest and range improvement activities funded in other Interior programs, the 2005 budget includes over $300 million to advance the goals of the Healthy Forests Restoration Act. Including funding for the Forest Service, the 2005 budget includes $760 million to meet the goals of the Act.

The 2005 request for the wild land fire program also includes $221.5 million, an increase of $28.6 million, to fund suppression activities, based on the 10-year average, and an increase of $6.5 million for preparedness to address increasing costs in aviation contracts and for the fire program analysis system.

Cooperative Conservation.—Among Interior's most inspiring roles is its mission to conserve lands and waters across America. As we are all aware, nature knows no jurisdictional boundaries. Conservation in the 21st century depends increasingly upon partnerships across a mosaic of land ownerships. At Interior, we recognize that we cannot manage federal lands successfully unless we are able to work with adjacent landowners, States, Tribes, and communities. We also recognize that the nation cannot achieve its conservation goals solely by relying upon—and adding to—the federal dominion of lands.

These two perspectives underscore the importance of cooperative conservation. Through a variety of conservation partnerships, Interior's land managers are joining with citizen stewards to remove invasive species, reduce stream bank erosion, and enhance habitat for threatened and endangered species. Through these partnerships, the Department is building the new environmentalism of citizen stewards called for by President Bush. These partnerships leverage federal dollars by a factor of two or more. They engage Americans in conservation. They help us work with citizens to find common ground and simultaneously achieve healthy lands, thriving communities, and dynamic economies. We look forward to working with members of Congress and their constituents in these conservation successes.

The 2005 budget proposal expands opportunities for conservation partnerships with citizens, organizations, and communities throughout the Nation. The budget proposes to spend $507.3 million, a 20 percent increase, to expand opportunities for conservation partnerships with citizens, organizations and communities.

A cornerstone of our conservation partnership budget is the Cooperative Conservation Initiative. The Department has a long history of working cooperatively with others to achieve its conservation mission. Yet the resources available to land managers to foster innovative and collaborative conservation have fallen short of the demand. Across the nation, citizens are working to overcome conflict and, instead, work together to maintain healthy lands and waters. Our Cooperative Conservation Initiative seeks to address this growing demand, giving managers the support necessary to leverage funds with private citizens, States, Tribes, communities, and businesses to protect and restore habitats, wildlife and plants.

Our Cooperative Conservation Initiative builds on existing conservation partnership programs that have established productive relationships with local communities and citizens. In total, we propose that this initiative will provide $129.5 million, an increase of $25.5 million, for a suite of seven programs: the challenge cost share programs in the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service; the FWS Coastal program; FWS Migratory Bird Joint Ventures; FWS Partners for Fish and Wildlife; and Take Pride in America.

The budget proposes $29.6 million for challenge cost-share activities, an increase of $8.4 million over 2004. This request will enable land managers to undertake additional natural resource restoration and species protection projects on or impacting Federal lands. Dynamic partnerships with individuals, Tribes, State and local governments, non-profit organizations, and others will support an array of projects to restore damaged habitats and lands and achieve the conservation goals of the Department's land management agencies. Projects require a one-to-one match or better, thereby at least doubling the benefits of Federal dollars. The request for the bureau traditional challenge cost-share programs is $24.4 million.

In 2003, challenge cost-share programs funded 256 resource restoration projects with more than 700 partners in 40 States and Puerto Rico. The ratio of matching non-Federal funds to Federal funds was nearly two-to-one, with the Federal portion at $12.9 million and total funding at $36.0 million.

The 2005 budget includes $50.0 million for the Partners for Fish and Wildlife program. Through the Partners program, the Fish and Wildlife Service has established productive relationships with communities and over 30,000 landowners, providing financial and technical assistance and restoration expertise to private landowners, Tribes, and other conservation partners. Since its inception in 1987, the Partners program has restored 677,000 acres of wetlands; nearly 1.3 million acres of prairie, native grassland, and other uplands; and 5,560 miles of stream and streamside habitat.

In 2005, the Partners program will leverage $5.0 million in the High Plains region through a public/private initiative that will restore grassland habitats and declining species over an 11-State region. In cooperation with landowners and other partners, the Fish and Wildlife Service will focus conservation efforts on restoring, enhancing, and protecting 2 million acres over the next 10 years. The 2005 Partners budget also includes $6.2 million for partnership efforts in the Upper Klamath basin.

Augmenting our partnership achievements is the work of over 200,000 volunteers who provide over 8 million hours to Interior's programs and projects throughout the Nation. These volunteers help repair and maintain trails, restore habitat, participate in monitoring and research programs, and assist our land managers in many other ways. To promote this spirit of volunteerism, the Department has reactivated the Take Pride in America program. In California, volunteers enlisted through Take Pride pledged 400,000 hours of service to help restore areas devastated by wild land fires. The 2005 budget includes $1.0 million for the Take Pride program as part of the Cooperative Conservation Initiative.

Also funded within the Cooperative Conservation Initiative is the Fish and Wildlife Service's Coastal program, for which we propose a funding increase of $2.9 million, bringing total funding to $13.1 million. The Coastal program leads FWS conservation efforts in bays, estuaries, and watersheds around the U.S. coastline and leverages Federal funding at a rate of 4:1. We also propose to increase funding for the Migratory Bird Joint Ventures program by $1.2 million for a total of $11.4 million. The funding increase will allow FWS to enhance 15 existing Joint Ventures and fund the Northern Great Plains and Central Hardwoods Joint Ventures.

Endangered Species Grant Programs.—The Department's cooperative conservation efforts also include a number of grant programs that provide expanded opportunities for State, tribal, local and private partners to participate in conservation and protection of endangered, threatened, and at-risk species. These programs will help this nation invest habitat protection and recovery of species—the ultimate goal of the Endangered Species Act. Through these investments, we can achieve on-the-ground conservation results and help avoid the conflicts, land management stresses, and procedural workloads that ensue when species become endangered.

The Landowner Incentive Program provides competitive matching grants to States, Territories, and Tribes to create, supplement, or expand programs to protect and manage habitats on private lands that benefit listed species or species at risk. The 2005 budget includes $50.0 million to assist private landowners in conserving and restoring habitat for endangered species and other at-risk plants and animals. This is an increase of $20.4 million over 2004.

The Private Stewardship Grants program provides grants and other assistance to individuals and groups engaged in local, private, and voluntary conservation efforts that benefit federally listed, proposed, candidate or other at-risk species. A panel of representatives from State and Federal government, agricultural and private development interests, and the scientific and conservation communities assess and make recommendations regarding these grants. The 2005 budget proposes $10.0 million for the program, a $2.6 million increase over 2004.

The Cooperative Endangered Species Conservation Fund provides grants to States and Territories to participate in projects to conserve candidate, proposed, and threatened and endangered species. Grants to States and Territories allow them to participate in an array of voluntary conservation projects for candidate, proposed, and listed species. These funds may in turn be awarded to private landowners and groups for conservation projects. The CESCF grants include funding for States and Territories to implement conservation projects to support the development of Habitat Conservation Plans and to acquire habitat for threatened or endangered species. The 2005 budget proposes $90 million, an increase of $8.4 million, for the appropriated portion of this program.

Our grant programs also aid a wide variety of other wildlife. The 2005 budget proposes $80.0 million for the State and Tribal Wildlife Grants program. These grants help develop and implement State and tribal programs for the benefit of wildlife and its habitat, not limited to species that are hunted or fished. The program exemplifies our cooperative conservation vision, allowing States and Tribes to tailor their conservation efforts in a manner that best fits local conditions. A $10.9 million increase for the program in 2005 will significantly advance efforts of State and tribal fish and game agencies to address on-the-ground wildlife needs. Based on the high level of interest in this program, we expect this program will have lasting benefits for fish and wildlife, while fostering stronger working relationships between Federal, State and tribal governments.

Full Funding for the Land and Water Conservation Fund.—Our cooperative conservation programs are an important component of the 2005 Land and Water Conservation Fund budget request. Overall, the Department's budget seeks $660.6 million from the Land and Water Conservation Fund for 2005, including $153.3 million for land acquisition and $93.8 million for the State grant program. The Department's request, combined with the request for the U.S. Forest Service, brings total government-wide LWCF funding to $900.2 million.

The 2005 LWCF budget includes the same mix of programs proposed in 2004. This mix strikes an effective balance between Federal land acquisition and cooperative efforts to fulfill LWCF goals.

We believe effective conservation of lands and natural resources cannot rely primarily on expanding the Federal estate through land acquisition. Such acquisitions remove lands from the local tax base. Equally significant, each time we acquire more Federal lands, future operations and maintenance costs ensue in perpetuity. Supporting local recreation and conservation through partnership programs enables us to leverage Federal funding. In many cases, these programs match Federal funds at a ratio of more than two to one. They give us an opportunity to work hand-in-hand with States, communities, and local landowners to build support for long-term conservation.

PRESERVING HERITAGE

Historic Preservation.—March 4, 2003 President Bush and the First Lady announced the Preserve America initiative to enhance the Federal government's assistance in protecting and supporting the contemporary use of historic properties. Developed in cooperation with the Advisory Council on Historic Preservation and the Department of Commerce, this initiative promotes heritage tourism and wide-ranging partnerships for the use and preservation of historic properties. Currently, 26 States have some form of heritage tourism program, an economic development tool that enhances education, creates jobs, and increases property values and tax revenues.

The 2005 budget includes $10.0 million for Preserve America grants to support community efforts to demonstrate sustainable uses of historic and cultural sites and provide economic and educational opportunities related to heritage tourism. Grants will be awarded competitively to preservation entities, such as State and tribal historic preservation offices and designated Preserve America communities. The Save America's Treasures program, which helps preserve nationally significant buildings and cultural artifacts, with proposed funding of $30.0 million, complements Preserve America.

Included within our LWCF Federal land acquisition request is $5 million for partnerships with States and local governments to preserve Civil War battlefields, many of which lie amid areas of rapid development in the eastern States.

LAND MANAGEMENT CHALLENGES

Invasive Species.—Invasive species threaten the ecological and economic health of the Nation. The total national costs associated with invasive species may exceed $100 billion annually. An estimated 5,000 to 6,000 invasive species have already become established in the United States. The most effective strategy to protect native species and their habitats is early detection to prevent the establishment of additional invasive species.

The 2005 budget includes $58.3 million for a multi-agency effort to address invasive species challenges. Funding will be used to control invasive species such as salt cedar in the southwest and control of the brown tree snake population on Guam to prevent its establishment on other Pacific islands and the U.S. mainland. In addition, Interior agencies will focus on early detection and rapid response and conduct research to develop test methods and control strategies. The priorities for the use of invasive species funding are established by the National Invasive Species Council.

Wild Horses and Burros.—Approximately 39,000 wild horses and burros occupy public rangelands. Projected levels of removal and adoption are not keeping pace with the growth in the populations of these animals. The Bureau of Land Management predicts an unsustainable and unmanageable rise in the population based on current management regimes, creating the likelihood of ecological imbalance and degradation of rangelands, forage resources, and wildlife habitat. The 2005 budget proposes increased funding for a long-term strategy to bring the number of horses to an appropriate management level. The budget includes an increase in appropriated funding of $10.5 million for the wild horse and burro program to undertake a collaborative program of population and habitat management. This increase is offset with decreases to programs that benefit from achieving appropriate management levels and with reductions to lower priority activities.

Endangered Species.—Section 4 of the Endangered Species Act has strict, non-discretionary deadlines for the processing of listing and critical habitat actions. When the Service cannot comply with a section 4 deadline, parties frequently file lawsuits under the citizen suit provision of the ESA. These missed deadline suits result in court orders or settlement agreements requiring the Service to act, as courts have concluded that they have little or no discretion to give the Service relief from the mandatory deadlines of section 4 of the ESA. Since fiscal year 2000, the Service's listing program has faced a continuing situation where the amount needed to complete court ordered listing actions (primarily critical habitat designations) pursuant to section 4 litigation has been estimated at or exceeding the funding available. In fiscal year 2003, for example, the Service exhausted essentially all of its fiscal year 2003 budget for critical habitat designations by the end of July and was compelled to suspend work on a number of designations that were required by court orders or settlement agreements until additional funding became available. The program expects continued litigation in fiscal year 2004 and 2005. The total funding request for the endangered species listing program is $17.2 million, an increase of $5.1 million. Of this amount, $13.7 million, an increase of $4.8 million, is for critical habitat designations for already listed species. This increased funding will allow the Fish and Wildlife Service to meet its current and anticipated court orders for critical habitat designations. The request also includes $3.5 million for other listing activities, an increase of $240,000.

MANAGING RESOURCES

Klamath Basin.—The Department's partnership efforts are bringing about change in the Klamath Basin. Interior bureaus, partnering with other Federal agencies, are restoring habitat, removing fish migration barriers, acquiring land, using water banking, and researching the ecology of the federally-listed fish species. Through these partnership efforts, the Department is seeking long-term resolution of conflicts over water and land management.

The 2005 budget includes $67.2 million for this effort, including $32.4 million for the Bureau of Reclamation and $34.8 million for work to be conducted by other Interior bureaus. Other government agencies will provide an additional $38 million, bringing a total of $105 million to this effort. In addition to the $6.2 million increase in the FWS Partners program mentioned earlier, the budget includes funds to remove the Chiloquin Dam, which impedes passage of endangered suckers to 70 miles of spawning habitat on the Sprague River, and to acquire lands adjacent to Agency Lake Ranch to increase water storage and fisheries habitat restoration. Additional funding will also support water banking, water supply enhancement, and water quality improvement.

Energy.—Lands and waters managed by Interior produce about 30 percent of the Nation's energy supply. Approximately one-third of the natural gas, coal, and oil, one-half of geothermal energy, 17 percent of hydropower, and 20 percent of wind power are produced in areas managed by Interior. We are committed to implementing the President's National Energy Plan, a part of which focuses on a long-term strategy for producing traditional and renewable sources of energy on Federal lands while maintaining environmental protections and involving all interested persons in open decision-making processes.

The 2005 budget request will help meet the Nation's energy needs by focusing on timely access to oil and natural gas resources on public lands, consistent with publicly developed land-use plans. We propose to maintain Bureau of Land Management oil, gas, and coal programs at the 2004 funding level of $104.4 million through a combination of appropriated funds and $4.0 million in additional user fees generated through a proposed rulemaking to bring fees closer to costs for certain services. This funding level preserves significant increases that were appropriated over the last few years to continue making significant progress in reducing permitting backlogs and expediting access to energy resources. The budget also includes an $800,000 increase to enhance permitting of renewable energy development and processing of rights-of-ways for both renewable and non-renewable energy resources.

As electric power plants shift from coal to clean-burning natural gas, the demand for natural gas is expected to increase significantly in the next 10 to 15 years. Gas hydrates present promise as an additional domestic source of natural gas to meet this skyrocketing demand. The 2005 budget for the Minerals Management Service proposes an increase of $200,000 to begin a tract-specific hydrate assessment to determine fair market value once production is practical. The Minerals Management Service proposes $400,000 to complete phase one of a 2-year study to examine the potential environmental impacts of the recovery of this energy source.

The 2005 MMS budget includes an increase of $4.3 million for the Outer Continental Shelf Connect e-government initiative. The request represents the third year of a 6-year project to dramatically reform and streamline offshore business operations by improving connectivity between the government and the public. The initiative will create a citizen-centered web presence and build an e-government infrastructure across agencies. Total funding for the initiative in 2005 will be $16.0 million.

To ensure that the government receives optimal value on lease permits, technology used by MMS must keep pace with the private sector, which has embraced and developed new technologies to meet the increasing challenge of competition in exploring for petroleum resources. The 2005 budget includes $1.9 million for a 3–D visualization room, additional geological interpretive tools training, workstation-ready well logs, and seismic data management. All of these technologies have been routinely used by the private sector since 1995 for making fair market determinations on lease sales.

MONITORING AND SCIENCE—KEYS TO PERFORMANCE

Monitoring for Results.—Central to Interior's resource protection and resource management efforts is an emphasis on results. The 2005 budget proposes to increase monitoring programs to strengthen the Department's capacity to assess program results and use that information to improve management. The budget requests $77.6 million for the NPS Natural Resource Challenge, an increase of $4.4 million over the 2004 level, to enhance the Park Service's capability to track ecosystem health and water conditions. The increase will fund six additional vital signs monitoring networks, bringing the total networks to 28. The increase will also fund the remaining seven of 32 water quality monitoring networks.

The 2005 budget request for the Bureau of Land Management includes an increase of $4.0 million to strengthen and enhance resource health monitoring. Information on the health of resources and trend data help land managers develop and revise long-term resource management plans and guide day-to-day operational and permitting decisions. Monitoring programs provide information needed to ensure that land use plans and management decisions are having their intended effect. Monitoring also identifies changes in the status of resources on public lands. The 2005 increase, which builds on the $1.9 million provided in 2004, will allow BLM to increase monitoring of oil and gas activity, rangeland management, and overall implementation of land use plans.

We also propose additional increases for monitoring in the Fish and Wildlife Service to strengthen migratory bird programs and in the wild land fire program as a component of the Healthy Forests Initiative.

Science.—Scientific research provides information needed to understand and resolve many of the complex issues faced by the Department. The U.S. Geological Survey is the Department's primary source of scientific research, earth sciences data, and other geologic information and conducts research on earth and biological processes, including natural resources and natural hazards. The 2005 budget request includes $919.8 million to continue the Department's science programs in the U.S. Geological Survey.

The Department is increasing the role of science in improving the effectiveness of Federal resource management decision-making. We are also avoiding duplication in our science efforts. The 2005 budget requests an increase of $1.2 million for "Science on the DOI Landscape" to address priority bureau science needs. The USGS budget also includes $1.0 million for Water 2025. This joint initiative with the Bureau of Reclamation will minimize future western water crises by fostering conservation and interagency coordination, enhancing water supplies through improved technologies, and managing water resources in cooperation with others. Funding requested for USGS will be used to conduct groundwater availability assessments, develop tools and techniques for protecting biological resources while meeting water supply needs, and to improve methods to characterize aquifers.

Earthquakes, volcanic eruptions, landslides, coastal storms, erosion, and flooding pose threats to lives and property and undermine local and national economic health. The Department is enhancing the quality and timeliness of information provided to communities so they can improve their warning systems, planning processes, response efforts, community education, and building modifications. The 2005 budget maintains the 2004 funding of $4.4 million for the Advanced National Seismic System. During 2005, USGS will continue to upgrade and install new seismic monitoring stations. Information from these stations will support real time earthquake shake maps for emergency response in five metropolitan areas. The 2005 budget requests an increase of $800,000 to expand pilot high-technology radar investigations to develop a national monitoring capability. This capability will provide increased tracking of the behavior of volcanoes, including Yellowstone Caldera in Yellowstone National Park, Three Sisters volcano in Oregon, and four to six Alaskan volcanoes.

IMPROVING LAW ENFORCEMENT AND SECURITY

The Department is second only to the Department of Defense in the number of facilities it manages and operates. Stewardship of the Nation's parks, refuges, public lands and facilities requires law enforcement and security expertise to ensure safety and security for employees, visitors, and facilities. Our 2005 budget request includes an increase of $24,7 million over the 2004 level for law enforcement and security for agencies funded in the Interior bill.

To enhance security at major National Park icons, the budget includes operational increases of $2.1 million for the National Park Service and $2.0 million for the U.S. Park Police. We request an additional $2.0 million in construction funding to complete security improvements at Independence Hall in Philadelphia.

The 2005 budget contains increases totaling $5.3 million in the National Park Service, Fish and Wildlife Service, Bureau of Indian Affairs, Bureau of Land Management, and the Departmental Office of Law Enforcement and Security to improve law enforcement efforts in border areas. The Department's land management agencies manage and protect public lands along the Nation's borders that comprise 39 percent of the southwest border, 31 percent of the southeast border (Texas to the Florida coastline), and 14 percent of the Canadian border. While primary responsibility for border security rests with the Department of Homeland Security, Interior agencies have an obligation to protect employees, visitors, natural resources, and agency facilities.

The 2005 budget also continues to implement a Secretarial order for 25 law enforcement reforms recommended by the Office of the Inspector General to improve accountability and efficiency. Key reforms include implementation of an off-the-shelf reporting system for law enforcement incidents to be used by all agencies within the Department. We request $5.2 million for this new system. Increases totaling $2.8 million in the National Park Service and Fish and Wildlife Service will support law enforcement management reforms in those agencies.

The 2005 budget includes an increase of $7.8 million for the Bureau of Indian Affairs to operate eight new detention facilities serving Indian populations. These facilities, constructed through a joint initiative with the Department of Justice, will be completed by 2005. These new facilities meet current detention standards and alleviate conditions such as overcrowding and mixing of juvenile and adult detainees.

PAYMENTS IN LIEU OF TAXES

Congress passed the PILT Act in 1976 to provide payments to local governments in counties where certain Federal lands are located within their boundaries. Local governments incur costs associated with Federal lands within their boundaries, but are unable to collect taxes on the lands. PILT payments are made to local governments in lieu of tax revenues and to supplement other Federal land receipts shared with local governments. Local governments use PILT payments to improve local school, water, and road systems, as well as for other necessary infrastructure. The 2005 budget proposes $226.0 million for PILT, a $1.3 million increase over the 2004 enacted level, and the highest level ever for the program.

MANAGEMENT EXCELLENCE

Behind all of Interior's programs, out of the limelight, rests a management foundation that is vital to the accomplishment of our mission. The environment in which the department delivers services and carries out its mission is changing, driven by the same forces that are reshaping the Nation. The American people are demanding more from their public servants and calling for better business management practices, improved efficiency, financial transparency, and mission accountability. Management challenges facing the Department are increasingly complex, requiring more sophisticated approaches in human resource planning, organizational governance, facilities management, and technology security. Legislated requirements and government-wide innovations call for increased management rigor. In the past decade Congress has enacted extensive legislation including the Government Performance and Results Act, Government Management Reform Act, Chief Financial Officers Act, Federal Financial Improvement Act, Debt Collection Improvement Act, and Information Technology Management Reform Act.

With a solid foundation of employees, volunteers, and partners working toward a common set of goals, we have made significant advances in our quest for management excellence.

—Our bureaus are completing condition assessments of all facilities so that we can maintain and manage them better. The Bureau of Indian Affairs and the Bureau of Reclamation have already completed their assessments and the other agencies are well underway.
—Our agencies are implementing 25 Secretarial directives to strengthen our law enforcement programs and improve our ability to ensure the safety of the visiting public and our employees and volunteers.
—We consolidated the purchase of information technology systems to achieve significant savings and to provide consistency and interoperability within the Department.
—We achieved an unqualified audit opinion for the Department and each of our eight bureaus. We completed this process within 60 days of the close of the fiscal year, one of only eight agencies to do so.

In 2005, the Department will continue to support the President's Management Agenda and build on this foundation for management excellence. The 2005 budget includes increased funding for management priorities including two that are highlighted here, the Financial and Business Management System and the Enterprise Services Network.

Our budget proposes $18.6 million for the Financial and Business Management System, a $7.0 million increase over 2004. This system will replace a combination of systems for processing financial and related transactions and meet the Department's needs for business management information. It will revamp administrative processes throughout the Department by modernizing and integrating financial management, acquisition, property management, grants administration, and other subsidiary systems.

The Enterprise Services Network will integrate and consolidate the Department's networks, systems, and computing environmental to provide secure and robust telecommunications within the Department and to customers. The 2005 budget includes $8.0 million for this initiative.

The 2005 budget also requests funding for bureau-specific improvements, including $2.7 million to address material weaknesses in the U.S. Geological Survey's financial management practices. The USGS budget also includes $1.8 million to modernize and centrally support key information technology management practices to enhance service and eliminate critical deficiencies in the bureau's information technology security infrastructure.

CONCLUSION

The budget plays a key role in advancing our vision of healthy lands, thriving communities, and dynamic economies. Behind these numbers lie people, places, and partnerships. Our goals become reality through the energy and creativity efforts of our employees, volunteers, and partners. They provide the foundation for achieving the goals highlighted in our 2005 budget.

This concludes my overview of the 2005 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 BURNS. Thank you, Madam Secretary. I'm going to start my questions. I've got quite a backlog of questions, and we got started 45 minutes late this morning. I'm going to start with the committee members, Senator Dorgan, we'll start off with you.

UNITED TRIBES TECHNICAL COLLEGE

Senator DORGAN. Thank you, Mr. Chairman. Thank you for your statement. Your statement reflects again how large the agency is and how many varied and different functions that you perform. Let me go right to the question of the United Tribes Technical College [UTTC], because you have visited there and you know that not only am I concerned but I'm sure my colleague from New Mexico, Senator Domenici, is concerned with respect to Crown Point.

Tell me if you will why there is a zeroing out of the $3 million that we have appropriated for in the past for UTTC.

Secretary NORTON. The budget for the overall administration provides strong funding for tribal colleges, including the United Tribes Technical College. There is a program in the Department of Education that provides substantial funding for the United Tribes Technical College that is above and beyond anything that other tribal colleges receive through the Department of the Interior budget.

We have a chart that reflects the funding that goes to the United Tribes Technical College compared to the other tribal community colleges that are funded within the Department of the Interior budget. And as you can see from this chart, the average of all of the other tribal colleges is about $9,500, and that is per-student funding.

When you look at the money received by the United Tribes Technical College that comes from the Department of Education, they receive about $16,500 per student, and so as we looked at the overall funding, we felt that it was most equitable to have the funding for all of the tribal colleges be somewhat on a par.

There are funds that are also available through the Department of Labor under a new initiative from the President for jobs training through community colleges. We are working with the Department of Labor as they put together their grants requirements for that program to ensure that tribal colleges will also be eligible for that funding.

So if you look across the board at Federal funding, you can see that there is funding very strongly available for the United Tribes Technical College.

Senator DORGAN. Well, Madam Secretary, first of all, the request for tribally-controlled community college funding is $5.2 million from the current enacted level, so below, so it has been cut $5.2 million below current enacted levels, so I don't think there's robust funding for tribal colleges, in fact it has been cut. And even at that level, even at last year's level, we are funding on a per-student basis dramatically below what other colleges would receive for per-student funding.

Let me say with respect to this chart, that chart gives, in my judgement, an inaccurate representation of per-student funding, because you're comparing two different kinds of colleges, one which requires 18 credit hours per student on the right side and the other 12 credit hours per student, so you'd have to make an adjustment and create a new chart if you're going to compare these colleges. The better comparison would be the two tribal colleges, the two colleges, Indian colleges that you actually run in the Department, which is Haskell and SIPI. If you compare that on a per-student basis, that would be an accurate comparison, but this just is not accurate in my judgement.

We, I believe, will restore the funding for United Tribes Technical College. I think it is an important educational institution. I regret that $3 million has been eliminated and I would hope once again as we go into another budget cycle at some point in the future that it will be considered on its merits and be funded in the administration's budget.

TRIBALLY-CONTROLLED COMMUNITY COLLEGES

Let me go to tribally-controlled community colleges. You know, I understand this is a big old budget and there are many areas of priorities. There are proposed increases in funds for a range of areas, the Wild Horse and Burro Program, which I want to ask you about in just a moment, landowner incentive grants, New Start Preserve America program and so on. And yet, as I indicated, the tribal college funding would be $5.2 million lower than last year, and I just, just speaking for myself, I think that is a missed priority and one that we need to correct if we can.

Can you give me your impression of the value of tribal colleges in your judgement?

Secretary NORTON. Tribal colleges are very important and community colleges overall are very important. The President has put an emphasis on that through his proposal going through the Department of Labor. In looking across the board, we see that the funding that we propose for 2005 is nearly 40 percent higher than 1999 funding.

You talked about the comparison with Haskell and with SIPI. Haskell is about $9,000 per student. SIPI is $5,000. Overall, we do want to see more support for community colleges, but our tribal community colleges are funded at about $2,000 more per student than community colleges across the country, more than non-tribal community colleges. So these are important programs. We support strengthening all of our educational activities. We believe that we are achieving through this budget an equitable allocation of the funding across community colleges.

LANDOWNER INCENTIVES GRANT PROGRAM

Senator DORGAN. Madam Secretary, on the Landowner Incentive Grant program you're proposing an increase of $20 million. The Fish and Wildlife Service says that because of the newness of this program, there's no cost data available so they can't measure the success of it. So on what basis are we proposing a pretty substantial increase in that program at a time when we're proposing cuts in tribal colleges and cuts in UTTC and so on? What's the basis for proposing an increase without having the ability to measure what we've done there.

Secretary NORTON. If you look at the issues that are facing land users across this country, whether it's public or private, we see potentially tremendous impacts from endangered species. The landowner incentive program provides us with another approach that lets us work cooperatively with landowners in order to enhance habitat for species.

If we look across a variety of different kinds of endangered species, sage grouse, for example——

Senator DORGAN. I understand that——

Secretary NORTON [continuing]. Is one that is going to have a tremendous impact. This lets us get ahead of the curve, and instead of having tremendous economic disruption from the listing of an endangered species, we can recover that species before it gets to the point of having tremendous harm for farmers and ranchers and other land users.

Senator DORGAN. I don't have a disagreement with that. My question was, the recommended $20 million increase before Fish and Wildlife and others say we've been able to measure whether or not this is effective and whether we're accomplishing——

Secretary NORTON. We've seen tremendous results from our first years of that program, and it is something that we believe in looking at our overall endangered species program is the best way to tackle the problems of endangered species.

Senator DORGAN. Can you share with us then—as I said, the Fish and Wildlife says because of the relative newness of this program, no significant cost and performance data are currently available. Would you share with us whatever information exists that persuades you to recommend or the administration to recommend this $20 million increase?

Secretary NORTON. I'd be happy to provide you with additional information.

[The information follows:]

INFORMATION ON LANDOWNER INCENTIVES PROGRAM TO SUPPORT $20 MILLION INCREASE

The Landowner Incentives Program provides matching, competitive grants to States, the District of Columbia, Territories, and federally recognized Tribes. These grants are used to establish or supplement existing programs that provide technical and financial assistance to private landowners to help them protect and manage imperiled species and their habitat. The program provides an opportunity for all States to develop the capacity to implement programs modeled after several innovative State programs.

This program's short history does not allow us to provide quantitative performance data. However, the Service is currently developing performance measures for full implementation during fiscal year 2005, which will become the baseline year for future refinement and application, and plans to solicit additional input from program cooperators that may ultimately add to or refine these measures. Specifically, these performance measures will monitor the use of funds and document the number of land acres and stream/shoreline miles that are protected, restored or maintained on lands through this program.

The Department believes that the outreach and program support provided by the Service, the significant level of interest from States and other interested parties, and the demonstrated need for a program like this provide a strong justification for the fiscal year 2005 budget request. The Service has worked to ensure that States and Tribes are aware of this program, and that their questions and concerns were considered as the Service created and implemented this new program. In fiscal year 2003, the Service sought input on its implementation guidelines from States and FWS regional offices, and modified the program guidelines accordingly.

The response from States clearly underscored their interest in this program. In fiscal year 2003 the Service had $34.7 million available to fund grants to States, yet received requests totaling over $60 million from 47 States. The $34.7 million was provided to 42 States and territories. For fiscal year 2003, 23 Tribal grants totaling $3.9 million have also been approved.

In fiscal year 2004, $25.9 million is available for the Landowner Incentives program for States, yet the Service has received requests totaling $41.8 million from 43 States and the U.S. Virgin Islands. Grants to 41 States and territories have already been approved by Director Williams.

Examples of the types of activities supported by Landowner Incentive Program grants include the following:

—In California, a $1.3 million grant to help landowners in the Sacramento Valley, Delta/Suisun Marsh and San Joaquin Basin manage 1,130 acres of riparian habitat for a 3-year period and 1,000 acres of native grasslands for a 4-year period until these habitats are self-sustaining. Landowners also will manage 950 acres of critical, permanent wetlands to meet the needs of at-risk wetland species and provide an additional 2,500 acres of post-harvest flooded cropland directly beneficial to fall migrant shorebirds and breeding waterbirds.

—In Maine, a $1.3 million grant will support implementation of the State's ongoing, broad-scale habitat conservation planning effort, Beginning with Habitat. The funds will help landowners conserve habitats to benefit species at risk. It will also allow the State to provide technical and financial assistance to landowners for habitat protection and restoration.

—In Nevada, a $364,500 grant will help the State establish a program to assist landowners in conserving imperiled species through sagebrush and riparian habitat management, conservation and restoration.

WILD HORSE AND BURRO

Senator DORGAN. I appreciate that. And let's go to the Wild Horse and Burro Program just for a moment. Again, this is a $13 million proposed increase. I think I understand the challenges that you face with respect to wild horses and burros, and yet, again, because I'm very concerned about tribal colleges, United Tribes Technical College and other areas, I see a $13 million increase in the Wild Horse and Burro Program, and it appears to me that there are roughly 39,000 wild horses and burros on the open range. That looks to me like it's over $1,000 per animal that's proposed to be spent on that program. Having raised horses and cattle myself, I recognize it's very hard to spend $1,000 per animal. I don't know what one would have to do to create housing for an animal in my hometown for $1,000 a year.

But nonetheless, describe for me what we're doing on wild horses and burros that persuades us to increase the request by $13 million.

Secretary NORTON. We are at a very critical time in the Wild Horse and Burro Program. We've been bringing down the numbers of wild horses that are on the range. We are about to get to sustainable levels so that we can keep those horses at a level that is sustainable on the areas that are open to them.

Unfortunately, it is a very expensive program to run. In order to bring those numbers down, because we can't use the same kind of management techniques we use for other wildlife, we have to round the horses up, transport them to adoption facilities which are on the East Coast or in other population centers, to try to get people to adopt those horses. We have to do medical treatments and so forth for them on the way. If we are not successful in adopting them, the only thing that the law leaves open to us is long-term pasturing of those horses. And so we have tremendous maintenance costs that are because of the long-term need to do that.

In order for us to prevent that program from having higher and higher and higher costs in the long-term future, we need to get those population numbers under control now. That's why we're trying to put in a big push today so that we prevent higher costs in the future.

PARK POLICE CHIEF

Senator DORGAN. Madam Secretary, let me ask you one additional—well, I won't ask a question, I'll ask you if you'll provide some information to us. I've not said anything publicly about this and will not at this point, but I do want to ask you a question about the issue of Theresa Chambers and the Park Police. You know that we've read a lot in the Washington Post and other journals about this person who apparently spoke publicly and said that they are underfunded, understaffed, and she subsequently lost her job.

I know it's the subject of litigation so you likely will tell me you can't say much about it, but it is of interest to me and concern to me. As I said, I've not spoken publicly about it and don't know very much about it. I know last week that, yesterday in fact, there was a hearing over in the House about a fellow who in the Medicare area withheld information on request from the Congress about costs, and this Theresa Chambers apparently spoke publicly on television about the Park Police and the funding and she was suspended and I suspect probably fired.

Would you submit for at least my information whatever information you can submit so I understand what's going on here?

Secretary NORTON. We would be happy to do that. As you well recognize, that is a matter of employee privacy and we are restricted from what we can say publicly on that.

[The information follows:]

INFORMATION ON PARK POLICE CHIEF

Ms. Chambers has not been dismissed from the National Park Service. She is on administrative leave while a proposal to remove her from the Service and her response to the proposal are reviewed by the Deputy Assistant Secretary for Fish and Wildlife and Parks. Except as may be governed by statute or regulation, Department of the Interior officials are not prohibited from expressing themselves to, or holding conversations with, members of Congress.

Senator DORGAN. I respect that and again hope you respect I've not gone off and made any comments about this, but I am concerned about whether those who perhaps should be able to answer questions of whether funding is adequate in certain areas or what the cost might be, whether there are repercussions if they speak their mind. And I, again, the reason—I wasn't intending to ask you this, but the reason I do is because of the hearing yesterday in the Ways and Means Committee with Mr. Foster, who is in some amount of trouble because information was withheld from Congress that he had in his possession.

Secretary NORTON. I will note that the budget for the Park Police has increased by 30 percent since 2001.

Senator DORGAN. All right. If you will just submit whatever information you can so that I and my colleagues can try to understand it a bit, and again, I don't have conclusions about it, I just have an interest in trying to understand what's behind the headlines here.

Madam Secretary, let me finally say, this is always, always about choices and the process of economizing in meeting unlimited needs with limited resources, and that's what budgets are is to make the choices, and I find much in your choices with which I agree and some with which I disagree. Tribal colleges, we, in my judgment, and I hope with the cooperation of other members of the subcommittee, I would say the Senator from Montana was very, very important last year in making sure that tribal colleges get adequate funding. I hope we can build back some of that funding base for tribal colleges and organizations like United Tribes Technical College and Crown Point in New Mexico, which I think are very important to American Indians. Having said that, thank you for appearing today.

Secretary NORTON. Thank you.

Senator BURNS. Senator Bennett.

BLM LITIGATION COSTS

Senator BENNETT. Thank you very much, Mr. Chairman. Let me go back to the issues I raised in my opening comment. I asked you at a previous hearing if you had a percentage of budget for BLM, in particular asked the same question about Forest Service, which I realize is not under your jurisdiction but which is under this committee. What percentage of the budget has gone for litigation? I've heard that it's as high as 50 percent. I've asked the BLM people in Utah and they indicate maybe not direct litigation costs, but defensive actions to deal with litigation costs, the whole thing comes up to something like 50 percent of the budget.

Do you have any better handle on that than that, or is that just a ballpark number? Is it too difficult to quantify? It's easy to ask the question. Many times it's difficult to come up with a quantification. Do you have anything on that?

Secretary NORTON. We will provide you with what we can put together. The number is certainly a very high number. We have introduced a new financial accounting system that will let us have a better understanding of how our funds are spent in order to better track things like litigation costs. Certainly in your State of Utah, the litigation costs are extremely high. Virtually everything that is done in that State by the Bureau of Land Management is subject to litigation, and so we do know that a tremendous amount of resource does go for that. We'll be happy to provide you as much of a quantification as we can of that.

There certainly are a lot of things that are hard to quantify because it is doing more paperwork for an environmental impact statement because of fear of litigation than might otherwise be done, and that's a hard amount to quantify.

Senator BENNETT. Yeah, it is difficult, but it is having two effects. One, of course, is the budgetary effect, and it's outrageous that we're spending public money at that level for lawsuits that have no merit whatsoever. They're filed solely for their nuisance purposes because the groups that file them don't want the agency to go ahead with its mission, and so they file a lawsuit, the agency has to respond. I'm told that those that actually go to court, the agency wins well over 90, 95 percent of the time, but the legal fees that go into it, and then, as I say, the defensive activity in the anticipation that there will be a charge, a challenge, that causes unnecessary work to be done so that the record is there so that you can win the litigation is a budgetary burden that we ignore, but it's huge, and the people who bring that burden, who posture themselves as supporters of public lands and supporters of the public at large never are called to account for the impact they have on the taxpayers.

The other side of it, which I get talking to BLM people in my State is not just the cost, but the delay. Every time they want to proceed on some intelligent action of land management, they have to figure into the equation the amount of delay that will be built into it by virtue of the litigation. As I say, they almost always win. It's not a matter of we have to examine this because there's a real challenge. No, there's no real challenge. It's just an attempt to delay things, and in delaying, many times it means the cost goes up eventually or the opportunity to solve the problem passes and the problem becomes far worse than it was at the time the agency decided we'll have to tackle the problem because it goes neglected for 6 months, 9 months, a year or more, and then finally somebody rules the challenge was frivolous, pay all the legal fees, and you go back and the problem is 6 months, 9 months, 12 months worse.

So I'm going to keep on this, because I think it is one of the underreported and underappreciated problems that we have in the political wars that go on over land use, and one side in the political wars has discovered that by abusing the courts, and I think abuse is the right word, rather than using the courts, abusing the courts and abusing the appeals system, they can achieve their goal of frustrating you in your responsibility to manage these lands in a proper way. And we need to quantify it, we need to put a spotlight on it, and we need to let the taxpayers know, money that could go for tribal colleges, money that could go for park maintenance, money that could go for a whole series of things that everybody wants, is in fact going into frivolous lawsuits and complaints and challenges that simply gum up the works.

So if you could help us quantify that, I'll assure you I'll do what I can to put the spotlight on it if we could get some hard data rather than the gut feeling of the people who are dealing with it. I'm not challenging their gut feeling. I think they're exactly right, but whatever hard data we can get we would appreciate it.

[The information follows:]

INFORMATION ON LITIGATION COSTS FOR BLM

The BLM only captures costs specifically attributed to litigation. These include the costs of gathering of information, preparing documents and records, preparing and giving testimony, and working with solicitors and attorneys on specific legal cases. For fiscal year 2004, the BLM has spent approximately $14.3 million on these activities. This does not include any costs for activities related to the prevention of litigation conducted as part of the day-to-day operation of the BLM, such as complying with the statutes and regulations governing the Bureau.

NATURAL GAS RESERVES

Senator BENNETT. Now let's go to the issue of natural gas. As I said, Chairman Greenspan pointed out to us that long term one of our big economic problems is going to be shortage of natural gas. As we face the challenge of increased energy in this country, people say, well, we don't want nuclear plants and we don't want more coal plants. Out in our country they don't want hydro. As a matter of fact, many of these groups want to dismantle the dams that we've got right now that are producing hydro power.

We all want natural gas, and the law of supply and demand is inexorable. I've said it before, I'll say it again. If I could control what we carve on the walls around here in marble, I would have us carve where we see it every day, you cannot repeal the law of supply and demand. We keep trying, but we can't. And the law of supply and demand says, the price of natural gas is going to go up under this increased demand if we don't do something about the supply, and we have a tremendous supply of natural gas on public lands in this country, and we don't seem to be able to get at it in a logical kind of way.

I've had conversations. I will not violate the confidentiality of the conversations because they were one-on-one, but I've had conversations with some of the leading environmentalists in this country who have said to me privately, a natural gas pipeline across public lands is the least intrusive activity we could engage in with respect to those lands and has no environmental impact at all other than the emotional idea that somehow you're violating the land to put a pipeline in it. I don't think the land cares, but there are some people who feel emotional about that.

Can you, probably not here, but again for the record, here if you could but if the record if you can, can you give us some idea of the reserves of natural gas that are on public lands in the United States?

Secretary NORTON. We certainly can do that. We have looked at that. We have basically a few places to look, the Gulf of Mexico offshore, the Rocky Mountain States, and Alaska. The natural gas pipeline is obviously a very significant issue and something that would have a tremendous benefit in the long run.

In the short run, there are essentially two things that we have done to try to enhance natural gas supply. One is moving forward with coal bed natural gas in the Rocky Mountain area, and the other is in the offshore area, looking at the existing platforms, existing production areas, but providing some royalty relief for them to drill down deeper.

We recently found that there was about a three times larger supply of natural gas at the deeper geologic layers under the shallow water areas of the Gulf of Mexico than we had previously believed. Through our royalty reduction there, we estimate that we will save consumers about $500 million over coming years because of that enhanced production. So there are things that we can do. We also recently unjammed a backlog of 1,400 permits for coal bed natural gas in the Powder River Basin.

So we're moving forward but it is a tremendous problem. You're quite right to highlight that. And that is something that the country is really going to have to focus on for the long term. We have enough coal bed gas at that plateau to take care of California's energy needs for 100 years and we can't get at it.

[The information follows:]

INFORMATION ON NATURAL GAS RESERVES ON PUBLIC LANDS

In 2003, the Department published a study under the Energy Policy and Conservation Act (EPCA) which described the technically recoverable energy resources in five western basins. These five basins contain the bulk of the natural gas resources, and much of the oil resources, under public ownership in the onshore United States:

—the Paradox-San Juan Basin (Colorado, New Mexico, and Utah)
—the Uinta-Piceance Basin (Colorado and Utah)
—the Greater Green River Basin (Colorado, Utah, and Wyoming)
—the Powder River Basin (Montana and Wyoming), and
—the Montana Thrust Belt (Montana).

The EPCA inventory provides estimates of undiscovered, technically recoverable resources and known reserves of oil and gas beneath the five basins and an inventory of the extent and nature of limitations to their development. The inventory shows:

—total area of Federal lands in the five basins, including split estate: 59.4 million acres;
—total estimated reserves and undiscovered technically recoverable oil: 3.9 billion barrels; and
—total estimated undiscovered technically recoverable natural gas: 138.5 trillion cubic feet.

Senator BENNETT. Just one last comment before I have to leave, again for the record and for any journalists that are here. It's not just a question of the price of natural gas in terms of heating our homes or creating electricity. Natural gas becomes a feed stock for the chemical industry, it becomes important therefore for fertilizers, all kinds of industries depend upon the basis that's available in the—chemical basis that's available in natural gas. It doesn't just all go into electricity in homes. It ripples throughout the entire economy, and again, as Chairman Greenspan has pointed out, it is the one form of fossil fuel energy that we at the moment cannot import. The only way we can get natural gas from outside the country is by pipeline from either Canada or Mexico. We can't get it over the ocean by pipeline.

So we are going to an enormous expense of changing ports around the country to accept liquified natural gas when we have tremendous amounts of natural gas right here in this country that could delay for a generation the necessity of bringing it in in liquified form, which is more expensive and from a terrorist point of view, far more vulnerable, because you build an LNG port and then you bring in a bunch of LNG and a terrorist would very much love to blow that thing up. And so we have to spend the money to build the facility and then we have to spend the money to protect it, and for a fraction of that, we could lower prices, increase security, simply by using the natural gas and coal-based methane gas that we have here in this country, and any statistical ammunition you can provide me in that fight, I'd be very grateful.

Thank you, Mr. Chairman.

LITIGATION COSTS

Senator BURNS. Senator Bennett, on these lawsuits and frivolous lawsuits, when we lose it is my understanding that we pay their legal fees?

Secretary NORTON. That is very often the case.

Senator BURNS. And whenever we win, do they pay ours?

Secretary NORTON. Never.

Senator BURNS. We could probably cut out a lot of those lawsuits if they had to pay our legal fees.

Senator BENNETT. That's the British system, and for once, I think the British are right.

LANDSAT

Senator BURNS. It's something to look at, because the Forest Service has the same problem. For the record, Madam Secretary, we got questions from Senator Feinstein, who could not be here this morning, and also some questions from Senator Stevens with regard to his Alaska situation up there, and from Senator Daschle on Landsat. Could you bring us up to date on that? Are we still working with that mapping and work that we're doing with the satellites?

Secretary NORTON. Yes.

Senator BURNS. Give us an update on where it is, and if it's working. Also I want to thank Ms. Scarlett and John Tresize for coming. You've got a very able staff, they answer a lot of our questions and take a lot of the load off both of us, welcome this morning along with the Secretary. I forgot to recognize you this morning. Could you bring us up to date on what's happened with Landsat?

Secretary NORTON. Yes. We are still having problems with the degradation of the data coming from the satellite, and so we're looking at ways to see if we can sell that data to somebody that doesn't need quite the level of sophistication on it. We are looking at some reprogramming to determine how we might be able to fill in behind that shortfall, and so we are looking at a variety of options in order to address that shortfall right now.

Senator BURNS. Have you looked at how we might outsource? We have imaging, a couple of organizations in Montana, that do that. Could we outsource to save a little money, and move some of that into the private sector? Because they could tailor programs as you want them and give you the desired information.

Secretary NORTON. There are some reasons why the data that comes from the Landsat satellite is at a resolution that fits a certain niche of needs and it's not generally available in other ways. We are looking at the long-term implications—at a future satellite—and how that might be structured and what the needs would be for that. That's a big, multi-agency public/private examination of what all of the available options are.

WOLF RECOVERY

Senator BURNS. Let's talk about wolves a little bit. That's a pretty good shift. As you know, you revised some of your management practices in three States, Wyoming, Montana, and Idaho and we want to express our appreciation for using 10(j), that section of the Endangered Species Act, that would give more authority to States and especially handling predators. I'd like to see the States assume much more responsibility in managing that animal. Can you tell me the cost of the Wolf Recovery Program to the Federal taxpayer thus far? If you don't have those figures, I would like to have them. And can you give me an overall assessment of the program as it is progressing?

Secretary NORTON. We'll provide that figure for the record. The wolves are thriving. We have substantially more wolves.

[The information follows:]

INFORMATION ON THE COST OF THE WOLF RECOVERY PROGRAM

Wolves in the Northern Rocky Mountain states (Idaho, Montana and Wyoming) continue to increase in distribution and numbers, and recovery criteria have been met for removing Northern Rocky Mountain wolves from the Endangered Species list. Estimates of wolf numbers at the end of 2003 were 369 wolves in the Central Idaho Recovery Area, 301 in the Greater Yellowstone Recovery Area, and 92 in the Northwest Montana Recovery Area for a total of 761 wolves. Within state boundaries, there were an estimated 345 wolves in Idaho, 234 in Wyoming and 182 in Montana.

The Department estimates that the total funding from 1973 through 2003 for the Rocky Mountain Wolf Recovery program is approximately $16,785,000. This includes FWS, NPS and USDA-Wildlife Services funding; as well as funding provided to the States by the FWS. This level of support provides for monitoring, collaborative research, public outreach, livestock depredation mitigation, and other recovery activities.

In fiscal year 2003, FWS funding totaled $1.567 million, and the NPS provided an estimated $210,000 for wolf monitoring and research at Yellowstone National Park. In 2004, the Department estimates that the FWS will fund $2.251 million for wolf recovery. The NPS will maintain a similar level of funding to the 2003 level for Yellowstone National Park.

The USDA-Forest Service may expend some additional funds related to wolves, however the Department is not aware of any significant wolf recovery activities undertaken by the Forest Service.

Senator BURNS. Are they ever.

Secretary NORTON. Not viewed as good news by some people in your State, but there are substantially more wolves than were predicted at the time that reintroduction was proposed. So now we are at the position where biologically they could be taken off of the endangered species list, at least in that area.

We have two things that we need in order to be able to delist them. One is to have the numbers in place so the population is healthy. We have that. The second thing is State programs that can allow them to assume management of the wolves. Both Montana and Idaho have put together programs that we think are able to accept responsibility for the wolves. Our problem has been the State of Wyoming. We do want to continue working with Wyoming to come up with a program that would be sufficient for wolf management. Unfortunately, we have not been successful so far in that.

Senator BURNS. Well, I know it's expensive and I will tell you this and go on record, we rode two drainages down in the Montana/Idaho area where we share a common boundary, two drainages where we've always had habitat for moose. There was not one calf last year in those two drainages, and a lot of evidence where the wolves have taken those calves. Now rather than fiddle around with some old cranky moose, well, they're hitting the ranchers now. We lost around 1,800 or 1,900 head the other day, down in Ennis, down in Madison County, and now we're going to start lambing one of these days and they go through sheep just like they're killers, and they do it because they like to kill, not because they're hungry. That's the difference.

We've got more mountain lions than we've ever had in the West since I've been out there. Cats kill because they're hungry, they just don't kill just for the sake of killing. And so, there is a tolerance level on wolves. If we can keep the numbers in due bounds, we can have wolves and we can enjoy the rest of the resources that we enjoy around our farms and ranches. But if you get too many of them, well then you have four predators out there called the grizzly bear, the wolf, the coyote, and the cat. It gets pretty expensive as far as trying to run a ranching operation, or do anything else on those lands.

The Wild Horse and Burro program, this is something that Senator Reid of Nevada and I, have been working on for the last couple of years, to get the numbers down. Nevada presents a big problem, and everyone has to understand that if you want this wild horse program, that some of those horses are kept under feed lot conditions and not range conditions. This is costly, from a person that understands feed lots and maintenance of animals.

Horses, by the way, eat 20 hours out of the 24, we've been pretty successful with our small herd in the Pryors, in keeping the numbers down where we can manage them. But if we look at Nevada, they are cutting into permits of people who have paid for permits, and when those horses go through there, and all the grass is gone, that should not be allowed to happen, so we have to figure out some way to keep those numbers in due bound.

We can handle anything if the numbers are right. Yellowstone Park has over 4,000 buffalo right now. Biologically that park cannot carry that many buffalo, and if BLM were asked to supervise the ranges in Yellowstone Park, they would have thrown everybody off the land and they're doing damage that is irreparable for Yellowstone Park.

RANGE MONITORING

Range monitoring has been cut back $1.2 million this year, and this funding is being redirected to the Wild Horse and Burro Program. How are we replacing that money for range monitoring?

Secretary NORTON. If I can defer to Lynn Scarlett on that. I do know we've been trying to put more funding into that, but the Wild Horse and Burro Program has been impacting our ability to do the level of monitoring we'd like to.

Ms. SCARLETT. I believe you must be referring to this year, 2004.

Senator BURNS. I am.

Ms. SCARLETT. Yes, I understand. We recognize the strong need for monitoring of Bureau of Land Management lands and have proposed an increase in 2005. The proposed change this year was to meet an emergency situation relating to the wild horses and burros, but we have planned an increase in monitoring for this budget that we're now considering.

INTERNET SHUTDOWN

Senator BURNS. And of course right now we're talking about, the shut down of the Internet, in the minerals management service. What is the chance of getting that back up?

Secretary NORTON. Well, we certainly hope that the court of appeals is going to have our systems permanently back online. We are working to deal with the overall litigation and that is currently in a mediation process with the plaintiffs, but that has been very slow going.

Senator BURNS. Well, we've given you more money to upgrade that.

Secretary NORTON. You certainly have, and we have spent it. I don't have the numbers handy, but it is tens of millions of dollars to enhance our computer security system. We have focused very intensively on protecting the Indian trust data. We've had outside consultants who have come in to look at that and have taken a number of steps to ensure that that is better protected.

But overall in the computer world, we going toward more and more integration of data, more and more shared databases so you can draw on the same information for many uses. As we do more of that, it becomes more difficult to separate out one piece if a court is going to shut it down.

HEALTHY FORESTS CONSULTATIONS

Senator BURNS. As you know, last year we got Healthy Forests through. We've been doing a lot of Healthy Forests activities especially in clean-up and after fire salvage, and everything that the Department of the Interior and the Forest Service do they must have some consultation from the U.S. Fish and Wildlife Service. Mr. Williams was in yesterday and we had a very good discussion about the time line of these consultations. It looks like from the time that the request is made with the Fish and Wildlife Service, and them getting their work done and getting back to the Forest Service in order for them to proceed with the sale, or with the salvage clean-up, certainly takes a long time.

In the area of salvage, if you wait too long then the salvage loses its value all at once. Can you give us an idea on what you propose to cut down that time? Is it staffing? Give us some kind of an idea of your assessment about why we can't move those requests along in a timely manner.

Secretary NORTON. We're looking at some things that would make our system more efficient. We are trying to have early coordination with the agencies that are planning actions so that we can decide how to handle that consultation most efficiently. Often times grouping things together so that you consider several similar proposals at the same time helps make that much more efficient.

We are putting together databases so that we've got more information that we can draw on more quickly about the various species. So there are a number of things like that that will help us in streamlining our consultation process.

ENDANGERED SPECIES LISTINGS

Senator BURNS. We had quite a conversation on the Endangered Species Act yesterday. In Montana, we do not have a shortage of prairie dogs, we do not have a shortage of sage grouse, and if some of these species are considered for listing as threatened or on the endangered list—that goes nationwide and it hurts all of us. So I hope there's a way to work around an area that does not have a shortage, and that does a good job in managing their wildlife and habitat, and can be rewarded by being left out of the Endangered Species Act when we start talking about recovery.

TRIBAL DETENTION CENTER

I've got several other questions that have to do with what Senator Dorgan was talking about and the tribally-owned colleges. And because that happens to be one of my areas that I have a great deal of interest in, the detention center funding as well. We have a situation in Montana where we have a privately owned detention center that's located near a couple of reservations, which could be used to move some people closer to home. We'll talk to you about that at another time.

TRIBAL SCHOOL CONSTRUCTION

School construction. I've still got schools on reservations that need to be torn down and rebuilt. I can think of three off the top of my head, and you've cut some funding in there. We want to work with you on that because we do have about a $66 million backlog right now on construction across this country and we would like to talk to you about that line item as well.

With that, it looks like I'm the only dog left at the hanging. So if you would be amenable to those questions and as we work our way through these line items we'll be in consultation with you and John and Lynn. We appreciate you coming this morning and thank you very much. We'll leave the record open, and you might want to respond to those questions from others Senators and to the committee. Thank you.

PREPARED STATEMENT RECEIVED

We have received the statement of Senator Thad Cochran. The statement will be made part of the hearing record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, I am pleased to welcome Secretary Norton to this hearing on the Department of the Interior's budget request for fiscal year 2005.

I am glad to see that funding is requested in the budget for research which is conducted by Mississippi State University on invasive species. Your statement about the importance of this research is very encouraging.

Another project that is very important to me is the Shiloh National Military Park. The National Park Service is doing an excellent job, in my opinion, to expand the Park to include the Corinth Battlefields in Mississippi as a unit of the Shiloh Park. The construction of an interpretive center will be completed this summer, and I am sure it will add to the understanding of this important part of American history.

In the town of Corinth much of the original archeology of the Civil War era is in pristine condition because so much of the area has been protected and maintained by volunteers. Corinth serves as a unique treasure of civil war history that is enhanced by several parcels of land outside the current boundary of the park. These are significant educational resources for visitors. I urge you to consider visiting Corinth and working with us to incorporate the battlegrounds in this area into the Corinth unit of the Shiloh National Military Park.

I am also interested in your assessment of the study which the National Park Service has undertaken on the organization of the Natchez Trace Parkway. I am submitting questions to you for the record of this hearing on that subject and on the Corinth Battlefields' situation.

Thank you for your outstanding service as Secretary of the Interior.

ADDITIONAL COMMITTEE QUESTIONS

Senator BURNS. 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 CONRAD BURNS

WOLVES

Question. As you know, the reintroduction of wolves to Montana, Idaho, and Wyoming has been an expensive venture for Montana's ranchers, hunters, and sportsmen. With that in mind, I would like to express my appreciation for the revised 10(j) rules giving ranchers and the states more authority and would like to see the Department continue this direction. I'd like to see states assume even more management responsibility, but am concerned that the in the current fiscal situation Montana would be unable to bear this burden.

Can you tell me the cost of the wolf recovery program to the federal taxpayer? Can you provide detailed figures for the record?

Answer. Section 18 of the Endangered Species Act of 1973 requires the Secretary of the Interior (working through the Fish and Wildlife Service) to annually report certain expenditures for the conservation of threatened and endangered species. The first year for the expenditures report was for 1989; the most recent report to Congress included expenditures reports for fiscal year 1998, fiscal year 1999, and fiscal year 2000. The FWS has received 2001 and 2002 data from the reporting agencies, but the expenditures report has not yet been completed.

The Service estimates the total expenditures from 1989–2002 for gray wolves to be $43,037,535. Of this, the non-FWS Federal agencies' expenditures for the gray wolf came to $25,287,278. The data reflect non-FWS Federal agency expenditures in the lower 48 states (all gray wolf recovery efforts, including the Mexican and the Minnesota/Wisconsin gray wolf). FWS' expenditures over 1989–2002 for gray wolves came to $17,750,257 (see Table 1 entitled Federal Agency Expenditures for Grey Wolves, fiscal year 1989–2002).

The expenditures report includes those expenditures "reasonably identifiable" to a specific listed species. These reports capture not only recovery costs, but also include costs associated with salaries, listing, consultation, law enforcement, monitoring and surveys attributable to a listed species. The total also includes land acquisition costs "reasonably identifiable" to the gray wolf.

Information was reported to the Fish and Wildlife Service by all Federal agencies with endangered and threatened species expenditures; however, the Service cannot independently verify the information.

Total expenditures by State from fiscal year 1996 through fiscal year 2002 have ranged from $213,000 in fiscal year 1996 to a preliminary total of $604,700 for fiscal year 2002. For States that would assume management of wolves in the Eastern and Western Gray Wolf DPSs upon delisting, State expenditure by State range from a preliminary estimate of $1,600 by Idaho in fiscal year 2002 to $100,000 by Michigan in fiscal year 2000, 2001 and 2002 (see tables below).

In fiscal year 2003, total FWS funding for wolf recovery in the Western Gray Wolf DPS increased dramatically to $1,567,000 due a significant increase in pass-through funding appropriated to the Service that was used to fund assistance to the States of Idaho, Montana and Wyoming for wolf planning; monitoring, management, control, and information programs; and $100,000 to USDA Wildlife Services for their control programs. We understand that in recent requests to Congress for financial assistance, States have requested $800,000–$900,000 per State to manage the Western Gray Wolf DPS after it is delisted.

FWS funding for wolf recovery in the Eastern Gray Wolf DPS in fiscal year 2003 was significantly less than the Western Gray Wolf DPS. Approximately $117,000 has been provided from base funding for wolf management with another $420,000 in grant funding provided to Minnesota, Wisconsin and Michigan for wolf recovery. In fiscal year 2003, the FWS provided $805,000 in base funding for Mexican wolf recovery. The State of Wisconsin has asked that the Service continue to commit funding at least 50 percent of the costs for monitoring state wolf populations for the first five years after delisting. We are not aware of any requests from the States of Minnesota or Michigan for financial assistance to manage the Eastern Gray Wolf DPS after delisting.

FEDERAL AGENCY EXPENDITURES FOR GRAY WOLVES, FISCAL YEARS 1999–2002 [1]

[Totals includes land acquisition expenditures, and reported in actual dollars]

Agency	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	[1] 2001	[1] 2002	TOTALS
Fish and Wildlife Service	654,900	802,000	1,513,300	1,133,400	1,120,000	1,661,200	1,723,100	1,276,600	1,501,470	2,232,500	959,750	2,052,500	560,637	558,900	17,750,257
Other Agencies:															
Animal and Plant Health Inspection Service	132,967	11,247	229,300	252,000	228,356	268,860	297,790	326,329	338,748	401,362	269,421	645,404	737,874	918,075	5,057,733
Forest Service	872,200	697,300	633,100	663,970	2,543,500	650,860	550,700	426,800	694,300	386,964	378,000	240,000	846,000	152,378	9,736,072
Natural Resources Conservation Service								2,800	3,300	700	300	700			7,800
National Oceanic and Atmospheric Administration															
Air Force															
Army										15,000	16,000	20,800	36,000	4,000	91,800
Defense Logistics Agency															
Marine Corps															
Navy										8,000					8,000
Army Corps of Engineers		500	1,700	2,600	2,700	600	3,200		500		2,500	2,500	7,250	8,950	33,000
DOD		5,000			6,300	4,000		12,800	21,000						49,100
Bonneville Power Administration															
Federal Energy Regulatory Commission				4,961	5,838	8,169	17,350	3,683	3,450	2,010			1,400	5,000	51,861
Nuclear Regulatory Commission															
Coast Guard															
Customs Service															
Bureau of Indian Affairs		280		500	12,000	11,500	31,000	93,000	75,000	22,600	14,000	2,000	1,011	8,011	270,902
Bureau of Land Management	9,500	7,900		27,800	24,000	29,700	16,000	28,000	32,000	15,500	25,000	13,000	23,600	19,200	271,200
Bureau of Reclamation	3,750														3,750
National Park Service	496,300	651,400			229,900	418,000	353,400	324,600	280,500	799,195	749,296	792,785	772,400	743,875	6,611,651
Office of Surface Mining															
U.S. Geological Survey								206,000	190,800	219,000	292,500	328,400	371,000	374,500	1,982,200
Federal Aviation Administration															
Federal Highway Administration				41,009	83,400	4,000	109,400	60,000	21,000	14,900	23,000		26,000	25,000	407,709
Environmental Protection Agency												1,500			1,500
Smithsonian Institution													18,000	25,000	43,000
Tennessee Valley Authority			25,000												25,000
NBS					390,000	245,000									635,000
Subtotal, Other Agencies	1,514,717	1,373,627	889,100	992,840	3,525,994	1,640,689	1,378,840	1,484,012	1,660,598	1,885,231	1,770,017	2,047,089	2,840,535	2,283,989	25,287,278
TOTAL, All Federal Agencies	2,169,617	2,175,627	2,402,400	2,126,240	4,645,994	3,301,889	3,101,940	2,760,612	3,162,068	4,117,731	2,729,767	4,099,589	3,401,172	2,842,889	43,037,535

[1] Preliminary data; report is currently under development.

TOTAL STATE EXPENDITURES FOR GRAY WOLVES[1] FISCAL YEAR 1996–2002

[Actual dollars]

Fiscal year	General expenditures	Land expenditures	Total expenditures
1996	179,500	34,000	213,500
1997	437,781	....	437,781
1998	336,519	....	336,519
1999	364,680	....	364,680
2000	253,470	380,800	634,270
2001[2]	299,500	394,400	693,900
2002[2]	341,800	262,900	604,700

[1] As report through the International Association of Fish and Wildlife Agencies (IAFWA) for the annual report to Congress: Federal and State Endangered and Threatened Species Expenditures.
[2] Preliminary data; report is currently under development.

SELECTED STATE GENERAL EXPENDITURES FOR GRAY WOLVES[1] FISCAL YEAR 1999–2002[2]

[Actual dollars]

State	Fiscal year			
	1999	2000	2001	2002
Wyoming	22,259	8,340	5,600	27,500
Montana	3,500	3,834	48,300	57,700
Idaho	7,720	7,298	1,900	1,600
Minnesota	49,200	18,000	18,700	2,100
Wisconsin	40,500	43,000	43,000	54,500
Michigan	18,000	100,000	100,000	100,000
SUBTOTAL	141,179	180,472	217,500	243,400

[1] As report through the International Association of Fish and Wildlife Agencies (IAFWA) for the annual report to Congress: Federal and State Endangered and Threatened Species Expenditures.
[2] Data reported for the States prior to fiscal year 1999 was reported by species only, not by state and species. Fiscal year 2001 & fiscal year 2002 data is preliminary; report is currently under development.

Question. If we were to transfer management responsibility to the states, will that cost remain steady? And how will States finance that management?

Answer. If we were to transfer management responsibilities to the states while the wolf is still listed, the Service anticipates providing the States with funding as provided to the Service for wolf recovery. States may also consider applying for Service grant funding (i.e., State Wildlife Grants) to support their wolf management programs. Upon delisting, the States may continue to be eligible for funding through Service grant programs as well as possibly other appropriate Federal programs. We are currently working with the States to explore these options.

BLM—WILD HORSE AND BURRO PROGRAM

Question. Madam Secretary, I am deeply disturbed with the Wild Horse and Burro Program. Congress has offered to help restructure the program to bring costs back in line, but there seems to be a lack of desire within the Department to institute any meaningful reform. As a result, we have refused to add additional resources over the $30 million the program receives annually. But rather than offer any meaningful reform, the BLM budget proposes a massive $10.5 million increase for Wild Horses and Burros, and pays for it by cutting other functions like oil and gas, recreation and range.

Why are the BLM's successful functions being taxed and scaled back due to the Department's failure to rein in the abysmal performance of the Wild Horse and Burro program?

Answer. The additional costs for the Wild Horse and Burro Program were spread across many programs in the Management of Lands and Resources account as these programs will realize the benefits of improved rangeland health conditions by the achievement and maintenance of appropriate management levels of wild horses and burros.

Question. What substantial changes have been made to the program to get it back on track? Can you offer us any other options?

Answer. Two fundamentals have guided BLM's management since the passage of the Wild Free-Roaming Horses and Burros Act: (1) determining appropriate management levels of wild horses and burros on public lands and (2) removing excess animals to achieve that appropriate management level.

The task of setting appropriate management levels has involved a high degree of controversy, including numerous protests, appeals and litigation. At this point BLM has established the appropriate management levels in 164 out of 206 herd management areas and has plans in place to complete the task in fiscal year 2005.

As a result of funding received through congressional appropriations and reprogrammings from fiscal year 2000 to fiscal year 2003, the BLM has made significant progress in achieving appropriate levels. The BLM has removed a total of 44,018 excess animals through adoption of 27,743 animals and placement of 16,270 animals in contracted holding facilities since fiscal year 2000. The number of animals in long-term holding facilities has risen from 1,700 in 2001 to 14,000 in 2004.

The results of this effort have left a population of 36,000 wild horses and burros currently on public lands. Populations have not been this low since the 1970's, however the current target appropriate management level is 26,433. The BLM is now in a position where the increased funding proposed in its 2004 WH&B reprogramming and 2005 budget request would enable the bureau to achieve appropriate management levels on the public land by 2006.

Question. Can you testify that program managers have overturned every stone and looked at all options to reduce costs?

Answer. The large scale removal and placement efforts described in the previous answer have been costly, and costs will continue until the large numbers of animals now in long-term holding facilities reach the end of their natural lives. Holding unadoptable horses has been the greatest challenge of the wild horse and burro program since its beginning. This problem alone has been the primary cause for the start and stop history of the program, whereby BLM has come close on occasions to reaching AML by removing animals from the range, only to have the corresponding increase in costs to deal with the excess animals force BLM to divert funds away from gathers, removals, and adoptions, thus leading to another spike in the WH&B population on the range. BLM has by law only two ways to deal with horses removed from the public lands: adoption, and long-term holding.

Progress in the program to date has also been the result of improved management efficiencies in the following areas: the placement of excess animals in contracted pasture has resulted in a much lower cost per animal than the previous method of storage in feedlot situations; the removal of excess animals has been refined, resulting in significant cost savings; larger regional and national level contracting efforts have provided additional savings; and BLM has also implemented policies for selective removal to minimize the number of animals going in to long-term holding pastures.

Question. Can you tell us that no other option exists except slowing key BLM functions to increase funding for a failing program?

Answer. As explained in the April 2004 report to Congress: “Reaching Appropriate Management Levels in Wild Horse and Burro Management,” increasing funding for the program to allow BLM to reach AML levels as quickly as possible by accelerating the removal of excess animals from the range is the most cost-effective means for addressing the WH&B problem. Upon achievement of AML's, the program cost to the BLM will begin to decrease. Total program costs will then remain constant, but, in the long-term, will start to decrease again as natural mortality occurs in long-term holding facilities. The BLM considers the WH&B overpopulation to be a bureau-wide resource management issue, not a singular issue limited to one MLR program, or one or two states. The BLM believes that the benefits that will be attained by achieving AML in WH&B populations are very significant and will support a majority of resource functions managed by the bureau, including rangeland, wildlife, fisheries, endangered species, soil water and air, and recreation resources, to name a few. Given competing priorities, the BLM Management Team and State Directors agreed that the most efficient approach to addressing the WH&B situation was through a permanent base adjustment rather than asking for additional funds.

Question. I believe this requires strong Departmental attention. Why weren't the additional costs of this program spread department wide, rather than merely focused on the BLM?

Answer. The additional costs for the Wild Horse and Burro Program were spread across many programs within BLM, as these programs will realize the benefits of improved rangeland health conditions by the achievement and maintenance of appropriate management levels of wild horses and burros. These benefits more clearly relate to the management of the public domain (BLM) than to management of other programs under the Secretary's direction.

BLM—COST RECOVERY AND REDUCTIONS IN OIL AND GAS PROGRAM

Question. Madam Secretary, the BLM budget assumes income from a number of user fees. I am most concerned with the $4 million proposal in the oil and gas management account. As you know, energy concerns continue to remain at the forefront of much of the work here on Capitol Hill.

When will the rule makings be in place for these cost recovery mechanisms and can you provide the subcommittee with additional information as to when the funding will be available to continue work in the oil and gas programs?

Answer. BLM plans to publish an energy and minerals cost recovery rule in September 2004 with fee collection under the rule to begin in early fiscal year 2005. Funds will be available to field offices for use immediately after the fee is collected.

Question. Can you assure the subcommittee that oil and gas permitting activity will remain at or above the fiscal year 2004 level if we were to adopt the Administration request?

Answer. BLM does not expect the level of permitting activity to drop in areas with known potential as a result of the cost recovery proposal contained it its 2005 Budget. Demand for natural gas is growing and the fee increases are small relative to the value of the underlying resource. The proposed fees for document processing comprise a small share of the producers' total cost; therefore, we do not expect the fees to act as a disincentive to exploration and development.

Question. The Administration is also proposing cost recovery for hard-rock mining applications. Shouldn't the Department first focus on better management practices and creating a timely permitting system before charging for what is currently a broken process?

Answer. The fees collected under this rule are small, relative to the value of the mineral resource, but have the potential to provide BLM with funding in a timely manner, especially in times of rapidly changing demand. The BLM is undertaking initiatives that assure that its energy and minerals permitting is more timely. Please refer to the Federal Register of March 8, 2004 (69 FR 10866). This publication revises the Departmental Manual for actions subject to the National Environmental Policy Act of 1969 (NEPA). The revision streamlines the NEPA process within the Department of the Interior, prevents duplication of studies and efforts, and requires parallel (as opposed to sequential) studies of various issues related to an Environmental Assessment (EA) or Environmental Impact Statement (EIS). These changes will reduce considerably the time necessary to revise and respond to a plan of operations.

The BLM and the DOI do not consider our permitting process to be "broken." However, we recognize that the NEPA process is the single most time consuming event in the permitting process. The completion of base line analysis and findings of the NEPA document, however, provide the guidelines used by management in its permitting process. By reorganizing and streamlining the Department's NEPA process and requirements as referenced above, the industry will begin to experience a considerable reduction in the time it takes for the BLM to reach a decision point on a proposed plan of operations.

However, it is important to keep in mind that hardrock mining operations are very different from other resource extraction activities (such as oil and gas) and, if conducted improperly, can have serious environmental consequences. Plans of operation often require a substantial amount of upfront review to ensure that risks are properly evaluated and the environment and taxpayers are protected from unforeseen costs. Therefore, it is unreasonable to expect that permitting of large-scale operations will ever be a speedy process.

Question. Does the Department have a computerized tracking system for various permit types and can you provide the Committee with information illustrating the amount of time that currently elapses between submissions of plans of operations or notices and when the permit is finally approved?

Answer. BLM has two database tracking systems (MIS and LR2000) that are used in relation to its 3809 activities. MIS tracks the number of Plans and Notices that are targeted for a given year and at the end of it, compares the planned number with the number of Plans and Notices that were actually completed. LR2000 is designed to track all aspects of a case (Plan or Notice application) from beginning to end or closure of the case. Data regularly entered into these systems allows BLM to track key dates associated with a case. Key dates would include, but are not limited to, the date of receipt of the application, the date of approval of the application, and the date of an inspection. BLM can access the database and specifically request all pending cases as well as dates associated with the initial application.

Under the 3809 regulations, as revised in 2001, Notices are required to provide a financial guarantee for reclamation prior to commencing operations. Based on a review of LR2000 serial register pages for Notices and Plans of Operation, after the required financial guarantee has been accepted, the amount of elapsed time before BLM issues a notice to proceed ranges from 15 days to 6 months. The revised 3809 regulations also require BLM to respond within 30-days of receipt regarding the completeness of the proposed operations. The required information submitted must be complete in order for BLM to determine that the operation will prevent unnecessary or undue degradation of public lands. Due to the varied complexity of the proposed operations and the level of NEPA analysis required, new plans and/or amendments can range from 3 to 18 months before BLM approves the operation. In some cases it may be in excess of two or more years.

BLM—RANGE MONITORING

Question. We have heard from many of BLM's managers on the ground, as well as industry, that the Bureau must do a better job of range monitoring. Last year we provided additional resources in both BLM and Forest Service to accomplish this goal. Unfortunately, BLM range has been reduced by $1.2 million in the request, with most of this funding being redirected to the wild horse and burro program.

Why would the Administration reduce range monitoring that will allow us to target range improvements and shift the funding to other programs offering less potential for improvement on the ground?

Answer. In fiscal year 2004, Congress added about $1.2 million to the BLM range program, directed specifically for on-the-ground monitoring. BLM allocated this funding to on-the-ground data collection that would supplement existing monitoring and assessment work associated with issuing grazing permits. The additional fiscal year 2004 monitoring funds were considered a one-time add-on and were not requested in fiscal year 2005. BLM continues to make monitoring, assessment and evaluation of data a priority where it will fulfill our goal to have all grazing permits fully processed in the year they expire. To accomplish this, BLM has redirected efforts to conduct fewer lower priority tasks such as use supervision visits and compliance checks. Monitoring will be deferred on lower priority areas where permits have already been fully processed or standards of rangeland health are being met. Data collection will be conducted in high priority areas. The Department also believes that providing additional funds to the Wild Horse and Burro program will ultimately help improve range health by removing excess animals from the range.

Question. In the absence of sound range management, how do you propose we target improvements and defend potential challenges to BLM's work as a steward of the land?

Answer. BLM is committed to resolving the wild horse and burro issue because maintaining populations at Appropriate Management Levels will reduce impacts on rangeland resources. Rangeland monitoring is used to detect change and status of rangeland conditions to ensure achievement of healthy rangelands. Rangeland monitoring studies verify the need to achieve appropriate management levels (AML) of wild horses and burros on public lands. BLM has made substantial progress towards the achievement of AML and is presented with the opportunity to finally achieve those levels by continuing to aggressively pursue the removal of excess wild horses and burros. For that reason, BLM has proposed to redirect funds from other subactivities such as the range program to reach the goal of appropriate management levels as quickly as possible. This will result in the improvement of healthy rangeland conditions.

BLM—HAZARDOUS FUELS WORK AND COST CONTAINMENT

Question. I notice the administration request increases wildland fire suppression funding by $28.6 million over the fiscal year 2004 level. We have had numerous discussions regarding cost containment and have had the National Academy of Public Administration review cost containment options.

Can you outline steps you have implemented or plan to implement to contain the escalating costs of fire suppression operation?

Answer. The Department is very interested in containing the costs of emergency responses to wildfires. The Department shares the concerns of this Committee regarding the cost of suppression operations, not only because of our awareness of the limited resources available, but also because of the impact that borrowing for fire suppression has on other DOI programs.

This Department and the U.S. Forest Service have been working together closely for the past year on suppression cost containment. The Wildland Fire Leadership Council, the executive policy-making body for the National Fire Plan, directed that the agencies conduct fire incident management and cost reviews at large fires in 2003. These reviews focused on operational and overhead actions taken on five of the largest fires and reported that there were common areas of concern. Among their findings was that cost containment guidance was understood and followed by fire managers; extensive use of contract crews and engines may be significant cost driver; incident management team transitions contributed to high costs; resource ordering and availability problems contributed to high costs; and, there was inadequate contracting support and oversight at large fires.

In response to these findings, the fire management agencies have taken several actions. The Federal Fire and Aviation Operations Plan for 2004 requires that incident commanders must suppress wildfires at minimum cost, considering firefighter and public safety, benefits, and values to be protected, consistent with resource objectives. This year, additional incident business advisors will be assigned to large fires, oversight of contract resources will be increased, problems in the resource ordering system are being corrected, and the costs of transitioning from one incident management team to another will be reduced.

The section of the Operations Plan that directly addresses cost containment issues is attached.

COST CONTAINMENT

Policy: "Fires are suppressed at minimum cost, considering firefighter and public safety, benefits, and values to be protected, consistent with resource objectives."

Principle: Agency Administrator oversight and involvement during the decision-making process is critical for containing suppression costs.

Intent: The primary criterion for choosing suppression strategies is to minimize costs without compromising safety. Planned and actual suppression costs must also be commensurate with the values to be protected. They must be included and displayed in the Wildland Fire Situation Analysis (WFSA).

It is inappropriate to expend suppression dollars with the explicit objective of achieving resource benefits even though resource benefits may result in some areas of the fire.

Indirect suppression strategies are viable alternatives in many situations. Prior to selecting such a strategy carefully weigh the implications on safety, cost and escape potential. When fire danger trends are rising, the selection of these strategies must be carefully scrutinized.

Long-duration wildfires where large numbers of firefighting resources are being committed need to be closely evaluated by National Interagency Cost Oversight Teams.

Objective: Expend only those funds required for the safe, cost-effective suppression of the incident.

Direction

- —Agency Administrators are responsible for financial oversight. This responsibility cannot be delegated. See Table 1 following this section for approval thresholds.
- —Maintain a minimum of two inter-agency National Interagency Cost Oversight Teams.
- —When fire danger trends are rising, the long-term consequences of indirect suppression strategies, including final fire cost, will be considered in the initial action decision.
- —Produce WFSA alternatives that display a full range of appropriate management response options. All alternatives must be developed with strong emphasis on cost accountability based on the values to be protected, with due consideration given to a minimum cost alternative.
- —A suppression cost objective will be included in the Delegation of Authority to the Incident Commander. Revision or amendment of the WFSA is required if incident cost objectives are exceeded.
- —Incident suppression cost objectives will be included as a performance measure in Incident Management Team evaluations.
- —An Incident Business Advisor (IBA) must be assigned to any fire with projected suppression costs of more than $5 million. An IBA is advised for fires with suppression costs of $1–5 million. If a certified IBA is not available, the approving official will appoint a financial advisor to monitor expenditures. The IBA reports directly to the responsible Agency Administrator.

In October 2003, the Wildland Fire Leadership Council convened a senior level interagency strategic issues panel comprised of State, local, Tribal and Federal representatives, and incident team members. These individuals, who represent a mix of on-the-ground and policy expertise, are examining cost containment issues in a broader, land management-based scope that integrates suppression and vegetation management. The panel's findings will be announced this summer.

The Council has also approved several other changes to the wildland fire management program that will help in controlling costs in the future. First, common fire incident cost codes will be used in all agency financial systems for all fires beginning this year. Being able to accurately report on the accumulated costs of specific fire incidents will improve accountability and give agencies a new tool for identifying major cost drivers. Second, the Council ratified the interagency decision to adopt common budget structures and definitions for budget line items. For the first time, beginning in 2005, costs charged to Suppression, Preparedness, and Burned Area Rehabilitation will mean the same thing for both agencies, resulting in transparent cost accounting.

Later this year, fire management plans for all lands managed by DOI bureaus will be completed. The plans will identify areas and the conditions under which naturally-occurring wildfires will be managed as a least-cost suppression action or a wildland fire use action. Monitoring actions on wildland fires should cost less than active suppression action and may benefit the areas being burned.

The root cause for the catastrophic wildfires we have been experiencing in recent years is the buildup of hazardous fuels that ignite easily and spread with a much higher intensity than in past decades. The accumulation of hazardous fuels resulting from one hundred years of aggressive fire suppression, coupled with 10 years of drought conditions in much of the West, present an ongoing danger to lands and communities and will likely continue to result in a high level of fire activity. This Department has a very active and increasingly successful fuels reduction program. Nevertheless, it will take many years to reduce fuel loads sufficiently to gain some measure of control over the risk of catastrophic wildfires.

Question. Additionally, the request increases hazardous fuel funding by $25 million.

Can you outline what the Department of the Interior has done following the implementation of the Healthy Forests Act to make these dollars go as far as possible?

Answer. The Department is taking several steps to make fuels dollars go farther. For example, the Department has implemented CEQ guidelines streamlining fuels treatment environmental assessments (EA). This will save time and money. The Bureau of Land Management, in particular, is making extensive use of the new categorical exclusion (CX) for certain fuels treatments. Moreover, use of the CX is allowing fuels treatments that otherwise would not have taken place, because of the increased cost and time of conducting the EA compared to that needed to support a CX, to go forward quickly.

In addition, the Wildland Fire Leadership Council has approved moving forward with LANDFIRE, a sophisticated GIS vegetative mapping system that will provide data layers on fuel and condition class. This information will improve the efficiency of selecting and strategically placing fuels treatments to obtain a greater degree of risk reduction.

Further, the Department has increased contracting in the hazardous fuels reduction program, drawing upon the expertise of the private sector and the cooperation of local resources to improve program performance. More than 50 percent of fuels treatment dollars go to contractors. This also stretches the ability of agencies to treat priority acres and expedites the pace at which fuels projects can be conducted compared to if bureaus only utilize in-house staff.

Question. Are you increasing the number of forest stewardship projects or the use of categorical exclusions to increase the percentage of these dollars that actually goes for on-the-ground work as opposed to paper work?

Answer. The Bureau of Land Management is making extensive use of the new categorical exclusion (CX) for certain fuels treatments. The use of CXs is expected to increase in fiscal year 2005 as field staffs better understand the authority and processes involved.

The use of stewardship projects is also expected to increase in fiscal year 2005. The Bureau of Land Management expects to award 34 stewardship contracts in fiscal year 2004. In fiscal year 2004 many of the stewardship projects were conversions of existing fuels treatments. In fiscal year 2005 we will be able to design fuels treatment projects as stewardship projects. As field staffs gain experience with the authority and the processes involved they are better able to identify and design fuels treatment projects that will make good stewardship projects. In fiscal year 2006 the Bureau of Land Management expects to award 50 to 60 stewardship contracts.

BIA—TRIBALLY CONTROLLED COLLEGES

Question. Madam Secretary, you know the Tribally Controlled Community Colleges are a program I believe have been a resounding success in helping our native communities, yet your request reduces their funding by $5 million.

Considering Tribal Colleges receive much less federal funding per student than other federally funded institutions, how can you justify this decrease?

Answer. Education is one of the highest priorities of the Administration. The President and I remain committed to the President's promise to improve education and "leave no child behind." The 2005 request continues the President's commitment so that Indian children have safe and nurturing places to learn. Funding for elementary and secondary school operations is continued at the 2004 level, nearly 22 percent above the levels provided just eight years ago (1996).

Since 1996, funding for tribally controlled colleges and universities has increased by 58 percent. Just since 2001, we've increased funding for these schools by 14 percent. The 2005 budget maintains funding for tribal colleges at the 2003 enacted level. It includes an increase of $506,000 for two existing TCUs that recently met the statutory requirements for BIA support. Together with expected funding from the U.S. Department of Education, our budget will provide about $9,500 per student count.

Question. Last year you argued the Tribally Controlled Community Colleges were reduced to support other educational programs in Indian country.

Can you show me where this $5 million was shifted in the request before us?

Answer. The needs in Indian country are widespread and disparate. Increases for fiscal year 2005 have been requested in the areas of higher priority to Tribes on a nationwide basis. These include law enforcement and public safety, economic development, forestry, and self-determination efforts.

BIA—DETENTION CENTER FUNDING

Question. I applaud the efforts of the Departments of Justice and Interior to fund a round of 20 new tribal detention facilities. However, it is my understanding that BIA funds have been slow in coming to staff and equip the detention facilities once construction is completed.

Your budget request includes an increase of $7.8 million to open 8 of the 20 facilities built in cooperation with DOJ. Will this funding level fully meet the need, or will the opening date of some facilities be slowed due to a lack of funds for staffing?

Answer. Including prior year funding and the 2005 President's Budget, all of the 15 detention centers that have already been completed or scheduled to be completed by February 2005 will be fully funded for operations, based on estimates of total identified operating need.

Three detention centers are currently scheduled to be completed at the very end of fiscal year 2005 (September 2005). The President's Budget provides funding for start-up purposes for these three facilities.

BIA—CLAIM SETTLEMENTS AND OVERALL FUNDING LEVEL

Question. I notice that about half of the reduction to the BIA accounts comes from the Claim Settlement account. It is my understanding that the amount requested fulfills the government's responsibility in fiscal year 2005.

Can you confirm the budget request level fully funds government's responsibility for claims in fiscal year 2005?

Answer. Yes, the budget request level fully funds the government's responsibility to pay Indian land and water rights claims in fiscal year 2005. A number of settlements have ended in recent years, and only a few new ones have been added. The Department does not request funding for a settlement until it is finalized either through legislative or judicial action.

BIA—SCHOOL CONSTRUCTION

Question. The administration proposes cutting the BIA school construction budget by $66 million following an unprecedented effort to reduce the backlog.

Can you explain the Department's decision to reduce the school construction account and the impact on this decision now that BIA has released an updated list of schools slated for construction?

Answer. By the time we have completed the work proposed in our 2005 budget, 60 percent of BIA schools will be in good or fair condition. At the beginning of fiscal year 2002, 65 percent of BIA schools were in poor condition.

We do have a $66 million reduction in the 2005 program. To put this in perspective, however, this is a reduction of about one-fifth. We are still proposing a robust program of $229 million. As recently as 1999, spending on BIA school backlog needs was only $60 million a year.

The reason that we are comfortable with the fiscal year 2005 program level is that we currently have 21 replacement schools in the planning and design process or under construction. The 2005 budget will build the remaining five schools on the current replacement priority list. The budget also provides $10 million for the tribal school construction demonstration program, which is likely to fund an additional two schools on a cost share basis with Tribes. Funding additional replacement schools in 2005 would get us too far ahead of our ability to prudently manage the construction program.

Question. Can you give us an idea of the carryover balances in the school construction account for the past few fiscal years?

Answer. The carryover in fiscal year 2002 was $101 million, and in fiscal year 2003 $201 million. The reason for the high carryover amounts is because construction funds are not obligated until planning and design is completed.

OFFICE OF THE SPECIAL TRUSTEE—OVERALL FUNDING

Question. The ongoing trust management issue and reorganization efforts remain a hot-button issue for many of my constituents. Most tribal organizations are extremely unhappy with the direction of the reorganization. I have numerous questions regarding the implementation of these proposals.

I have been approached with concerns that funding the regional trust officers is a waste of money that is not supported by tribal entities. I have been told there is a serious lack of appraisers and other key support positions for trust management activities on the ground, and a more wise use of funds would be to increase the oversight work directly on trust land.

How do you respond to these criticisms, and will you work with us to ensure that these concerns are addressed?

Answer. The addition of Fiduciary Trust Officers at the local (agency) level and support staff is to provide services to beneficiaries of the trust. OST believes strongly that this is not a waste of money to provide direct service to beneficiaries. No trust management functions currently managed by the BIA are being diminished or eliminated. These beneficiary services (individual and tribal) and improvements made in the delivery of current services will allow Interior to meet the fiduciary responsibilities required by statute and regulation.

The 1994 Trust Reform Act governs the primary duties of the Special Trustee. Other duties have been added to the office of the Special Trustees that primarily revolve around managing the financial activities associated with the trust. The fiscal year 2005 increase in the OST budget is primarily associated with other trust reform activities, such as historical accounting, Indian land consolidation, and litigation support.

Tribal requests for more staff locally for trust management activities is also partly addressed by the addition of Fiduciary Trust Officers who, in addition to the services they provide, will free up the time of current personnel to focus on their current jobs rather than being regularly interrupted to respond to beneficiary inquiries. It is difficult to ascertain the extent of the need for additional personnel such as appraisers until the currently planned additional staff are in place and workforce plans are completed that take into account more streamlined reengineered trust business processes. Another consideration is that the addition of more permanent full-time staff is not always the most effective response when there are options such as contracting for services and using the services of temporary staff when possible, to address temporarily increased or backlogged workload.

In addition, implementation of more streamlined reengineered trust business processes of the "To Be" model will likely mean less workload at the agency level.

Question. Moving to land consolidation efforts, we both agree that reducing fractionation of trust lands must be part of effective trust reform. I note the $53 million increase for land consolidation, but am concerned how this vast increase will be administered.

Related to the question regarding appraisers and other support positions, how will you ensure these funds are wisely spent?

Answer. The BIA through the Indian Land Consolidation Office (ILCO) has developed a strategic plan for the expansion of the Indian Land Consolidation Program (ILCP) on a national level. There are approximately 156 "allotted" reservations through out the country. The plan identifies methodology's to be used and strategies to expand the program based on targeting the most highly fractionated reservations first. One goal is to obtain fair market values through reservation-wide appraisals that will enable the ILCP to acquire all available land interests from willing sellers on all reservations in which those interests are located. Additional funds will allow contractors to be hired to provide the necessary valuations. A case management system will automate processes, recording and increase the number of interests acquired. "Youpee" heirs will be identified and title issues resolved. ILCO will continue to provide program guidance and technical assistance as the program expands to eventually include all allotted reservations. Additional contractors will be hired to assist ILCO with "outreach" marketing, sales, and recording efforts.

Question. Can you update us on the legal status of the *Cobell* case?

Answer. There are currently four appeals by the government pending in the *Cobell* v. *Norton* litigation. The first appeal is from the structural injunction issued by the District Court in September 2003. The structural injunction describes in detail what the District Court believes is required by the *American Indian Trust Fund Management Reform Act of 1994,* both by way of historical accounting and by way of trust reform generally. The Court of Appeals has stayed the injunction pending appeal.

The second and third appeals are from preliminary injunctions issued by the District Court with respect to Interior's use of the Internet. The fourth appeal seeks a writ of mandamus disqualifying Special Master Balaran from further participation in the case because of bias. Mr. Balaran resigned as Special Master on April 5, 2004, rather than face potential disqualification and it remains to be seen whether the appeal will go forward in modified form. In the meantime, plaintiffs continue to seek discovery in the case.

Question. What are the prospects of a meaningful mediation process?

Answer. The Department is pleased that the parties to the litigation have agreed on a mediation team after months of preliminary discussions that have involved the litigating parties and a bipartisan groups of authorizing committee staffs. The next step in the mediation effort is to work out a retention agreement with the selected team. We continue to support the effort to mediate a resolution to the many issues in *Cobell.*

OFFICE OF THE SPECIAL TRUSTEE—SELF GOVERNANCE

Question. Last year, we authored Section 139 that allows Self Governance tribes the ability to perform a number of trust duties.

Can you update us on the implementation of Section 139 as a model for tribal participation in trust management?

Answer. In accordance with the Section 139, the Special Trustee must conduct reviews to determine the status of the Tribal Trust Program in order to provide for the certification from the Secretary that the tribe is operating trust programs in accordance with and meeting the same fiduciary requirements that the Secretary is required to meet in accordance with the law and the court decisions.

OST review teams have provided preliminary results of those reviews to the four tribes that were part of the demonstration group. Several of the tribes are not currently meeting the requirements and are expected to develop corrective action plans to help them reach the level of performance necessary to be certified as in compliance. OST will continue to work with the tribes to implement this provision.

ABANDONED MINE LAND REAUTHORIZATION

Question. The authority to collect the tax on coal under the Surface Mining Control and Reclamation Act (SMCRA) expires at the end of this fiscal year. The Administration is proposing to reauthorize this legislation with some significant changes.

Can you outline for the subcommittee the basic changes in existing law proposed by the administration? What is the rationale for these changes?

Answer. The 1977 Surface Mining Control and Reclamation Act established the Office of Surface Mining and authorized the office to collect fees to finance reclamation of abandoned mine lands. Section 402(a) of SMCRA establishes a per tonnage fee for mined coal. These fees are placed in the Abandoned Mine Reclamation Fund, and are used to finance reclamation of abandoned mine lands in the United States. Interest accrues on the unused portion of the collected fees and becomes part of the Fund to be used for reclamation. A portion of the interest is transferred to the United Mine Workers of America Combined Benefit Fund in order to help finance health benefits.

Through the AML program, problems at many high-priority sites have been addressed. However, when AML coal user fee collection authority expires in September 2004, approximately $3 billion in significant health and safety problems will still remain, along with another $3.6 billion of other high priority problems affecting the general welfare of individuals living in coalfield areas. These are not merely "ugly landscapes" that need to be cleaned up; these are serious health and safety hazards. A recent study conducted by the OSM found that 3.5 million Americans live less than one mile from health and safety hazards created by abandoned coal mines.

There is a fundamental imbalance between the goals established by the 1977 Act and the requirements for allocating funds under the Act. The statutory allocation formula limits the ability of the AML program to meet its primary objective of abating AML problems on a priority basis. The majority of grant funding, or 71 percent, is distributed to states on the basis of current production. Yet there is no relationship between current production and the magnitude of the AML problem in each State. As a result, some States have completed reclamation on all of the abandoned coal mine sites or are working on low-priority sites, while others are still decades away from completing reclamation of the most critical high-priority sites. Under the current allocation it will take on average 47 years to reclaim all high-priority sites, though in a few States it would take over 100 years.

Interwoven with the allocation issue is the need to address States and Indian Tribes that have been certified as having completed the reclamation of coal mining related AML sites. Unappropriated balances in the AML fund that would be available under the 1977 Act to certified States and Tribes are expected to reach about $530.0 million by the end of September 2004.

The administration's bill would change the current statutory allocation of fee collection, which is progressively directing funds away from the most serious coal-related problem sites. Under this proposal, all future AML fee collections, plus the existing unappropriated balance in the Rural Abandoned Mineland Program (RAMP) account, would be directed into a new single account. Grants to non-certified states or Tribes (those states that still have coal problems remaining) would be distributed from that single account based upon historic production, which is directly related to the magnitude of the AML problems.

Existing state and tribal share accounts would not receive any additional fees collected after September 30, 2004. The current unappropriated balance in the state and tribal share accounts would be dealt with in one of two ways: (1) Certified states and Tribes would receive the current unappropriated balances in their accounts on an accelerated basis in payments spread over ten years (fiscal year 2005–2014), subject to appropriation. There would be no restrictions on how these monies are spent, apart from a requirement that they be used to address in a timely fashion any newly discovered abandoned coal mines; (2) Non-certified states and Tribes would receive their unappropriated balances in annual grants based upon historic production. If a non-certified state or tribe completes its abandoned coal mine reclamation before exhausting the balance in its state share account, it would receive the remaining balance of state share funds in equal annual payments through fiscal year 2014. Non-certified states and Tribes that exhaust their unappropriated state share balances before completing their abandoned coal mine reclamation would continue to receive annual grants in amounts determined by their historic coal production from the newly-created single account.

The proposal amends SMCRA to remove the existing authorization of expenditures from the AML fund for RAMP under the jurisdiction of the Secretary of Agriculture. No funds have been appropriated for this program, which reclaimed lower priority abandoned mine land (AML) sites, since fiscal year 1995. Elimination of this authorization would facilitate the redirection of AML fund expenditures to high-priority sites. Accumulated unappropriated balances in the RAMP account would be made available for abandoned coal mine reclamation.

The proposal modifies reclamation fee rates in an effort to closely match anticipated appropriations from the fund with anticipated revenues. The proposed changes would maintain the current fee structure while uniformly reducing the fee rates by 20 percent on average (15 percent for the five years beginning with fiscal year 2005, 20 percent for the next five years, and 25 percent for the remaining years through September 30, 2018). Those rates are based on an analysis of coal production trends and the resultant impacts on reclamation fee receipts. The Administration's proposed uniform graduated fee reductions make the program revenue neutral and have the added benefit of resulting in lower costs to consumers who purchase coal-generated electricity. The new expiration date reflects the time required to collect revenues sufficient to reclaim all outstanding currently inventoried coal-related health and safety problem sites. Finally, existing language requiring the Secretary to establish a new fee rate after September 30, 2004, based on CBF transfer requirements would be removed.

The Administration's legislative proposal extends the fee collection authority for 14 years, to 2018. This extension would facilitate the collection of sufficient fees to enable all states and Tribes with high priority mining-related health and safety issues to reclaim those sites in 25 years or less.

The Administration's bill would replace and improve upon the existing provisions in SMCRA regarding the United Mine Workers of America Combined Benefit Fund (CBF) by removing the $70 million per year cap, and by making interest credited to the account in prior years available. These measures would protect the integrity of the AML fund while providing additional monies to meet CBF needs for unassigned beneficiaries.

The bill provides that no State or tribe with high-priority problem sites would receive an annual allocation of less than $2 million. This provision would ensure that States and Tribes with relatively little historic production receive an amount conducive to the operation of a viable reclamation program.

The Administration's bill also provides various other provisions to improve the efficiency and efficacy of the AML program. One such provision authorizes the Secretary to adopt regulations prescribing conditions under which the AML Fund could be used to promote remining and thus leverage those funds to achieve more reclamation of abandoned mine lands and waters. Another provision authorizes expenditures for collection and audit of the black lung excise tax. This revision would synchronize collections and allow OSM auditors to conduct audits of black lung excise tax payments at the same time as they audit payment of reclamation fees under SMCRA. This change would promote governmental efficiency, eliminate redundancies, and reduce the reporting and record keeping burden on industry.

The bill also proposes amending the emergency reclamation program for abandoned mine land problems that present a danger too great to delay reclamation until funds are available under the standard grant application and award process. The proposal would revise this section by authorizing the Secretary to adopt regulations requiring States to assume responsibility for the emergency reclamation program. This change would promote efficiency and eliminate a redundancy in that potential emergencies would be investigated only by the State, not by both the OSM and the State, as occurs under the current program.

Question. The fiscal year 2005 budget request proposes a $53 million increase to be refunded from the Abandoned Mine Land fund to states and tribes that have been certified—meaning they have met their obligation to do reclamation work on abandoned coal mining sites.

How many states and tribes would be eligible for this $53 million annual payment?

Answer. Under Sec. 411 of SMCRA, the Governor of a State, or the head of a governing body of an Indian tribe, may certify to the Secretary that reclamation of all the priority coal mining sites has been achieved. Notice of the proposed certification is published in the Federal Register, and the public is provided opportunity to comment. If the Secretary determines that the certification is correct, he or she concurs with the certification. Currently, the States of Louisiana, Montana, Texas, and Wyoming, and the Hopi and Navajo Tribes have certified. The Crow Tribe has determined that it has received adequate funding to complete coal reclamation, and is treated as if it were certified. We estimate that as of September 30, 2004, these seven entities will have accumulated State/Tribal share balances in the AML Fund totaling $531.7 million. To pay off the balances in 10 years, the Administration proposes to pay 10 percent each year as follows.

AML REAUTHORIZATION PROPOSAL

[In millions of dollars]

Certified State/Tribe	Fiscal year 2005 funding
Louisiana	0.1
Montana	4.7
Texas	2.0
Wyoming	41.9
Crow Tribe	0.8
Hopi Tribe	0.6
Navajo Tribe	3.0
Total	53.1

Question. At the rate of $53 million per year, how long would it take to refund to these states and tribes the money they are entitled to under the state share?

Are any additional states or tribes expected to become certified over the next few years? If so, would these additional states share in the $53 million pot of funds?

Answer. OSM estimates that all the remaining States will have been paid their state share balance before they finish their coal reclamation work and become certified, therefore they will not be eligible for the payout to certified States and Tribes.

Question. I hope to be Chairman for a long time but how can you assure states like Montana that are certified that they will get all their money if it is subject to appropriation every year?

Answer. The Administration believes it is important to honor the commitments made to States and Tribes in the original legislation even though the conditions under which those commitments were made have changed dramatically. As OSM developed a reauthorization plan, many changes were examined that would allow OSM to alter the current statutory allocation formula which results in a progressive distribution of resources away from the most serious AML problems and refocus the program toward coal-related problems. The Administration's proposal also reflects the commitment to paying the certified States and Tribes their owed balances. Under the current system all they have is an IOU that is never going to be paid. Moreover, the funds they do receive have rules attached that restrict how they can be spent.

The proposal ends that unfairness and gets additional funds back to the states where it's owed. For example, Montana would receive $4.7 million every year over the next 10 years. Restrictions on that money would be removed so that the governor, the legislature, and the people of Wyoming—not those in Washington—would decide how to best use the money for the benefit of the people of Wyoming.

The Administration believes the ten-year payout in the President's budget is reasonable and reflects an expedited payment schedule without creating adverse affects on our overall budget.

Question. What has been the reaction of the States to your proposal?

Answer. The problems posed by mine sites that were either abandoned or inadequately reclaimed prior to the enactment of SMCRA do not lend themselves to easy, overnight solutions. To the contrary, these long-standing health and safety problems require legislation that strikes a balance by providing States and Tribes with the funds needed to complete reclamation, while fulfilling the funding commitments made to states and tribes under SMCRA. This is the inherent tension that currently exists in SMCRA. The Administration believes that its proposal addresses these problems in a manner that is fair to all States and supports the Administration's budget and program priorities. The proposal has received support from many States.

ROYALTY-IN-KIND/STRATEGIC PETROLEUM RESERVE

Question. Currently, over 80 percent of the royalties from oil production in the Gulf of Mexico is taken "in kind" of which approximately 60 percent goes to fill the Strategic Petroleum Reserve (SPR).

What is the current estimated time frame to fill the SPR?

Answer. Assuming continuation of current rates to fill, MMS estimates that the SPR will be filled in July or August 2005.

Question. Once the SPR is filled, is it intended to continue to take the bulk of Gulf of Mexico royalty "in kind" rather than "in value"?

Answer. Decisions on whether producing properties now committed to the SPR initiative will revert to a cash royalty status after the SPR is filled will be made in the future considering prevailing market conditions and the comparative potential to optimize minerals revenue management under each approach. The MMS continues to believe that selective use of the RIK approach, when economic conditions warrant, can provide substantial benefits to the American taxpayer through potential revenue enhancement and reduction in administrative costs.

Question. Since MMS believes taking the royalty "in kind" minimizes questions over how to value oil production, what are the future plans for this program?

Answer. The November 2001 Presidential directive on SPR fill only addresses fill to the 700 million barrel capacity. No further decisions have been made regarding the SPR capacity or use. Decisions on whether producing properties now committed to the SPR fill will revert to a cash royalty status after the SPR is filled will be made in the future considering prevailing market conditions and the comparative potential to optimize minerals revenue management under each approach.

NATURAL GAS PRODUCTION IN GULF OF MEXICO

Question. I am concerned about the lack of domestic production of both oil and natural gas. I see in your budget that while oil production from the Outer Continental Shelf in the Gulf of Mexico has almost doubled since 1990, the production of natural gas has remained flat. As you know, the demand for natural gas continues to grow as more power plants come on line using this form of energy.

Are you looking at options in the Gulf of Mexico to stimulate natural gas production? If so, what are some of these options? Does increased production require that we put in more money on the federal side to expand leasing, or do we need changes in law, or both?

Answer. The MMS offers multi-tiered royalty relief in the form of royalty suspensions on specified volumes of production to encourage exploration for oil and gas production from the shallow water, deep shelf and the deepwater of the Gulf of Mexico. The shallow water, deep shelf offers the best opportunities to quickly move new natural gas production to markets due to its close proximity to existing production facilities and pipelines on the shelf. Discoveries of natural gas on the shelf can be placed on production and reach peak capacity in less than two years, whereas deepwater discoveries have longer lead times for development and may not reach peak production for five to ten years after discovery.

The MMS royalty suspension volumes discontinue royalty relief if oil and/or gas prices rise above the price threshold. For example, the new deep gas rule for active leases issued prior to 2001 stipulates a gas price threshold of $9.34 per million BTU in 2004. A variety of other gas and oil price thresholds apply to other components of the MMS royalty relief program. High oil and/or natural gas prices serve as market-based incentives that encourage production, which in turn makes the royalty-relief incentives unnecessary. The price thresholds are increased annually based on calculated rates of inflation. In three of the past four calendar years (2000, 2001, and 2003), the average price of natural gas exceeded the threshold price for royalty relief from deepwater. Since royalties are paid when the average price of oil or gas exceeds the threshold price in any calendar year, deepwater royalty suspensions have applied more to oil production than to gas production in recent years.

In calendar year 2003, the average price of natural gas exceeded the threshold price for royalty relief from the shallow water, deep shelf and deepwater incentives. In order to encourage additional exploration for natural gas in shallow water, MMS has set the threshold price for royalty relief from the deep shelf to $9.34 per MMbtu as part of the final rule on deep gas royalty relief for existing leases published January 26, 2004. Operators with shallow water leases issued beginning in 2001 have a one-time option to convert their leases to the provisions in the final Deep Gas Rule.

Approximately 70 percent of current gas production comes from the shelf. The estimated future gas production from the shelf at all drilling depths is approximately 40 to 45 percent of the estimated gas production from deepwater, and the shallow water, deep shelf estimated future gas production is only 10 to 20 percent of the estimated gas production from deepwater. Deepwater natural gas production is expected to contribute an increasing share of the total gas production from the Gulf of Mexico, with deepwater gas production surpassing shallow water gas production sometime after 2010. If natural gas prices remain above $5 per MMbtu for an extended period, there will be no royalty incentive above the prevailing market price to explore as the high price of gas should act as an incentive. The MMS is currently evaluating price thresholds for deepwater leases relative to the high average natural gas prices in recent years.

FISH AND WILDLIFE SERVICE CONSULTATION

Question. We hear complaints from many agencies about the timeliness of Fish and Wildlife Service consultations required by the Endangered Species Act. These consultations are necessary before much of the on-the-ground work can get done in our forests, refuges, and parks.

Why is the consultation program proposed for a decrease in fiscal year 2005 when it doesn't seem you can get all the work done in a timely manner now?

Answer. The proposed reduction in the fiscal year 2005 consultation program would not affect the resources available to the Service to conduct section 7 consultations with other Federal agencies. Instead, the President's budget eliminates the approximately $2 million that, in fiscal year 2004 and prior years, has been passed through to local jurisdictions engaged in the NCCP process in southern California. This Federal financial support has been an important component of the collaborative partnership among local, state, and federal governments and the private sector to address the conservation of listed species in southern California, and can continue to be in the future; however, it is more appropriate for these local jurisdictions to seek funds from the Service's HCP Planning Grant program (under Section 6 of the ESA). The HCP Planning Grant program, which was not available when direct funding for NCCP participants was initiated, is designed to support potential permit applicants efforts to develop HCPs.

In addition, the Service has been working on a number of methods to streamline the section 7 consultation process for Federal agencies. These streamlined methods include, most notably, developing programmatic consultations that cover multiple actions over broad geographic ranges such as forest related activities. Additionally, the Service has concluded an alternative consultation process with the Forest Service and the Bureau of Land Management for certain forest related activities that reduce fuels loading under the National Fire Plan, and has proposed a similar alternative consultation process for the EPA's pesticide registration activities. The Service believes that, by improving efficiencies using these and similar streamlining methods, available resources may be directed to those consultations that are more complex in order to complete them in a more timely manner.

INTERNET SHUTDOWN

Question. As you know, Judge Lamberth has issued an order shutting down most of the Department's e-mail and internet access. While this shut down will have serious Department-wide impacts, we've heard some very troubling things about the impact on the Minerals Management Service. This is because MMS conducts much of its business with the oil and gas industry and the States over the internet. It is possible that the agency's ability to collect revenues and to disburse funds to the states will be jeopardized.

Can you outline for us what the impacts of the shutdown on MMS will be? Are you looking at ways to minimize these impacts?

Answer. The court-ordered shutdown on March 15, 2004 forced most of the Department's computers to be disconnected from the Internet, including e-mail. This shutdown affected most Interior programs. For MMS the lack of Internet access had the potential to cause delays in the distribution of funding to Indian allottees and disrupt the payment of royalties to States and scheduled lease sales. However, the Court of Appeals temporarily put on hold the Court's ruling on March 24.

Question. We have provided the Department additional resources to upgrade computer security across the board.

What have you done in the last year to improve the security of trust data? Why have we again run afoul of the Court in this area?

Answer. On March 15, 2004 the District Court again ordered Interior to disconnect from the Internet. The stay entered by the Court of Appeals on March 24, 2004, permits some of Interior to use Internet-based tools for a host of important missions (although the Bureau of Indian Affairs, the Office of the Special Trustee for American Indians and the Solicitor's Office generally remain offline). Monthly scanning results have demonstrated the significant reduction in potential risk associated with unauthorized access from the Internet. The Internet is critical to Interior, for it allows us to do everything from accepting national park reservations to providing research tools in Indian schools to disbursing millions of dollars in oil and gas revenue to states, Indian Tribes, and individual Indians.

Despite the claims of the court, Interior continues to make significant progress in improvement to computer security across the Department and especially in regard to trust data. A summary of some recent activities follows:

Computer Security

Interior continues to make progress in ensuring IT security and, in particular, measures to address the potential risks associated with unauthorized access, from the Internet, to individual Indian trust data (IITD). Some of the most recent noteworthy accomplishments and completions are as follows:

—The Interior CIO attained the Certified Information System Security Professional (CISSP) certification, which brings the total number of Interior employees with a CISSP certificate to fifty-two.

—As of March 31, 2004, Federal Information Security Management Act (FISMA) requirements for annual IT security awareness training for system users had been completed by approximately 21,000 (28.9 percent) employees and contractors.

—During the past year, Interior established a Computer Security Incident Response Capability (CSIRC), which is available 24 hours a day, seven days a week. Recently, Interior's incident response program incorporated a CSIRC web portal to facilitate incident reporting as required by FISMA.

—Interior continued testing its wide area networks (WAN) against an operational security profile based on the "SysAdmin, Audit, Network, Security (SANS)/FBI Top 20" vulnerability list. The scanning process was changed to account for false positives in the reports. Bureaus identify and correct false positives before the final monthly report is produced. In the March 2004 report, there were no high-risk SANS/FBI Top 20 vulnerabilities identified in the perimeter telecommunications equipment exposed to the Internet.

—BLM refined the setting on its virus scanning software to improve detection and trapping of malicious software. New settings in SpamAssassin (BLM's email

spam blocking tool) blocked thousands of files which may have contained viruses in attachments.
—MMS implemented Microsoft System Update Servers (SUS) and System Management Servers (SMS) to deploy critical security patches to servers and desktops.
—OST hired a permanent IT Security Manager. The IT Security Manager initiated information security assessments of the OST local area network and wide area network (LAN/WAN).

OMB Circular A–130—Certification and Accreditation

To ensure continued progress in the C&A of Internet IT systems, Interior awarded contracts to 10 vendors to conduct C&A tasks. Most major applications and general support systems have received an Interim Approval to Operate (IATO). Approximately 20 percent of Interior's major applications and general support systems have completed the C&A process, as of March 31, 2004.

In response to OMB guidance, Interior has been engaged in an effort to identify and catalogue its IT systems and applications in preparation for subsequent C&A activities. A subset of Interior's systems and applications involve IITD. More than two thirds of those systems involving IITD are operated by bureaus or offices that have been without Internet connectivity since December 5, 2001, and most of those systems have received an IATO.

The bureaus and offices housing the remaining approximately one third of systems with IITD were evaluated by the Special Master and permitted to reconnect to the Internet. All of these systems have received IATO. Full certification and accreditation work is ongoing for these reconnected systems.

IT Systems Architecture

The DOI Enterprise Architecture Repository (DEAR) is operational and accessible by Interior bureaus and offices. DEAR contains Interior's official inventory of IT systems. DEAR is being used as a decision support system for Interior's enterprise architecture program by determining opportunities for consolidating redundant systems, improving data sharing between systems and analyzing the underlying infrastructure of Interior's systems to improve interoperability and overall infrastructure management. As the official inventory of Interior's IT systems, DEAR currently tracks the security certification and accreditation status of Interior's systems.

Interior is continuing efforts to implement a newer version of the CGI land title records system. The C&A assessment of the system was completed and the system received a recommendation for certification from independent vendors. The Trust Enterprise Architect and data standardization support contractor continued efforts to develop a data dictionary for trust data elements. The effort includes identifying common data elements to facilitate data exchanges between systems. The contractor mapped more than 5,700 standardized data elements. The Trust Data Dictionary serves as the control for the effort to standardize data elements.

Audit Findings Database

The audit findings database contains a consolidated list of audit findings and recommendations for the key Interior bureaus and offices involved in individual Indian trust management. The database is being subdivided into two separate databases, one to reflect the key findings and recommendations cited or referenced in the Special Master's November 2001 report and one to capture similar items in other IT reports.

The affected bureaus and offices report that more than 95 percent of the findings and recommendations in both databases have been addressed and resolved. An initial staff review indicates that none of the remaining open items pertain to the potential for unauthorized access from the Internet to IITD.

Preliminary Injunction & Reconnection to the Internet

On March 15, 2004, the U.S. District Court issued a preliminary injunction that ordered most Interior IT systems to be disconnected from the Internet. On March 24, 2004, the U.S. Court of Appeals for the District of Columbia Circuit granted an administrative stay of the preliminary injunction. On April 7, 2004, the Court of Appeals granted a permanent stay pending appeal of the March 15 preliminary injunction. The Court of Appeals stay permitted Interior to reconnect selected IT systems to the Internet.

Other Interior IT systems, serving BIA, OST, OHA and SOL, have been disconnected from the Internet since December 5, 2001. Continued disconnection from the Internet adversely impacts the operations of each of the affected entities. At the conclusion of this reporting period, these bureaus and offices had not been permitted access to the Internet for well over two years.

Interior has appealed the July 28, 2003, and March 15, 2004, preliminary injunctions. On April 1, 2004, the Court of Appeals consolidated the government appeals. Oral argument is currently scheduled for September 14, 2004.

There are many challenges that must be addressed regarding the integration, performance, funding, security, and data integrity of Interior IT systems. Interior initiated or completed steps to address some of the challenges, however, delays and obstacles listed below still impede progress to achieving Interior's IT management goals:

—Employee fears about becoming personally implicated in the Cobell litigation are undermining creativity and decision-making. This continues to be an impediment within Interior as contempt or other disciplinary actions against individuals working on this issue continue to be sought by plaintiffs.

—Funding availability will continue to dictate the timing of IT-related initiatives. Interior's fiscal year 2004 appropriation will require Interior to manage a variety of IT-related requirements and tradeoffs. The government continually has to evaluate current funding requirements.

—Interior is conducting a business process reengineering effort to standardize and streamline trust business processes. The "As-Is" portion of that process has been completed and the "To-Be" reengineering efforts are underway. IT systems specifications, design and procurement may depend upon the timing and results of the reengineering effort and available funding.

—Several Interior bureaus and offices (BIA, OHA, OST, SOL) have not been permitted, by the Court, to have Internet access since December 5, 2001. Lack of Internet access impedes work processes and the ability to communicate effectively, both internally and externally.

—The additional resources (time, personnel and funding) provided for IT security have limited funding for a wide variety of other IT-related responsibilities, which may adversely impact overall systems performance and reform. Tradeoffs for an increased security posture may include adverse impacts on hiring skilled personnel for other aspects of Interior's IT programs, funding for lifecycle replacement of hardware and software, or the ability to undertake IT-related initiatives.

Question. What are some of the other impacts that the internet shutdown will have if it remains in place? When will these impacts start to really be felt?

Answer. Impacts would have adverse consequences to many day-to-day Interior activities, personnel, payroll and retirees, and other Federal Agency partners, States and contrary to the Judge's opinion, tribes and individual Indians as well. Examples of some of the impacts include:

—In the MMS, lack of Internet access would result in delays of approximately $3 million per month being timely distributed to individual Indian allottees. Some potential impacts may occur to individuals as a result of not receiving this income, including the inability to pay for nursing home care, food, clothing, heat, electricity, and medical expenses.

—In OST, lack of Internet access would result in the inability to prudently invest funds due to lack of access to the financial information system for a portfolio of approximately $3.3 billion in trust funds held for tribes and individual Indians.

—In the MMS, a potential disruption in the scheduled Central Gulf of Mexico Lease Sale 190, expected to generate as much as $200 million. Revenues are distributed via Internet access to the MRM system. There would be a disruption in making royalty payments to States of $88 million per month.

—For the National Business Center, the shutdown would have delayed migration of e-Gov payroll clients, including the Department of Transportation, NASA, and the National Science Foundation, which will defer cost savings to the government.

—For the Department's financial management requirements, the shutdown would jeopardize completion of the CFO Act Audits, in accordance with mandatory deadlines, including completion of audit by November 15.

—The shutdown would have impeded electronic commerce business processes and prevent connectivity with trading partners, vendors and clients.

—The shutdown would have impacted agencies that procure services from the Department, including the new Millennium Challenge Corporation and four other agencies. The Millennium Challenge Corporation provides grants to developing countries to promote democracy and combat terrorism.

—The shutdown would prevent the Department from performing acquisition activities for DOI and non-DOI clients including the U.S. Maritime Administration, which has been certified as a national security critical client, the Department of Defense, and the Department of Homeland Security.

Question. When do you believe that you will be allowed to reestablish internet access?

Answer. Access to the Internet, except for the Bureau of Indian Affairs, Office of the Solicitor, and Office of Special Trustee was restored on March 24, 2004.

HEALTHY FORESTS/NEW ESA CONSULTATION PROCEDURES

Question. I was pleased to see this week that you have announced some new procedures designed to speed up the Endangered Species Act consultation process for hazardous fuels reduction projects under the Healthy Forests Act.

Can you explain how these new procedures will work?

Answer. In October 2003, the Fish and Wildlife Service and NOAA developed the guidance document "Alternative Approaches for Streamlining Section 7 Consultation for Hazardous Fuels Treatment." The guidance combines several streamlining techniques that have been tested over the years and encourages early coordination and cooperation among Federal agencies and their partners during the project planning stages.

A major part of this guidance relates to the development and use of design criteria, or "screens," to streamline the consultation process while minimizing the potential for adverse effects to listed species and their habitats at both the landscape and site-specific levels. Use of such design criteria helps to ensure that fire management agencies are aware of the needs of listed species and their habitats during the early phases of planning, allowing them to incorporate these needs into their activities. This can greatly streamline the section 7 consultation process because much of the effects analysis is completed at one time, rather than repeatedly each time a new action, or batch of actions, is proposed.

The FWS and NOAA published a final rule establishing counterpart regulations to streamline consultation on proposed projects that support the National Fire Plan. These counterpart regulations allow the Forest Service, BLM, BIA, and NPS to make "not likely to adversely affect" determinations without concurrence from the FWS or NOAA.

Question. When do you expect to have these fully implemented?

Answer. The final rule appeared in the Federal Register on December 8, 2003, and took effect on January 7, 2004. As part of the implementation of the counterpart regulations, the Services finalized Alternative Consultation Agreements with the BLM and the Forest Service on March 3, 2004.

We have completed the Alternative Consultation Agreements with the BLM and Forest Service, and developed the necessary training materials. Once the BLM and the Forest Service have conducted the trainings for their personnel, they will begin using the new authorities conveyed by these regulations.

Question. How much more work do you expect to be able to do as a result of these new procedures?

Answer. The counterpart regulations will allow Service biologists to focus efforts on those National Fire Plan activities that are likely to adversely affect listed species or critical habitat and thereby speed the approval process for these projects. The actual number of such projects is determined by the BLM and USFS, so we have no reliable way to address the question of how many additional consultations we will be able to process due to the establishment of the counterpart regulations. However, we do expect that the overall rate of approval for fire plan projects will improve as a result a faster review schedule for those projects that qualify for review only by BLM/USFS and by providing more focused Service review of those fire plan projects that may adversely affect listed species.

OSM—STATE REGULATORY GRANTS

Question. As you know, the Office of Surface Mining provides grants to states, on a 50/50 cost share basis, to regulate mining in their states. This is a good deal for the Federal government, since if the states did not regulate surface mining the Federal government would be required to do it and pay 100 percent of these costs. I see that the budget request for this activity is $57.575 million but that the states asked for $62 million.

If we don't fund the full amount asked for by the states will it lead to any serious problems such as legal challenges to state programs based on their inability to carry out their regulatory requirements?

Answer. The President's Budget requests a total of $58 million for State/Tribal regulatory programs. OSM's most relevant requested estimates formulating the fiscal year 2005 proposed budget, provided by the States and Tribes totaled $62 million. The President's budget provides over 95 percent of the State and Tribal request. The amount requested in the President is a slight increase from fiscal year

2004 and OSM believes that the requested total will be sufficient to assist the States/Tribes.

Question. Do you expect that any states will turn the regulatory program back over to the Federal government due to lack of funding?

Answer. In a fiscal year 2002 study, the States/Tribes were asked about uncontrollable costs for their regulatory programs. The States/Tribes said that 70 percent of their regulatory program budgets are in salaries and fringe benefits. Other uncontrollable costs would include indirect costs, fuel expenses, office rent, contractual services (including legal costs), vehicle replacement or lease, and equipment replacement. OSM believes the increase would be adequate to cover uncontrollable costs and allow that States to meet their 50 percent share.

ENERGY POLICY ACT—MMS

Question. The Congress has been debating the Energy Policy Act for some time now. I hope that we can pass a responsible bill in the next few months.

Can you tell us whether there are provisions in the energy bill that will help the Minerals Management Service to enhance domestic production of oil, gas and alternative fuel sources?

Answer. The energy bill includes provisions that call for relief or reduction in royalty rates for natural gas produced from deep wells in the shallow waters of the Gulf of Mexico. Recently, Interior finalized a rule very similar to the bill's provisions. This provision will encourage more production of oil and gas. There is also an OCS alternative use provision to the bill, which would provide MMS with the authority to grant easements and rights-of-way for alternate energy-related uses on the OCS; to act as lead agency for coordinating the permitting process with other executive agencies; to monitor and regulate facilities used for alternative energy production and energy support services; and it will allow an oil and gas platform previously permitted under the OCSLA to remain in place after oil and gas activities have eased to allow the use of the platform for other energy and marine-related activities.

Question. If an energy bill is not enacted, can any of these initiatives be implemented administratively? If so which ones? Is the Administration moving forward on this front?

Answer. There certainly are elements of the energy bill that we can work on administratively. For example, Interior is now working with FERC on administrative reforms to the hydroelectric relicensing process to afford applicants better review of their environmental proposals.

We have also worked extremely hard to diminish the backlog of applications for permits to drill waiting to be processed by BLM. In fact recently the Casper Star Tribune reported that the BLM Buffalo Field Office has unjammed a backlog of 1,400 permits in the Powder River Basin.

The energy bill also includes provisions that call for relief or reduction in royalty rates for natural gas produced from deep wells in the shallow waters of the Gulf of Mexico. Recently, Interior finalized a rule very similar to the bill's provisions.

There are however other provisions of the bill that affect Interior that cannot be accomplished administratively—most notable among them are:

- —Allowing environmentally sound development of a very small portion of the ANWR.
- —Allowing Indian Tribes to enter into comprehensive energy plans that would allow them to enter into energy development leases and rights-of-way agreement without seeking Secretarial approval on a project-by-project basis.
- —The Department's OCS alternate uses proposal which provides authority—
  - —to grant easements and rights-of-way for alternate energy-related uses on the OCS.
  - —to act as lead agency for coordinating the permitting process with other executive agencies.
  - —to monitor and regulate facilities used for alternative energy production and energy support services.
  - —to allow an oil and gas platform previously permitted under the OCSLA to remain in place after oil and gas activities have eased to allow the use of the platform for other energy and marine-related activities.
- —Permanent authority to use Royalty In Kind revenues to pay the costs for transportation, natural gas processing, and disposal costs for royalty in-kind oil and gas production.

U.S. GEOLOGICAL SURVEY—LANDSAT FAILURE

Question. Last May, the Landsat 7 satellite operated by GS began sending back degraded data. Efforts to repair failed equipment were unsuccessful. Two reprogrammings, one approved this past summer and another anticipated later this year, would divert resources from other GS programs to provide nearly $8 million to continue current Landsat 7 operations. This is the estimated amount lost in sales revenue since the failure.

Madam Secretary, tell me why we shouldn't pull the plug on Landsat 7, bring the satellite down and save the taxpayers some money? What is the purpose of collecting and archiving defective data? Is this information useful in its current form—particularly since the same data is collected and available from other countries around the world?

Answer. Landsat 7 provides a unique set of capabilities unlike other Earth observation systems in orbit. The combination of moderate resolution (30-meter), broad-area coverage, spectral range, and global availability is not duplicated by other existing satellite systems. Although other satellites have been considered as possible substitutes, the costs to purchase the comparative area coverage of a Landsat 7 scene would be much higher. Each satellite system has a different swath width, a different revisit rate and time, and a significantly different resolution. For example, to cover the area of a Landsat 7 scene would require 9 scenes taken from the French SPOT system and 283 scenes from the higher resolution satellites such as IKONOS, making the costs much higher to acquire than the equivalent of Landsat 7 data. Also, it would take several revisits taking weeks to months from any of these systems to acquire the equivalent of a Landsat 7 scene.

It is important to continue to collect and archive Landsat data as it is still useful for many of it's originally intended purposes. Landsat 7 imagery assists in decision making for fire management practices, suppression, and remediation measures by land and resource management bureaus. In addition to supporting current fire management practices, the increased coverage provided by Landsat 7 is a critical factor in fire measures. The 8-day coverage cycle provided through the combined data sets of Landsats 5 and 7 provides essential information relative to awareness of land cover and the development of fire fuels, as well as timely information regarding burn severities and extents and recovery rates needed for remediation measures, that would not be sufficient under a 16-day coverage cycle with Landsat 5 alone. Uses of remotely sensed data by the National Park Service, the Bureau of Land Management, the Bureau of Indian Affairs, and the Forest Service include rehabilitation actions and hazardous fuel reduction planning, applicable to both wildfire and prescribed fire, and providing a means for record-keeping and accountability validation required under the National Fire Plan.

In addition to wildland fire needs, Landsat 7 imagery provides information that is vital to Federal activities such as agricultural crop monitoring; coastal erosion detection, monitoring and assessing the impacts of natural disasters; aiding in the management of water, biological, energy, and mineral resources; analyzing the impacts of climatic and other global changes; and support for some national defense needs. Land managers have expressed a strong need to have this information continue to be available. Aside from Interior bureaus, the major users of this data include the Departments of Defense and Agriculture, the Environmental Protection Agency, and the National Oceanic and Atmospheric Administration.

As a result of the scan line corrector malfunction, the USGS has been taking actions to increase the utility of the Landsat 7 data that includes "fixing" the data gaps from the malfunctioning scan line corrector. The USGS held a workshop with Landsat users from the Federal government and academia in October 2003 to identify new products for data acquired since the malfunction. Representatives from the former NASA Landsat 7 Science Team and selected other users identified requirements for new products to assist in filling in the data gaps for customers Two new products, Anniversary composites and Multi-scene composites will be implemented in response to this. The initial product, the Anniversary composite, is generated by replacing all the missing data in the data gaps of a scan line corrector off data set with information derived from a Landsat image that was acquired prior to the scan line corrector malfunction. This technique results in a composite data product without data gaps, which can be used to meet additional user requirements.

Question. Secretary Norton, your Department plans to issue a report at the end of this month—following discussions within the Administration—that will outline how best to ensure Landsat continuity data.

Can you give us a brief summary of the report now? Are there specific recommendations that can be implemented to assure the future development of the Landsat Data Continuity Mission? Does NASA have a timeline for launching the next satellite, and have the resources been requested to fund it? If not, what happens to the Landsat mission?

Answer. A recent memorandum from the Director of the Office of Science and Technology Policy to agencies stated the following:

". . . to maintain Landsat's legacy of continual, comprehensive coverage of the Earth's surface, the United States Government will transition the Landsat program from a series of independently planned missions to a sustained operational program and establish a long-term plan for the continuity of Landsat data observations. In particular, the Departments of Defense, the Interior, and Commerce and the National Aeronautics and Space Administration have agreed to take the following actions:

—Transition Landsat measurements to an operational environment, through incorporation of Landsat-type sensors on the National Polar-orbiting Operational Environmental Satellite System (NPOESS) platform, thus ensuring long-term continuity of these high-priority measurements and providing for integrated collection and availability of data from these two critical remote sensing systems;
—Plan to incorporate a Landsat imager on the first NPOESS spacecraft (known as C–1), currently scheduled for launch in late 2009. The specific implementation plan shall be jointly reviewed and approved by the NPOESS Executive Committee and Landsat Program Management; and
—Further assess options to mitigate the risks to data continuity prior to the first NPOESS-Landsat mission, including a bridge' mission."

The USGS will work with other DOI bureaus and other agencies to consider options for implementation of the strategies above within available funding.

U.S. GEOLOGICAL SURVEY—PROGRAM MISSION

Question. Among its responsibilities, USGS is widely regarded as the nation's lead federal civilian mapping agency. However, an OMB review of the National Map Implementation Plan states that the transition away from the traditional USGS role as the nation's civilian mapping agency is occurring too slowly. (page 151, GS budget)

Can you please elaborate on this comment? When and how was this core mission of the Survey redefined? Will you explain what transition the GS mapping program is expected to make?

Answer. Land managers, policy- and decision-makers, researchers, and the public depend on a common set of current, accurate, and consistent basic information that describes the Earth's land surface and its dynamics. Since the establishment of the USGS, the bureau has had the mission responsibility to meet this need. This core mission of the USGS has not been redefined.

What is changing is the way the USGS accomplishes this mission responsibility. In the 20th Century, the USGS fulfilled this mission responsibility through the creation and distribution of 55,000 topographic maps, which provide the only topographic synthesis that was comprehensive, accurate, and consistent across jurisdictions.

In the 21st Century, several factors provide an opportunity for the USGS to accomplish this mission in a new way. These factors include increased demand for more current and more accurate geospatial data; new technologies and lower costs to collect, maintain, and disseminate data; and partnership opportunities with Federal, State, and local agencies and the private sector, which in most cases already collect the geospatial data needed to put together a national map. The USGS is taking advantage of this opportunity by organizing sustainable partnerships to develop, integrate, access, and archive this map information. The USGS will continue to collect basic topographic data and will provide additional data where no other data source exists.

This new approach is based on an increased reliance on partners. Through *The National Map,* the USGS will integrate data on a national scale and make it publicly available to continue to provide current, seamless, and nationally consistent base geospatial data for the Nation.

U.S. GEOLOGICAL SURVEY—STATUS OF REPORTS

Question. In fiscal year 2003, the Survey was directed in report language to provide the House and Senate committees with two reports. The first was a priority system for expansion of the State cooperative research units funded through the Biological Resources Division. The second was a strategic plan and prioritized vision for expansion of the National Biological Information Infrastructure network. Both of these programs have strong support in Congress and the reports were intended to guide us in setting future funding priorities.

We are now into the fiscal year 2005 budget cycle and have yet to receive either report. Why? Could you please look into this matter and let us know when the committees can expect the information they requested?

Answer. The USGS has been working closely with constituent groups, partners, and customers to ensure that the strategic plans for these programs appropriately reflect the needs of all parties involved in these activities, as well as the sound science for which the bureau is known. The process of engaging these parties has required more time than was anticipated at the beginning of the plan development. The USGS and the Department are working together to ensure that the reports meet the needs of Congress and will forward the reports soon.

NATIONAL PARK FUNDING—PROJECT FUNDING

Question. This Committee has devoted a great deal of time and resources to address the backlog of maintenance in our land management agencies, particularly within the National Park System. The President also made a commitment to address the park backlog, and I think has done an admirable job given the budgetary constraints under which we're operating.

Can you update us on where we are in terms of understanding what the backlog is, and what progress we're making in reducing the overall size of the backlog?

Answer. The NPS has completed preliminary condition assessments at all but four of the most asset intensive parks. The assessments for these four parks are scheduled for completion by the end of fiscal year 2004. These preliminary assessments identified apparent deficiencies within the eight standard asset categories, which the NPS has used to develop a preliminary baseline facility condition index (FI) to assist in evaluating the relative condition of NPS assets.

Instead of compiling a list of "backlog" projects, the NPS is now deploying an asset management strategy that seeks to prioritize the most important facility projects on which to spend limited resources. By using the asset priority and facility condition information, as well as considering visitor and employee health and safety requirements, resource protection needs, and visitor service needs, the NPS will be able to manage the asset inventory much more systematically than it ever has in the past. The objective of the NPS asset management program is to measure performance accomplishments and assure that the overall condition of the inventory improves because of funds dedicated to improving assets.

The backlog cannot be stated as a single number since it is not static and is always changing. While the NPS is scheduled to complete the comprehensive condition assessments at all parks by the end of fiscal year 2006, the preliminary estimates associated with the deficiencies identified to date total about $5.7 billion. Instead of using a backlog to quantify maintenance needs, the condition assessments will define the amount of resources needed to move the overall condition of the NPS asset inventory from its current condition to acceptable condition. This estimate cannot be determined until the comprehensive condition assessments are completed; even then, the backlog will be constantly modified to respond to changes in on-the-ground circumstances.

NATIONAL PARK FUNDING—OPERATIONS

Question. Once we make the investments to put park resources in good condition, obviously it makes sense to spend the money to keep them that way. Part of this means providing funds for periodic maintenance work, but we also need to make sure the parks have the operational capacity—the people—to either do the work or oversee it. We know that parks are feeling pinched on that front.

On the one hand, I have seen data that shows park operational funding is up substantially over the last 10 years in constant dollars—up per acre, up per park unit, and up per park visit. At the same time, I know parks are considering reduced operating hours for some facilities, reductions in interpretive staff, and other cuts.

How do you reconcile these facts?

Answer. It is true that park operational funding has increased over the last ten years. Counting supplemental appropriations and transfers, the amount enacted for the Operation of the National Park System (ONPS) appropriation has increased from $1.095 billion in fiscal year 1994 to $1.610 billion in fiscal year 2004, a net increase of $515 million. Of this amount, nearly $439 million was directly provided to parks for operations.

Of the funds directed to park operations, $135 million was provided for pay and benefit adjustments for park employees. Another $26 million was provided for the "Ranger Futures", "Temporary Employee Conversation" and other "special pay initiatives." A total of $269 million in increases was provided for specific park base operations. Additionally, $9 million was provided for "park-related" activities, such as Lewis & Clark Bicentennial and National Capitol Performing Arts.

In addition to park base increases, additional increases were provided for the support of improved park operations. These activities provide significant benefits to the parks. The $198 million in funding increases included:

—$70 million to increase the amount of annual funds provided for backlog maintenance projects, the implementation of a condition assessment process and for development of a new maintenance management system;
—$74 million to improve the basis of scientific and resource information through the Natural Resource Challenge;
—$16 million was used to enhance partnership efforts such as the Challenge Cost Share Program;
—$10 million was dedicated to implementation of the Comprehensive Everglades Restoration Plan;
—$7 million was directed towards cultural resource projects in parks, including collections and curation;
—$32 million was provided to cover centralized administrative billings that allowed parks to avoid the costs of such items as GSA space rental, unemployment compensation and tort claim payments;
—$11 million was used for other assorted program changes to assist parks such as structural fire, risk management, natural sounds, the Vanishing Treasures program, training, social science surveys, the Underground Railroad, and the Lewis and Clark Corps of Discovery II;
—$7 million for central office operations;
—$21 million in pay and benefit raises for non-park staff; and,
—$5 million to implement the President's Management Agenda of management and operational improvements.

The NPS believes it has credibly managed the funding provided. We are also engaged at present in a variety of self-examinations and comprehensive evaluations using new management tools including the Program Assessment Rating Tool (PART), Maintenance Management and Condition Assessments, and Performance Measurement and Strategic Planning to help us make more informed decisions. The amount requested for operations at individual parks is determined through a layered deliberative process over at least a 12-month period, involving the NPS, the Department of the Interior, and the Office of Management and Budget. The budget process always requires tough decisions and choices concerning the prioritization of competing needs to fit available budget allowances.

Question. To what degree has pay parity impacted the National Park Service, and the Interior bureaus generally?

Answer. The Congressional action of providing civilian pay parity added $15 million to the planned absorption in the park base.

FINANCIAL MANAGEMENT SYSTEM

Question. Your budget proposes that we invest $18 million in a new financial management system for the Department. It seems as if it hasn't been that long since we paid a substantial amount for the current financial systems.

Given the sometimes spotty track record the Federal government has in major systems acquisitions, how confident are you that this system will ultimately work?

Answer. Very confident. The FBMS solution is comprised of commercial off the shelf software that is currently in use elsewhere in the Federal government. The vital core financial component is software that has been tested and met the standards established for federal financial systems by the Joint Financial Management Improvement Program (JFMIP).

Question. What procedures have you put in place to ensure that it will?

Answer. During the acquisition process, we required the competitors to have passed the 2003 JFMIP test before contract award. We required the competitors to have established software implementation practices in place for themselves and their subcontractors that met at least the requirements of the Software Engineering Institute's Capability Maturity Model (CMM) Level 2 certification.

We have established a number of review procedures to ensure that the project is managed well and meets its cost, schedule and performance objectives. These include at least quarterly earned value reviews and quality audits. We also plan to contract for Independent Verification and Validation (IV&V) services. We have established a governance process that includes bureau leaders in the project implementation, and a change control process to manage the project's scope. We have placed considerable emphasis on the change management aspects of the project, since our market research and lessons shared by other agencies with recent system implementation experiences indicate that helping people transition from the old way to the new way of doing their work is critical to the project's success. We will use the Department's capital planning and investment control (CPIC) process for project reporting and monitoring.

Question. What would be the practical effects of continuing to use the current systems for a few more years?

Answer. Because we are using a phased approach to the FBMS implementation, we plan to use the current systems in some bureaus for several more years, until the transition is complete. However, we have many immediate and longer term concerns about the current systems. Interior's FFS software version is no longer JFMIP compliant and, along with the Department's acquisition system software, will not be supported by the vendor after September 30, 2004. The current systems are expensive and difficult to operate and secure. They do not share data among systems, requiring extensive data reconciliation and frequent data calls to the bureaus. We cannot resolve the material weakness in property management or completely address concerns raised by the Office of Inspector General related to fleet management and grants management with the current systems. The systems require Herculean efforts to close and balance in order to issue financial statements. As the federal requirements increase from annual to quarterly financial statements, those Herculean efforts must be multiplied. Worse, we are unable to provide consistent, timely, accurate information to managers and oversight organizations. These crises require us to act now to build the foundation for better financial and business management in the future.

PARTNERSHIPS

Question. Madam Secretary, you have placed a great deal of emphasis on cooperative conservation and on partnerships. While I think this is generally the right philosophy, we have to be careful not to cede too much control over partnership projects—especially those that the Department will ultimately have to operate or manage.

What procedures have you put in place to ensure that the Department maintains control over these ventures?

Answer. In regard to the National Park Service, efforts are being taken to improve existing review and approval procedures for partnership construction projects. Already, the Bureau's Director's Order 21 established NPS policy for fundraising and donations, and required that fundraising campaigns with a goal greater than $1 million must be approved by the Director. Partnership construction projects are reviewed by the Bureau's Development Advisory Board at the conceptual level, in conjunction with requests for fundraising approval, as well as at the thirty percent design stage (similar to NPS line-item construction projects). However, a review of existing NPS partnership projects is demonstrating that weaknesses still exist in the process by which such projects are developed, approved and administered. Therefore, NPS has embarked upon the development of new procedures that will provide the following:

—A clearer delineation of how senior level approval and oversight of projects is administered at varying stages in the project's development.
—Clearer definitions of roles and responsibilities of all partners to an agreement.
—Notification to Congress of projects over $5 million.
—Objective assessment of partner capability to carry out their fund-raising roles.
—Direction concerning the need for Federal design control and approval processes including appropriate sizing and scoping of facilities.
—Validation of assumptions about funding sources and revenue streams (especially any Federal funding commitments).
—Assessment of operational implications of new development and how they are to be addressed.
—Development of a communication plan for determining when a project is publicly announced.
—Clear strategies for the partnership to scale back or terminate if the fundraising effort is not successful.

By these new procedures, NPS would assure that partners are not driving NPS priorities in the development of construction projects and that such projects are not developed outside of the budget process whether or not Federal funding is assumed to be a part of the project. The NPS has also initiated a training program on partnership ventures and is providing additional tools to park personnel such as web site, model contracts, a mentor program, and further policy guidance to assist in developing and administering partnerships.

PRESERVE AMERICA

Question. The budget request includes $10 million for a new "Preserve America" program to promote heritage tourism. At the same time you propose to virtually eliminate funding for heritage areas authorized by Congress, even as proposals for many new heritage areas are pending in Congress.

Is it your view that the Congressionally authorized heritage areas are not effective in promoting heritage tourism and the "sustainable uses of . . . historic and cultural sites . . ."? Why did you not simply propose a $10 million increase in the existing Historic Preservation Fund grants-to-states program, and allow the states and tribes to decide where their preservation priorities lie? Why establish yet another program infrastructure?

Answer. Preserve America and the National Heritage Areas Program share similar public policy goals as they both support and encourage the recognition, preservation and reuse of historic assets to enhance economic development and community identity. Their principal difference lies in geographic and "political" scale. National Heritage Areas are created by Congress and are, in most cases, quite large in geographic scale—encompassing multiple communities, counties, parishes, political jurisdictions, watersheds or ethological systems. Preserve America Communities are local and self-selecting, and generally a single government unit (towns, small cities, or neighborhoods of larger cities).

Heritage tourism is an important strategic tactic for federally-designated heritage areas. To date, the most effective heritage areas have more than amply shown their capabilities in recognizing the educational and economic potential of heritage tourism. We expect similar success from Preserve America Communities—only on a smaller scale. We do not see their efforts as competition—but rather as complementary.

The reduction in funding for the National Heritage Area Program is not proposed as an offset in support of Preserve America but rather reflects the Administration's concerns for the need for broad national heritage area program legislation and national performance standards. We must ensure cost-effective accountability for the ever-increasing number of heritage areas and encourage established areas to become self-sufficient. The Department recommends that no new areas be proposed and the priority of the program's budget be reduced until such time as such legislation is enacted and performance standards established.

SNOWMOBILES IN YELLOWSTONE

Question. Though I disagreed with some of the specifics, the Administration put forward a common-sense plan to regulate snowmobile use in Yellowstone National Park. That plan was the subject of conflicting court rulings all winter, creating a great deal of confusion about whether the Park was "open" at any given time—whether to snowmobiles or visitors in general.

Though I know you can't predict the outcome of the current legal wrangling, what is the National Park Service prepared to do to get the message out with regard to the Park's operating regime for next winter?

Answer. The National Park Service (NPS) recognizes that this is a difficult time for the gateway communities surrounding Yellowstone and Grand Teton National Parks due to the uncertainties associated with the future of winter use in the parks. The NPS and the Department of the Interior are working closely with Department of Justice to set a course for winter use in Yellowstone and Grand Teton National Parks.

The NPS is working to insure that park visitors have the most current and accurate information available to plan their visits to the park. As we discuss this issue with the public, the media and other officials, the NPS has constantly emphasized two messages:

—Yellowstone and Grand Teton National Parks will be open next winter, and people are encouraged to come and enjoy the park.
—The Greater Yellowstone Area is a excelent winter recreation destination. Snowmobiling, cross-country skiing, downhill skiing, auto touring and snowcoach touring abound in the area.

When the final decision on winter use is made, the NPS will:

—Develop questions and answers for distribution to the public and employees.
—Issue news releases.
—Brief Congressional delegation staff; local and national media; community leaders and businesses; park concessioners; and NPS employees.
—Update the Yellowstone and Grand Teton's websites, which are valuable resources for winter use information.

—Hold informal public meetings in the surrounding communities to share information on winter use and answer questions.
—Continue to work with the Tourism Divisions of Wyoming, Montana and Idaho on an outreach strategy.

NATIONAL PARK SERVICE—SECURITY COSTS

Question. The National Park Service has previously provided information to the Committee indicating that the incremental costs of maintaining Code Orange alert status are about $60,000 per day. This estimate, however, predates some of the security-specific funding increases that have been provided by Congress.

Based on current base funding levels, is the $60,000 per day figure still accurate? What is your current estimate of incremental costs if we go to Code Orange?

Answer. The last Code Orange alert began on December 21, 2003 and ended on January 9, 2004. Based on those costs, the current NPS incremental cost of going from Code Yellow alert to Code Orange is $55,000 per day. The NPS is learning from experience about moving to Code Orange and is trying to reduce those incremental costs further.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

Thank you Secretary Norton for appearing before the committee today. I understand that your department is operating under difficult budgetary constraints.

BUREAU OF LAND MANAGEMENT

Question. In 1958, the State of Alaska was granted over 103 million acres of land under the Alaska Statehood Act. In 1971, Native Alaskans were granted 44 million acres of land under the Alaska Native Claims Settlement Act. 45 years later, the State is still waiting for the transfer of 15 million acres and title to over 60 million additional acres, and Native Alaskans are still waiting for the transfer of over 10 million acres and title to millions more.

To remedy this situation, Senator Lisa Murkowski and myself sponsored S. 1466, the Alaska Land Transfer Acceleration Act to accelerate conveyances to the State of Alaska and Native Corporations, finalize pending native allotments, and complete the University of Alaska's remaining land entitlement by 2009. While these legislative changes are a necessary component, the goal of completing the conveyances by 2009 requires increases in funding.

Given the importance of completing the Alaska conveyance process, why did the Bureau of Land Management decrease funding for this program by over $8 million?

Answer. The BLM fully supports the Alaska Conveyance program and proposes to fund the program in 2005 at the 2004 request level (plus an increase for uncontrollables). The $8 million increase provided by Congress in 2004 was not sustainable within overall budget constraints. The total BLM operating budget request for 2005, which balances many competing priorities, is only $8.3 million more than the 2004 enacted level.

Question. The Alaska National Interest Lands Conservation Act (ANILCA) directed the Secretary to assess oil, gas, and other mineral potential on public lands in Alaska. As we are all aware, the U.S. is now reliant on foreign sources for 60 percent of our oil and 16 percent of our natural gas. Decreases in supply have brought current energy prices to an all time high which is hindering our economic recovery. Development of our energy and mineral resources is vitally important to increase our domestic energy supplies. Alaska remains the nation's best opportunity for developing these resources.

Why did the Bureau of Land Management decrease funding for the assessment of Alaska's vast natural resources?

Answer. The BLM fully supports the assessment of Alaska's vast natural resources, and is requesting the same level of funding for the Alaska Minerals program in fiscal year 2005, $2.2 million, as was requested in fiscal year 2003 and fiscal year 2004. This funding will provide for on-going Alaska mineral assessment studies, an economic cost factor analysis, expanding public availability to electronic minerals information, and continuing cost-sharing partnerships with United States Geological Survey, the Alaska Division of Geophysical and Geological Surveys, the University of Alaska, and the Alaska Native Claims Settlement Act regional corporations. The fiscal year 2004 Congressional increase was not sustainable within the constraints of the overall budget.

FISH AND WILDLIFE SERVICE

Question. The Endangered Species Act provides broad protections for fish, wildlife and plants that are threatened or endangered. Every year, Congress appropriates hundreds of millions of dollars for that program. One of the most important aspects of the program is the Candidate Conservation component, which focuses on preventing a species from declining and therefore avoids the necessity of listing a species. This is incredibly important to my state of Alaska, where the listing of species and designation of critical habitat has the potential to permanently halt many of our industries.

Given the importance of preventing the decline of species, why was funding eliminated for Sea Otter research in the Fish and Wildlife Service's budget?

Answer. The President's budget reflects the Service's considered approach to funding its highest priority items. Sea otter research is a priority of the Service, but it is not as high a priority as are other actions that would be funded under the Service's request.

Question. Also, why was funding eliminated for the recovery of the threatened spectacled eider and Steller's eider?

Answer. In fiscal year 2004, Congress provided $889,000 in pass-through funding for the Alaska Sea Life Center to continue a recovery research program for the threatened spectacled eider and Steller's eider. Specifically, these funds were used to identify and implement a recovery research agenda for these species. The Service is currently collaborating with the Sea Life Center as well as the North Slope governments and the State of Alaska. Past funding and effective partnerships make this pass-through unnecessary in fiscal year 2005. These types of activities are generally more appropriately funded through Service (and other) grant programs, which ensure that limited resources are directed to the highest priority activities.

Question. I am pleased to see that the Fish and Wildlife Service has increased its budget request in fiscal year 2005 for land exchanges. This is incredibly important in my state. As you know, we have a unique situation where the state, natives and private landowners have inholdings within wildlife refuges. I understand that the agency is currently negotiating with several of these parties to resolve this situation.

What is the current status of these negotiations and when do you expect these exchanges to be completed?

Answer. The U.S. Fish and Wildlife Service (Service) and numerous entities in Alaska continue to conduct an active land exchange program. The Service is currently working with Native corporations, private individuals, and the State of Alaska to identify land exchanges, of mutual benefit to all parties, that protect high-quality fish and wildlife habitat within the boundaries of existing National Wildlife Refuges in Alaska. Several of these refuges expect completion of pending exchanges in fiscal years 2004 and 2005. Many proposed exchanges are pending, dependent on the completion of negotiations on other exchanges. The status of specific land exchanges is listed below.

Current status of specific land exchanges

Alaska Maritime NWR/Homer Administrative Site.—This exchange within the Homer city limits was completed in April 2004. It conveyed ownership of the warehouse being leased by the Refuge as well as adjoining vacant lands to the United States in exchange for prime commercial land along the Sterling Highway that will be used for expansion of the local grocery store.

Alaska Maritime NWR/Koniag Women's Bay.—An exchange agreement has been signed by both parties and appraisals are complete. We are awaiting Koniag's identification of lands necessary to equalized values in the exchange. We anticipate this exchange will be completed in fiscal year 2004.

Alaska Maritime NWR/Newby.—Appraisals are in the contracting process for this exchange. The Service anticipates completion of this exchange in fiscal year 2005. This exchange will benefit the new Ocean and Islands Visitors Center by acquiring lands adjacent to the Visitors Center property and within the viewshed of the Visitors Center.

Alaska Maritime NWR/Shumagin Corp.—No action taken. The Shumagin Corporation has agreed to relinquish a sizable amount of their overselections. When final ANCSA entitlement has been determined, Shumagin has expressed interest in an exchange to consolidate their holdings.

Alaska Maritime NWR/Sitkinak.—Final details have been worked out in a Memorandum of Understanding with the State of Alaska. The Service awaits signature on the MOU by the State to proceed with the exchange. This exchange will transfer about 1,653 acres to the United States and result in the State of Alaska owning all of Sitkinak Island, where cattle are currently being raised.

Alaska Peninsula NWR/Koniag.—Awaiting completion of the Koniag Women's Bay exchange prior to initiating exchange involving subsurface acreage for other Koniag lands.

Kenai NWR/CIRI.—Preliminary identification of exchange lands has been completed by the Service and CIRI for this exchange. Further site work will be accomplished this summer. Fiscal year 2005 funding will be required to initiate appraisals and secure title evidence/insurance and closing. Wilderness area could potentially be expanded by 3,000 acres if exchange is completed. The exchange would also provide an alternative route for relocation of the Sterling Highway near the confluence of the Kenai and Russian Rivers.

Kodiak NWR/Koniag.—On hold pending completion of Koniag Women's Bay exchange.

Yukon Delta NWR/NIMA Corp.—Solicitation for bids for contract appraisals has been initiated. A Memorandum of Understanding to complete the exchange has already been signed by NIMA. Fiscal year 2005 funding will be required to complete exchange. The equal value exchange will result in the acquisition of about 37,000 acres by the United States. This exchange will facilitate consolidation of NIMA Corporation lands on Nunivak Island and Refuge lands on the Yukon Delta

Yukon Flats NWR/Beaver.—On hold pending the completion of negotiations with Doyon.

Yukon Flats/Doyon.—Negotiations are proceeding with this proposed exchange. Doyon Limited wants to acquire about 127,000 acres of refuge land that may be valuable for oil and gas development. In return, the United States would receive high value wildlife habitat lands. Only a few outstanding issues remain, and the parties continue talks to identify mutually beneficial terms leading to an exchange agreement. Legislation will be necessary to provide authority to implement the terms identified in the proposed exchange agreement, when it is completed.

Yukon Flats NWR/Stevens Village.—On hold pending the completion of negotiations with Doyon.

Question. An ongoing issue in my state relates to access to inholdings in conservation units. ANILCA provides that such access be allowed subject to reasonable regulations. However, in several instances throughout the state, access is being denied or severely restricted.

What is currently being done to ensure that individuals are able to access their homes and villages?

Answer. Reasonable access is available by traditional methods (airplanes, water boats, and snowmobiles, when snow cover is adequate) for travel to and from the homes and villages of the vast majority of inholdings within the boundaries of the National Wildlife Refuges in Alaska. When access is unavailable, the inholder must file a right-of-way application, which is reviewed and processed according to procedures outlined in Title XI of ANILCA. The Service's Alaska Region works directly with inholders throughout the application process to ensure resulting right-of-way permits that meet their access needs and protects the natural values of the National Wildlife Refuge.

QUESTIONS SUBMITTED BY SENATOR THAD COCHRAN

Question. The Department has recently studied the employees and their duties at the Natchez Trace Parkway. I understand that a decision will soon be reached determining the most efficient way in which the Department believes the Trace should be organized. Either these jobs will be outsourced to a private company or cost-saving measures will result in jeopardizing the jobs of existing employees.

What was the cost to conduct this A–76 study?

Answer. Required under the fiscal year 2004 Appropriations language, the mandatory Report to Congress, defined "incremental cost of conducting a study" as "overtime or back-filling behind employees who were working on the study". To date, there have been no such costs to the Natchez Trace or Southeast Regional offices.

Question. What was the cost of consultants fees to assist in the study?

Answer. The cost of consultant fees to assist in the study is $268,000.

Question. Do the total savings reflected in the study exceed the cost of conducting the study?

Answer. By computing the cost of the as-is organization prior to the study and computing the cost of the Most Efficient Organization (MEO) one can make a projection. However, actual savings remain unknown until after the organization has run through at least one budget year and the costs captured at the end. There will be audits done to ascertain this but these analyses are at least a year away.

Question. If the most efficient organization wins the bid, will there be sufficient funds to implement the organizational structure based on the study's guidelines?

Answer. Even with the implementation of the Most Efficient Organization's reduction-in-force and additional increases for cost-of-living allowances and inflation, the park is able to maintain its total operations without an increase in base funding.

Question. Do these guidelines require additional positions to implement the study and if so, has the Department accounted for those positions in their funding request for the Trace?

Answer. No. They don't require additional positions to implement the study.

Question. If the Trace wins the bid and there is a requirement to reduce the number of people employed by the Trace, how much will it cost the park service to implement these measures?

Answer. If the NATR received the requested buy-out authority, each buy-out would cost up to $25,000. It is impossible to calculate the cost of any involuntary separation because we can only speculate on how many employees would chose to take the buy-out since the specific buy-out, early-out authority has not been approved for NATR.

Question. The Shiloh National Military Park has a unit in Corinth, Mississippi. This battlefield is in a rural part of the state and much of the original archeology of the Civil War era is untouched. Because of its pristine condition and the amount of preserved land which has been maintained by volunteers, it is important that these areas be preserved by the Department of the Interior.

Is the Park Service working toward incorporating the outlying battlegrounds into the existing park boundary?

Answer. Currently there is a Special Resource Study/Boundary Adjustment Study taking place. As part of the planning process an Environmental Assessment (EA) has been completed and the public review process is currently taking place. The Study identified 18 non-contiguous sites to comprise the Corinth Unit. The Siege and Battle of Corinth Commission (SBCC) is willing to donate the portions of these tracts which they own to the park. The preferred alternative is to accept the land owned by SBCC as a donation for the Corinth Unit. The NPS would also work to acquire approximately 190 acres at the Battery Robinett and Contraband Campsites in the future as funding becomes available or the lands are offered for donation. The rest of the land would be identified as part of the project, but partners would be enlisted to acquire and manage the land.

Question. What are the plans of the Park Service to acquire these lands and maintain them?

Answer. The preferred alternative reflects acquiring the Battery Robinett and Contraband Campsite areas as well as those areas to be donated by SBCC. Legislation is needed to authorize the boundaries of the Corinth Unit. The Corinth Unit would continue to be maintained and interpreted by the National Park Service under this alternative.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

BIA BUDGET

Question. It's been reported in the press that the BIA is slated for a 2.4 percent reduction in the fiscal year 2006 budget, on top of the 2.3 percent reduction in this year's budget request.

Can you comment on the accuracy of that report?

Answer. The formulation process for the President's fiscal year 2006 budget is just starting, and no decisions have been made on proposed funding levels.

HAZARDOUS FUELS REDUCTION

Question. As we all know, Colorado is in a terrible drought. Even the recent rains and snows are not enough to bring the moisture levels up to normal. Last year, over 80 percent of Colorado was classified under the U.S. Drought Monitor as "Extreme" drought or "Exceptional" drought, which is obviously worse.

This drought is going to create a lot of hazardous fuels for future fires. The Forest Service told me in the past that they were delayed in fuels reduction due to "analysis paralysis." I am curious as to your level of progress in fuels reduction and if you have encountered the types of setbacks and delays experienced by the Forest Service.

Answer. We share the concerns for both the potential of wildland fire and our ability to aggressively treat the thousands of acres that need to be treated in Colorado. As you are aware, the drought has also caused a serious outbreak of the IPS Beetle. In Colorado, Department of the Interior bureaus treated 23,791 acres in fiscal year 2003, and have treated 17,066 acres as of June 18, in fiscal year 2004. The majority of these acres have been in the Wildland Urban Interface (WUI) area. The pace of treatment in Colorado has been a function of weather conditions. During these types of drought conditions, the use of prescribed fire, our most efficient tool for acre accomplishments, is very limited, and the emphasis shifts to more expensive, labor intensive mechanical treatments. Efforts are being coordinated with the State, private land owners and the U.S. Forest Service to be as efficient as possible in the execution of these projects.

FIRE FIGHTING BUDGETING

Question. I've previously spoken with Forest Service Chief Bosworth about the difficulty of planning a budget for wildfires considering the unpredictability of mother nature and unplanned significant deviation from the 10-year fire average.

Do you expect to have similar budgeting issues for fire fighting efforts?

Answer. Budgeting for wildfire suppression is inherently difficult because future levels of fire activity cannot be predicted with precision. However, use of the 10-year suppression cost average has proved to be a reasonable and durable basis for suppression budgeting. Although suppression costs have exceeded the 10 year average in the past several fire seasons, looking back historically there have been many years in which suppression costs were below the average. For example, during the four fire seasons from 1995 to 1998 costs were below the average in three seasons and less than $2 million above the average in the fourth.

PARK SERVICE BACKLOG

Question. As you know, addressing the Park Service's maintenance backlog was identified as one of the President's priorities. I couldn't help but notice that the fiscal year 2005 budget for construction and maintenance to address this backlog has remained more or less constant over the past 2 years. One would expect this area to receive more attention. What are some of the reasons your budget has remained at or below past years' levels for addressing this backlog?

Answer. The 2005 request does continue to support the President's commitment to address NPS deferred maintenance. The fiscal year 2005 request addresses NPS deferred maintenance with funding from facility maintenance, construction, the Federal Lands Highway program and a portion of fee demonstration revenues. The fiscal year 2004 funding estimate for these programs is $1.035 billion, and the fiscal year 2005 request for these programs is an estimated $1.112 billion. Both estimates are dependent on enactment of the President's proposed funding for the NPS Park Roads and Parkways Program under the Federal Lands Highway Program, currently pending before Congress. By comparison, in fiscal year 2001, the last budget enacted under the previous Administration, the funding levels in the same programs totaled an estimated $814.6 million.

ENDANGERED SPECIES PROGRAM

Question. As you know, only six animal species in the United States have ever been recovered by the Endangered Species Program in its 30 year existence and none have been de-listed in the last 2 decades. Unfortunately, more species have been de-listed due to extinction (seven) than recovery (six).

In light of these facts, can you explain why in the fiscal year 2005 budget for Endangered Species listing has increased by more than $5 million while the budget for recovery has gone down by almost $10 million? What good does it do to keep listing species if we aren't making good strides to recover species already on the list?

Answer. The Service agrees that recovery of listed species is the fundamental goal of the Act. However, while the Endangered Species program has the lead for that responsibility, all programs in the Service (as well as programs in many other agencies, programs supported by States, local governments, organizations, and individuals) directly or indirectly benefit recovery of listed species. As a result, and unlike the situation for adding species to the Endangered Species list, resources appropriated to the recovery program itself are a relatively small portion of the total resources available to help recover species. We coordinate with other Service programs such as Refuges, Fisheries, Partners for Fish and Wildlife, and Environmental Quality to implement recovery actions for those species found on both private and public land. We also work closely with other Federal agencies, the States, non-governmental organizations, private landowners, and other stakeholders to leverage our

Federal funds to the maximum amount possible to complete specific priority tasks and projects that will help achieve recovery objectives (to downlist or delist the species) outlined in the species' recovery plans. Tools such as Safe Harbor Agreements with non-Federal property owners are a good example of our partnership activities that help recover listed species. We are always looking for opportunities to foster new partnerships and expand ongoing ones.

A significant portion of the proposed decrease in the recovery budget would eliminate line-item funding for specific, projects, including the Upper Colorado River Fish Recovery Program. This proposal does not reflect any lack of commitment by the Service to the recovery of the endangered fishes of the upper Colorado River basin; however, we believe that other sources of funding, including funding provided by our project partners, may be available to continue this work, that increases in grants available from various sources may be available to support specific, high-priority actions implemented through this program, and that other high-priority actions will continue to be supported through our Recovery funding. In times of declining overall budgets, specific line item funding reduces our flexibility to dedicate resources to the highest priority, most essential, and most successful conservation efforts. Taken as a whole, the President's budget reflects a continued commitment to the protection and conservation of endangered species through the use of partnerships and collaboration.

In the last two decades (since 1985), a total of 7 animal species in the United States have been delisted because they have been recovered. These species are the Atlantic Coast population (FL, AL) of brown pelicans (1985), the American alligator (1987), the gray whale (1994), the Arctic peregrine falcon (1994), the American peregrine falcon (1999), the Aleutian Canada goose (2001), and the Douglas County population of the Columbia white-tailed deer (2003). In addition, 2 plants in the United States (Robbins cinquefoil and Rydberg milk-vetch) have been recovered.

It's important to note that there are other conservation benefits associated with adding a species to the endangered species list. While it may take years to recover a species, listing can provide immediate protections, increased focus on a species' needs, and often generate resources from other entities such as other Federal agencies, States and local jurisdictions, and the private sector, including non-governmental organizations and private landowners.

MIDNIGHT RIDER REMOVED

Question. In last year's Interior Appropriations Conference Report, language was inserted that modified the Court-imposed requirement for a historical accounting to commence: this rider suspended the requirement until either (a) Congress amends the 1994 Act, or (b) Dec. 31, 2004.

This year's OST budget request proposes to strike that language from the next bill.

Why does the Department want this language removed?

Answer. The fiscal year 2004 Interior Appropriations language was inserted in the conference report of the fiscal year 2004 bill in response to the September 2003 ruling in the *Cobell* case. It places a moratorium on any accounting until Congress addresses the issue of what kind of accounting it expects under the 1994 Act or until December 31, 2004, whichever comes first. The Department is of course hopeful that Congress will address this issue before December 31, 2004. The fiscal year 2005 budget request does not assume this. However, we have not advocated either removing or extending the existing language. It addresses the fiscal year 2004 language by assuming the accounting moratorium will be lifted as of December 31, 2004, and therefore proposes $80.0 million to fund the Individual Indian Money accounting. That amount is based on the Department's costs to begin, after December 31, 2004, implementation of the Department's proposed historical accounting plan. This amount may be revised depending on how the Court of Appeals for the District of Columbia circuit rules with regard to the structural injunction in the *Cobell* case or on whether Congressional action is taken to delineate the specific historical accounting obligations of the Department as suggested in the 2004 Appropriations Act.

BIA REORGANIZATION

Question. Last year the BIA instituted a sweeping reorganization, primarily to address trust management issues.

Can you give the Committee an estimate of the total cost of this reorganization effort?

Answer. Other than the initial costs of consultation with the Tribes, the cost of the reorganization effort is comprised mostly of the cost of hiring additional staff to improve the delivery of trust resources at the field locations. Between fiscal year

2004 and fiscal year 2007, the Bureau plans to hire 124 additional staff, 108 of which will be Deputy Superintendent positions at the local level to oversee daily trust transactions and operations. Once filled, the total cost of these positions, including travel, training and equipment is estimated to be approximately $16 million per year. The President's fiscal year 2005 budget request includes the first increment of funding for these positions—$5.5 million to support 25 Deputy Superintendent positions at the local level to oversee daily trust transactions and operations.

Question. Is there any fiscal year 2005 funding slated to go toward further reorganization?

Answer. The President's fiscal year 2005 budget request includes $5.5 million to support 25 Deputy Superintendent positions at the local level to oversee daily trust transactions and operations.

OFFICE OF TRIBAL CONSULTATION

Question. One of the new proposals in this budget request is $1.1 million to establish a permanent Office of Tribal Consultation within the BIA.

How permanent is this new office, and do you anticipate a similar level of funding every year?

Answer. The Office of Tribal Consultation will coordinate all consultation efforts for Indian Affairs. This office will ensure that consultation is occurring where appropriate, and be the contact point for all Indian Affairs efforts on consulting with tribal governments.

Question. Executive Order 13175 directs that tribal consultation occur at every level of every Federal agency. Where is the proposed location for this new office in the Departmental organization? Will it be within the BIA, or in the Secretary's office?

Answer. The Office of Tribal Consultation will be located in the Office of the Secretary within the Office of the Assistant Secretary—Indian Affairs.

INDIAN LAND CONSOLIDATION

Question. The Indian Land Consolidation program is to receive a substantial increase in this budget, up to $75 million.

Is this level of funding substantial enough to begin addressing the problem of fractionated interests?

Answer. The Department feels the Indian Land Consolidation Program (ILCP) has been very successful to date, with the level of resources available to the program. The program has purchased 74,626 interests to date (as of March 1, 2004) with an estimated value of $29.2 million and is the equivalent of 49,155 acres.

Currently approximately 2.3 million individual Indian owner interests are fractionating at a rate of approximately 6 percent per year. At this rate of increase, approximately 140,000 to 160,000 owner interests will need to be purchased yearly to prevent fractionated interests from expanding.

Question. How much more would be required?

Answer. The fiscal year 2005 budget proposes an unprecedented amount of $70 million for ILCP, an increase of $48.3 million. Because of the magnitude of the problem and the necessary legislative reforms that are still required—such as probate reform, partition of land, and the disposition of unclaimed property—it is difficult to predict any estimate of the total amount of funds that will be necessary to complete the consolidation of fractional interest. However, this unprecedented level of funding, when coupled with other meaningful reforms should begin to significantly address this longstanding and growing problem.

Question. What is the carryover in this account from previous appropriations?

Answer. The unobligated balance carryover in the Indian Land consolidation account as of September 30, 2003 was $10,578,768.

TRIBAL SELF GOVERNANCE

Question. I am glad to hear that 40 percent of the BIA operating budget is now going directly to Tribes as Tribal Priority Allocations. But I hope to see that number go even higher.

How many "first-time and expanded" contracting tribes due you anticipate will enter the 638 program this year?

Answer. For fiscal year 2005, the Department anticipates that there will be five additional tribes/consortia entering into Self-Governance compacts: however, these tribes have had previous contracting experience with the BIA, and will not increase the amount of programs, services, functions or activities assumed from the BIA.

TRIBAL SCHOOL CONSTRUCTION

Question. Tribal School construction: In 1997 a GAO study estimated a backlog of school construction in the amount of approximately $700 Million. Your testimony indicates that funding for tribal school construction has been decreased by approximately $61 million for fiscal year 2005, but does not provide any justification for the decrease.

Does this decrease suggest the backlog has been eliminated, if not, then what is the justification for the decrease?

Answer. We have made substantial progress in improving the condition of BIA schools. By the time we have completed the work proposed in our 2005 budget, 60 percent of BIA schools will be in good or fair condition. Three years ago, 65 percent of BIA schools were in poor condition.

We do have a $66 million reduction in the 2005 program. To put this in perspective, however, this is a reduction of about one-fifth. We are still proposing a robust program of $226 million. As recently as 1999, spending on BIA school backlog needs was only $60 million a year.

The reason that we are comfortable with this year's program level is that we currently have 21 replacement schools in the planning and design process or under construction. The 2005 budget will build the remaining five schools on the current replacement priority list. The budget also provides $10 million for the tribal school construction demonstration program, which is likely to fund an additional two schools on a cost share basis with Tribes. Funding additional replacement schools in 2005 would get us too far ahead of our ability to prudently manage the construction program.

UNITED TRIBES TECHNICAL COLLEGE

Question. In this proposed budget, the funding for the United Tribes Technical College (UTTC) has been eliminated, even though it has been part of the Interior appropriations since the 1980s.

UTTC and Crownpoint Institute of Technology are under the Perkins Act and not the Tribally-Controlled Community Colleges Act. What is the justification for forcing these schools to seek funding add-ons each year instead of seeking a permanent solution?

Answer. UTTC and Crownpoint receive funding from the Department of Education under section 117 of the Carl Perkins Act. Under the proposed 2005 Department of Education budget, section 117 is funded at $7.2 million. No other tribal colleges are eligible to receive funding under this section. Depending on student enrollment, section 117 funding will provide UTTC and Crownpoint with about $6,600 or $6,700 per student count. TCUs receive an average of $4,230 per Indian Student Count in fiscal year 2004.

Question. What alternatives have the Department pursued to find permanent funding for these two schools?

Answer. The Department has not pursued "permanent" funding for these schools. However during formulation of the fiscal year 2005 budget the Department conducted an analyses comparing per student funding at CIT and UTTC with that of the TCUs.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

ENEMY SWIM DAY SCHOOL REPLACEMENT

Question. It is my understanding that there is some disagreement between the Bureau of Indian Affairs and the Office of Facilities Management and Construction about the appropriate replacement size for the Enemy Swim Day School, which Congress appropriated funding for in fiscal year 2004. I'm told that the Enemy Swim Day School successfully appealed the size of the school, and received a written commitment from BIA Deputy Assistant Secretary Aurene Martin on January 6, 2004, agreeing that the size of the replacement school would be 67,889 square feet. However, OFMC is apparently refusing to honor the outcome of this appeal and is instead insisting that the size of the school be 45,000 square feet.

What is the current status of this replacement project? Does the appeals process mean anything if OFMC is allowed to ignore the outcome? What steps do you intend to take to favorably resolve this dispute between various Interior offices?

Answer. The Bureau of Indian Affairs (BIA) Office of the Assistant Secretary (AS-IA), Office of Indian Education Programs (OIEP) and the Office of Facilities Management and Construction (OFMC) have been working diligently with tribes and school boards to improve the process for replacement school construction. A new interim policy has been approved by the AS-IA that clearly defines how student enrollment is calculated and used in projecting the size of new schools. This was in response to findings from the OIG about student enrollment projections, which may have resulted in some over-built schools.

In the case of the Enemy Swim appeal of the interim policy for enrollment projection, approval for 139 students was granted, as requested by the school. In a meeting held with Enemy Swim, OFMC, OIEP and Enemy Swim, the school was given the authority to construct the school to the amount of square footage they could reach within available funding. The resulting space projection for this project is in the range of 45,000 square feet, which is well within the acceptable square footage for the approved student enrollment of 139. OFMC also was agreeable to the school's request to retain two modular buildings on the existing school campus for Adult FACE and school administration. The buildings will be set up on the new school campus and will be eligible for O&M funding.

OFMC will continue to work with the Enemy Swim School Administration and school board to complete this project, which will alleviate health and safety conditions for the students and staff.

STATUS OF OTHER SCHOOL CONSTRUCTION PROJECTS

Question. I am very concerned to note that, of the 20 school replacement projects currently pending, only 1 of these schools has been completed—and that project is done only because the Tribe started the construction with its own funds under the Cost Share Demonstration program. For some of these projects, design has been underway since 2001 or before and yet construction is still not started, much less completed. I am particularly concerned about the status of the two projects in my state, the Ojibwa Indian School and the Turtle Mountain High School. The BIA and OFMC have put obstacle after obstacle in place that have delayed construction. Meanwhile, Native American children are being forced to continue to attend classes in over-crowded, often unsafe and unsanitary conditions.

What actions do you intend to take to ensure that replacement school construction projects are completed in a more timely manner?

Answer. The Bureau and OFMC are very committed to the timely completion of replacement school construction projects. Many of the projects identified in fiscal year 2003 and fiscal year 2004 construction appropriations were adversely affected because the BIA has been resolving findings from the OIG about student enrollment projections, non-ISEP student counts and the size of schools. Based on these findings, the BIA developed interim policy for enrollment projections, which directly affects the size of the schools that can be constructed. This directly impacted the two projects at Ojibwa and Turtle Mountain.

Currently, the design phase for Ojibwa Indian School project is 70 percent complete. This project is handled through a Public Law 100–297 grant. The Ojibwa School Board has requested the ability to award site preparation for this project before completion of the 100 percent design approval. The Bureau is working with Ojibwa to accomplish this because of the short window for the construction season in North Dakota.

The design phase for the Turtle Mountain High School project is 99 percent complete. The Bureau is in the final stage of review.

The Bureau has established goals and objectives that clearly outline Planning, Design and Construction timeframes. The goal is to have the replacement schools completed in four years from Planning and Design through construction.

QUESTIONS SUBMITTED BY SENATOR HARRY REID

BUREAU OF LAND MANAGEMENT

Wild Horses and Burros

Question. Overpopulation of wild horses and burros poses a grave threat to the nation's rangelands, which have are already degraded by the extreme drought and fires of the past several years. The problem is especially severe in Nevada, where the 2003 wild horse population was conservatively estimated to be 17,930. This number does not account for the large number of foals born in 2003 and 2004, or for the 1,400 horses in Nevada holding facilities, at an average daily cost of $3.47 per horse. Now, twenty-eight years after Congress authorized removal of wild horses and burros from public lands, Nevada is nowhere near its Appropriate Management Level of 14,000 animals.

Why does Nevada, with 48 percent of the Nation's wild horses and burros, receive only 14 percent of Wild Horse and Burro Program funding?

Answer. During the last three years (fiscal year 2001 to fiscal year 2003) an average of 46 percent of the BLM's total Wild Horse and Burro (WH&B) program expenditures were directly attributable to Nevada wild horses and burros. According to the fiscal year 2003 population data, Nevada managed 48 percent of the nation's free roaming wild horses and burros.

Question. How does the Department plan to overcome past failures of the Wild Horse and Burro Program, particularly regarding the severe overpopulation of wild horses on fragile, drought-stressed rangeland in Nevada?

Answer. We agree that the overpopulation of wild horses and burros poses a threat to the nation's rangelands, and that the drought and wildfire situation aggravates it that much more. The best approach to resolving these issues is to get to appropriate management levels (AML) and maintain them.

The current population of wild horses and burros on public lands is 36,000 animals. Populations have not been this low since the 1970's. The target appropriate management level is 26,433 and BLM is now in a position to achieve appropriate management levels within two years.

The progress to this point has also been the result of improved management efficiencies. The following are examples of those:

—The BLM has reduced removal costs by making improvements in contracting.
—The BLM has realized a cost savings by shifting from removals being done through BLM crews to removals done by contractors.
—The BLM achieved cost savings on long-term holding of excess animals by establishing a policy on the age of animals being removed that has reduced the number of younger age animals that go into long-term holding.
—The BLM has provided direction that all AML be established by fiscal year 2005 to facilitate the goal of having populations at those levels.
—The BLM has established a four-year gather cycle policy to minimize gather costs and reduce stress on animals.
—The BLM is reducing costs by determining the minimum feasible level of facilities to handle excess animals.
—The BLM has achieved significant cost savings in vaccines and medicines by converting from state-by-state purchase contracts to national purchase contracts.
—The BLM is reducing costs by moving from holding animals in contracted corral facilities to contracted pastures.
—The BLM has established a relationship with the National Wild Horse and Burro Foundation to aid in improving the marketing practices of the Adoption Program.
—The BLM has conducted three internal/external reviews/audits of the Wild Horse and Burro Management Program; results of these reports involve potential improvements or cost savings.
—The BLM has established programs in cooperation with prisons to hold, train and adopt horses. The result is lower holding costs with the added benefit of gentling of wild horses and increasing adoptions.
—The BLM has established a system of checks and balances and accountability using the Wild Horse and Burro Steering Committee, the BLM Executive Leadership Team and the Wild Horse and Burro Staff.
—The BLM utilizes the National Wild Horse and Burro Advisory Board to pursue efficiencies and recommended changes to program procedures.

The bureau's strategy to improve management of wild horses and burros on public lands is to redirect funds from other MLR programs to the WH&B program for the next several years to achieve AML west-wide by 2006. Most of the programs from which funds will be redirected will benefit from the eventual achievement of AML. Once AML is achieved, the Bureau projects that the wild horse and burro budget will begin to decline as the need for removal will drop from over 10,000 per year to about 5,000 per year with corresponding savings in holding, feeding, veterinary care, preparing for adoption, and adoption. The large number of horses now held in long-term holding will also begin to decline through natural mortality. BLM plans to direct the majority of this effort to Nevada with plans to remove at least 5,500 animals per year for the next two years.

For a more detailed review of these items and others please refer to the recently submitted report to Congress: "Reaching Appropriate Management Levels in Wild Horse and Burro Management."

EASTERN NEVADA LANDSCAPE COALITION

Question. I appreciate efforts to restore health to our precious forests and rangelands. I believe that success hinges on involving local partners in this momentous effort. I am especially proud of the Eastern Nevada Landscape Coalition, a non-profit organization dedicated to restoring the dynamic and diverse landscapes of the Great Basin through collaboration with the Bureau of Land Management. Unfortunately, despite a 5-year, $1 million per year assistance agreement, the Department has only allocated $300,384 to this important coalition for fiscal year 2004, and has forewarned the group not to expect any funding in fiscal year 2005. In fact, funds for these types of partnerships have seen an overall decrease in your fiscal year 2005 budget. Recognizing that the cost of fire prevention is a great deal less than that of fighting fires and subsequently restoring rangeland, would you support investing Bureau of Land Management wildfire money in this coalition?

Answer. The Eastern Nevada Landscape Coalition (ENLC) is a valued partner to BLM. Through this partnership, much work has been accomplished to benefit the rangelands in eastern Nevada. BLM fully supports the mission of ENLC, and we collaborate with them whenever possible. The assistance agreement signed with ENLC authorized $1 million per year, but that level of funding for such work has not been available. BLM must abide by Federal procurement laws regarding competitive bidding for projects that could be accomplished by ENLC through the assistance agreement.

In response to your specific question about wildland fire management funding, the Department of the Interior has in recent years conducted numerous hazardous fuels reduction projects on federal lands within the geographic area of the ENLC, and will likely continue to do so. As indicated in the table below, 16 fuels projects totaling $711,000 were funded by the Department of the Interior in fiscal year 2003 and fiscal year 2004 combined. The Department is increasingly using contracts, grants, and cooperative agreements to perform fuels treatments. To the extent the ENLC is qualified to conduct such treatments, there are certainly opportunities for ENLC to participate in the DOI hazardous fuels reduction program through contracts, grants, or cooperative agreements.

EASTERN NEVADA LANDSCAPE RESTORATION—FUELS TREATMENT FUNDED PROJECTS

Fiscal year	Projects	Mechanical treatment (acres)	Funding	Prescribed burning (acres)	Funding	Other treatments (acres)	Funding
2003	10	2,458	$412,000	530	$21,000	....	....
2004	6	451	$204,000	....	....	1,085	$74,000
Total	16	2,909	$616,000	530	$21,000	1,085	$74,000

BLM will continue to fund projects on-the-ground in the ENLC area of emphasis to the degree possible. Fuels treatment projects are funded on a priority basis across all BLM administered lands, and BLM will do everything possible to ensure the vast majority of dollars received make it to the ground where it will do the most good.

In addition to fuels reduction funding, BLM seeks opportunities to engage ENLC in land health restoration work through other programs, including the Cooperative Conservation Initiative (CCI) program, which support the Great Basin Restoration Initiative and the Eastern Nevada Landscape Restoration Project. The Gleason Creek Co-op Sagebrush restoration project is under consideration for $50,000 in CCI funding in fiscal year 2005.

U.S. GEOLOGICAL SURVEY

Question. The United States Geological Survey plays a critical role in providing decision makers and the public with important information about floods, earthquakes, water quality and availability, mineral resources, wildlife, and the spread of invasive species, which inform economic development and land use planning. Yet, funding for important programs such as the Mineral Resources Program and the Water Resources Research Institute Program are slated for significant reductions or elimination in fiscal year 2005.

How do you reconcile the need for science in support of decision making at the Department of Interior in light of the cuts for the USGS in this budget?

Answer. The USGS and the Department are working very hard to better integrate USGS scientific work with the science needs of the other DOI bureaus to ensure that on-the-ground decisions are based on the best possible science. Much of the "reduction" in the USGS comes from the fact that the budget does not continue Congressional earmarks from the fiscal year 2004 budget. In the fiscal year 2004 USGS budget, there were $17.1 million in earmarks. Although the work funded by these earmarks has merit in many instances, it doesn't necessarily address the highest priority science needs of the USGS or the Department. The Department's effort to make the highest and best use of its resources is not limited to looking at earmarks. Within the USGS budget, there are several reductions in lower priority base programs that allow the Department to fund higher priority needs, such as $2.8 million for increased research in the Klamath Basin.

Question. The 108-year-old Cooperative Water Program is a 50:50 costshare between USGS and State and local governments, which funds water-resource activities requested by local governments. In recent years, non-federal contributions have increased, despite static Federal funding levels, demonstrating strong support and need for this program. If the $60.4 million shortfall in the Federal match were funded, then 28 percent more locally driven water-resource data collection and scientific investigation could be accomplished at no additional cost to local governments. Does the USGS have sufficient funds to match all the monies provided by the States for this program?

Answer. In fiscal year 2003, the USGS provided $64.4 million for Cooperative Program activities, and the 1,400 State and local partners provided $135.6 million, or roughly 68 percent of total program funding. States are aware of what USGS is able to provide in matching grants for the cooperative program when they provide additional funding above what can be matched. The current funding level is sufficient to maintain a robust cooperative water program.

Question. The U.S. Geological Survey Fire Science program would be reduced significantly in the fiscal year 2005 budget, despite the Department's stated support for understanding and preparing for wildland fires. The budget documents state that alternative sources of funding have been provided in both the Forest Service and Bureau of Land Management budgets. Specifically what are these alternative funding sources, where is it located in the other agencies' budgets, and what mechanism will transfer the funds to the USGS Fire Science Program?

Answer. The funds are proposed to come from the Bureau of Land Management (BLM) Wildland Fire Management appropriation. The funds would be made available through a cooperative agreement.

NATIONAL PARK SERVICE

Question. The Interior Department's budget does not account for funds that it will spend this year on privatization studies. How much money does the Department expect to spend on privatization studies this year?

Answer. The Department conducts competitive sourcing studies, which are designed to improve the quality, efficiency, and effectiveness of services that we deliver. As part of the competitive review process, the Department has completed studies covering more than 2,617 FTE to date and of the positions studies to date, 1,102 have been maintained in house and 1,515 have been contracted out. Throughout this process, no permanent Interior employee has lost a job. In instances where activities were contracted out, vacancies were eliminated, personnel retired, or permanent employees were placed elsewhere in the organization. In 2004, the Department anticipates that it will expend a total of $1.8 million in fiscal year 2004 appropriations for competitive sourcing studies as compared to the $2.5 million amount that is specified in 2004 Appropriations Act. The 2005 budget request includes $4.2 million for competitive sourcing studies for Interior agencies.

Question. I am worried that recent Park Service memos directing staff to avoid publicizing budget limitations discourage the parks in Nevada from communicating with me. They should not feel that the Park Service leadership will retaliate against them for giving me honest assessments of their parks. What was the intent of the Park Service in sending these memos? Would you agree that there should be open communication between the parks and Congress?

Answer. While there was an internal National Park Service (NPS) memorandum that mentioned "service level adjustments" for the upcoming season, the intention was to head off any potential service reductions by discussing problems internally in order to make the management decisions that might be required, and to determine if the redirection of available funds was necessary. The Department strongly agrees with you that there should be continued open communication with Congress.

QUESTIONS SUBMITTED BY SENATOR MIKE DEWINE

Question. What additional funds are needed to provide full science support for research conducted on behalf of the Great Lakes Fishery Commission at the Hammond Bay Biological Station and the Upper Mississippi Environmental Science Center?

Answer. The USGS currently receives appropriated and reimbursable funds for the Hammond Bay Biological Station and the Upper Mississippi Environmental Sciences Center (UMESC) for Great Lakes research. The UMESC field stations operate through reimbursable agreements with the States to conduct Great Lakes research. The funding provided is sufficient to carry this research forward at this time.

The Upper Mississippi Environmental Sciences Center conducts research which provides natural resource managers with scientific information needed to address issues such as the effects of contaminants, declining and endangered species, fishery drug research and development, river inventory and monitoring, the effects of nutrient loading, and long term resource (water, vegetation, wildlife) monitoring. Research at the Hammond Bay Biological Station focuses on development of alternative methods of controlling sea lamprey populations, refinement of existing methods for lamprey control, and on the effects of sea lampreys on Great Lakes fishes. Alternative control methods research currently includes barriers to sea lamprey migration, release of sterilized male sea lampreys to reduce reproduction, and the identification and use of migratory and sex pheromones. Other research focuses on application of lampricides, sea lamprey life history studies, population assessment, and interactions between host species and parasitic sea lampreys. The station has fish-holding facilities and houses the facility operated seasonally by the U.S. Fish and Wildlife Service to sterilize male sea lampreys. The funding provided is sufficient to carry this research forward at this time.

Question. What additional funds are needed for the Fish and Wildlife Service to provide its support to Great Lakes Fishery Commission efforts?

Answer. The Fish and Wildlife Service, as an agent for the bi-national Great Lakes Fishery Commission (Commission) since 1955, manages sea lamprey control activities in U.S. waters of the Great Lakes. This bi-national program is vital to the restoration of native fish in the Great Lakes and the $4.5 billion sportfishing industry. Congress appropriated $894,000 in fiscal year 2003 and $889,000 in fiscal year 2004 to the Service to help fund its support of the sea lamprey control program. The President's Budget for fiscal year 2005 includes a request for $889,000.

Question. The USGS's Great Lakes Science Center (GLSC) provides research support for a variety of state and tribal partners that allows them to better manage the unique resources of the Great Lakes. Over the last 10 years, however, the USGS has not provided sufficient funding for an adequate level of professional and administrative staffing to maintain the federal/state/tribal partnership on the Great Lakes. Please provide for the subcommittee an analysis of the levels of staffing and funding support received by the GLSC since its transfer to the USGS.

Answer. The GLSC transferred to the USGS from the FWS in fiscal year 1996. Total allocated staffing in fiscal year 2004 at 102 FTEs is 7 FTE above the allocated fiscal year 2003 staffing. Funding at the GLSC is projected to be $11.1 million in fiscal year 2004. A table summarizing funding since 1995 follows:

[Dollars in thousands]

Great Lakes Science Center	Fiscal year									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Funding	$8,012	$5,943	$7,153	$7,275	$7,415	$8,580	$8,230	$9,809	$10,105	$11,136
FTE	107	105	104	97	98	98	98	98	95	102

Question. We understand that the President's budget includes a slight increase for the Great lakes Science Center to address Great Lakes deep-water fishery research issues. How much has the president proposed for the large-vessel program? How much more does USGS need to develop the scientific capability to completely address these deep-water fishery assessment issues for its state and tribal partners without starving other GLSC programs?

Answer. The President has proposed a $500,000 increase in the fiscal year 2005 budget for the Deepwater Science Program at the Great Lakes Science Center (GLSC). Therefore, with the proposed increase, there would be $4.4 million for the Deepwater Science Program in the fiscal year 2005 budget. This funding level is sufficient to carry this program forward at this time.

Question. Congress has gone to great lengths to provide research vessels for the Great Lakes Science Center that facilitate research on the Great lakes. Some of these vessels have been inadequately maintained to the point their capability and safety have been called into question. What resources are needed to ensure their continued safe operations and to accomplish their scientific mission?

Answer. The USGS has worked to improve the vessel fleet on the Great Lakes. All vessels have undergone an extensive condition assessment with contracted naval architects. Any serious safety issues were immediately addressed. All eligible deferred maintenance/capital improvement (DMCI) projects for the vessels resulting from the condition assessments are included in the bureau's DMCI Program for consideration of funding in fiscal year 2006 and out years. For long-term vessel stability, the USGS is developing a vessel maintenance plan with the naval architect consultants. Once this plan is in place, a vessel capital replacement plan will be formulated to address replacing ageing vessels. The annual operations and maintenance costs for Great Lakes vessels are approximately $1.1 million, which is budgeted. Vessels are now scheduled for haul-out maintenance on a 3–4 year cycle.

Question. What is the USGS doing to address the concerns raised by the Council of Lake Committees' Blue Ribbon Panel report and what measures will be used to improve communications and accountability for program delivery of the deep-water assessment program?

Answer. To address the concerns raised by the Council of Lake Committees' (CLC) Blue Ribbon Panel report, the USGS and the CLC developed and entered into a Memorandum of Agreement (MOA) and a Memorandum of Understanding (MOU). These documents were designed to facilitate cooperation and establish new mechanisms for the USGS and the CLC to work in partnership. The MOA establishes specific dates for the USGS to provide the CLC with both budgetary and scientific information relative to the deepwater science program. The USGS has already provided the first two reports as outlined in the MOA to the CLC. In fiscal year 2004, an additional $1.0 million was appropriated for the Deepwater Science Program. To help re-build the Deepwater Science Program, seven additional FTEs were re-directed to the GLSC. The President's fiscal year 2005 budget maintains the 2004 $1.0 million increase and requests an additional $0.5 million for the Deepwater Science Program.

SUBCOMMITTEE RECESS

Senator BURNS. Thank you all very much. The subcommittee will stand in recess to reconvene at 9:30 a.m., Thursday, April 1, in room SD–124. At that time we will hear testimony from the Honorable Charles W. Grim, Director, Indian Health Service.

[Whereupon, at 11:27 a.m., Thursday, March 25, the subcommittee was recessed, to reconvene at 9:30 a.m., Thursday, April 1.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

THURSDAY, APRIL 1, 2004

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

The subcommittee met at 9:36 a.m., in room SD–124, Dirksen Senate Office Building, Hon. Conrad Burns (chairman) presiding.

Present: Senators Burns, Stevens, Domenici, and Dorgan.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

INDIAN HEALTH SERVICE

STATEMENT OF CHARLES W. GRIM, D.D.S., M.H.S.A., ASSISTANT SURGEON GENERAL, DIRECTOR

ACCOMPANIED BY:

EUGENIA TYNER-DAWSON, ACTING DEPUTY DIRECTOR

GARY J. HARTZ, ASSISTANT SURGEON GENERAL, ACTING DIRECTOR, OFFICE OF PUBLIC HEALTH

ROBERT G. MCSWAIN, M.P.A., DIRECTOR, OFFICE OF MANAGEMENT SUPPORT

WILLIAM C. VANDERWAGEN, M.D., ACTING CHIEF MEDICAL OFFICER

OPENING STATEMENT OF SENATOR CONRAD BURNS

Senator BURNS. It's a long drive from Regent; probably had traffic in Fargo on the way in this morning. We'll call this subcommittee hearing to order. Thank you very much for coming and good morning.

We have Dr. Chuck Grim, Director of the Indian Health Service, and some of his colleagues here this morning to review the Indian Health Service budget for fiscal year 2005.

Indian health services are delivered to more than 1.6 million American Indians and Alaskan Natives through a system that employs over 15,000 people and operates close to 600 health facilities, including 49 hospitals, 236 health centers, and more than 300 health stations. Proposed funding for the Agency in fiscal year 2005 is $2.97 billion, an overall increase of $46 million above the current year enacted level.

I'd just like to go over a few highlights of the budget request: an additional $18 million for Contract Health Services, and we'll be talking more about that this morning because every time I go home this is what I hear; $23 million to meet staffing requirements at newly-constructed facilities; an additional $10 million for sanitation facilities construction; and $2 million for a disease prevention initiative. There are also a few gaps in this proposal, chief among them the proposed $53 million reduction to the health facilities construction account. That recommendation probably will not be very popular with most of our subcommittee members who, for the most part, have supported doing more and not less to replace some of the facilities that we have that are getting into the senior age status.

In the next few days, Congress is expected to conference and pass a budget resolution. Shortly after that the subcommittee will receive its allocation and the real work will begin. It is doubtful that we will have much in the way of additional resources to distribute to the agencies funded through this bill given the realities of defense and homeland security spending. Let me assure you, however, we will work closely with you, Dr. Grim, and your staff in an effort to address the highest priorities of your Agency and, of course, the health care needs of our Native Americans.

PREPARED STATEMENT

Dr. Grim, thank you for being with us today. We look forward to your testimony. This is the first time you've been up before this committee and we appreciate the service that you've chosen in your line of work. I know that sometimes it has great challenges but nonetheless you appear to be a man that's up to those challenges.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CONRAD BURNS

Good morning. Today we have Dr. Chuck Grim, Director of the Indian Health Service, and some of his colleagues here with us to review the Indian Health Service budget for fiscal year 2005.

Indian health services are delivered to more than 1.6 million American Indians and Alaska Natives through a system that employs over 15,000 people at close to 600 health facilities, including 49 hospitals, 236 health centers, and more than 300 health stations. Proposed funding for the agency in fiscal year 2005 totals $2.97 billion, an overall increase of $46 million above the current year enacted level.

Program highlights include:

—an additional $18 million for Contract Health Services;

—$23 million to meet staffing requirements at newly constructed facilities;

—an additional $10 million for sanitation facilities construction; and

—$2 million for a Disease Prevention initiative.

There are also a few gaps in this budget proposal, chief among them a proposed $53 million reduction to the facilities construction account. That probably won't be too popular with our subcommittee members, who for the most part are supportive of doing more not less to replace health facilities that can be as much as 100 years old.

In the next few days, Congress is expected to conference and pass a budget resolution. Shortly after that, this subcommittee will receive its allocation and the real work will begin. It is doubtful that we will have much in the way of additional resources to distribute to the agencies funded through this bill, given the realities of defense and homeland security spending. Let me assure you, however, we will work closely with you in an effort to address the highest priorities for your agency and Native Americans.

Dr. Grim, thank you for being with us today. We look forward to your testimony and appreciate the opportunity to discuss the budget proposal with you.

Senator BURNS. I'm pleased this morning to be joined by my friend from North Dakota, Senator Dorgan, the ranking minority member of this subcommittee.

OPENING STATEMENT OF SENATOR BYRON L. DORGAN

Senator DORGAN. Mr. Chairman, thank you for that. You have a warped sense of direction, however, if you think that you drive through Fargo coming from Regent. But, Montanans have never had an acute sense of direction. You have good judgement in other areas so we will overlook that this morning.

Senator BURNS. You don't go east to get to here? You don't go through Fargo?

Senator DORGAN. No, you go through Aberdeen.

Senator BURNS. That's worse yet because you probably go through Shelby.

Senator DORGAN. Mr. Chairman and Dr. Grim, first of all let me say something about the Indian Health Service staff out around the country. I don't know much about you three, though Mr. Hartz was well educated, I know, at the University of North Dakota. But I must say the Indian Health Service staff that I have met around the country are extraordinary men and women. They're not paid a lot, they don't do this because they're maximizing income, they do that because they want to provide health care and assistance to people who desperately need it. And I walk away every time I visit one of those clinics and those areas where I see Indian Health Service employees and I think what a remarkable thing and how blessed we are that they've decided to commit their lives to this thing. So I just want you to know that, number one.

Number two, the Indian Health Service is dramatically underfunded and we are pretending, every year as we deal with these issues, we pretend that we're providing good health care and we're not. And it has nothing to do with you or your staff; you don't have the money. We're spending about 50 percent less on health care for American Indians than we are—per person—than we are for Federal prisoners and we're responsible for both. When we incarcerate someone we're responsible for their health and we commit money to provide for their health. And we are also responsible, under our trust responsibility, for Indian health. And yet we underfund that by about 50 percent relative to that which we spend for Federal prisoners. And one has a good reason, it seems to me, to ask why. And I won't go through the list.

I'm going to ask a series of questions today, and they are not questions meant to, in any way, describe malfeasance on the part of your Agency but they are meant to describe the sense of warped priorities we have. You know, I remember just recently—and colleagues are tired and probably my colleague from Montana is tired of hearing me say this—but just recently, with precious little debate, we shipped off nearly $20 billion to reconstruct Iraq, build children's hospitals, buy garbage trucks, and God knows what else we're doing with $20 billion. To try to soak just a little bit of extra money out of the Federal budget to build the Indian Health Service budget to where it ought to be is almost impossible because we just want to pretend that we're doing the right thing. And we're not, we're just not. It is not the priority it should be.

You're a dentist, Dr. Grim, I believe.

Dr. GRIM. Yes sir.

Senator DORGAN. And you know, I visited the dental facilities at Standing Rock and you see a dentist in a trailer house serving 5,000 people and that's not—and incidentally, when you see so many American Indians with teeth missing it's for a good reason, because they can't get a tooth replaced when it's pulled, as you know, so that has health consequences. So there's so much going on.

I just got off the phone a few minutes ago with some family members of a 14-year-old girl who hung herself on Tuesday on the Spirit Lake Nation Reservation and the Indian Health Service people and others there told me that that's not unusual. I mean, this little 14-year-old girl's sister hung herself as well, 2 years ago, committed suicide. We have a full-scale crisis in health care and the fact is the budget that you are here to represent, and you must represent it because you're part of the administration, will actually cause us to lose ground because you don't have a budget request that meets the population increase; you don't have a budget request that meets just the continuing needs. And so I'm going to ask a series of questions about that today. And again, I started deliberately because I wanted to thank the people who work in the IHS but we should stop pretending; we are not doing right by American Indians with respect to the health care budget that we have proposed. Not just this year but every year. Not just under this administration but under previous administrations as well. And we ought to decide, finally, it's our responsibility to begin doing the right thing.

So Mr. Chairman, thank you very much.

Senator BURNS. Thank you, Senator Dorgan. Dr. Grim, we look forward to your statement.

SUMMARY STATEMENT OF DR. CHARLES W. GRIM

Dr. GRIM. Thank you sir. I want to thank both of you, too, for your opening comments and for your understanding and for the support that you've given the Indian Health Service and our programs over the years. Your committee has a great understanding of our program.

My name is Dr. Charles W. Grim, the Indian Health Service Director, and I'm here accompanied by two people at the table, Dr. Craig Vanderwagen, our Acting Chief Medical Officer and Mr. Gary Hartz, our Acting Director for the Office of Public Health. I also have a number of staff with me here in the audience so that we can try to get answers to your questions should you pose some that we're not able to answer. I'll be the only one making an opening statement and then we'll take any questions you'd be pleased to ask.

I'm very pleased today to have this opportunity to testify on the President's fiscal year 2005 budget request for IHS. I'll make just some brief remarks and ask that my written statement be entered into the record.

Senator BURNS. Without objection, it will be.

Dr. GRIM. I'm here to provide information on behalf of the President, the Secretary, and the IHS for the programs that are critical to achieving our shared goals of health promotion, disease prevention and the elimination of health disparities among all Americans.

The budget request contains an $82 million increase for our health services programs. That will allow us to add up to four new epidemiology centers and increase support for the existing seven centers that we already have. It would allow us to add 30 new community health aides or practitioners to provide service in Alaska native communities, raising the number of aides and practitioners to 516. It also has funds to cover some of the mandatory Federal pay costs and provide tribally run health programs with funds for comparable pay raises for their staffs. We've also asked for an additional $18 million for Contract Health Services, which was mentioned in your opening comments, and an additional $2 million is requested to expand our existing health promotion and disease prevention initiatives at the local community level.

FACILITIES

Our request on the facilities side includes an additional $23 million to add staffing for five out-patient facilities that are scheduled to open during fiscal year 2005. Those are the Pinon and West Side Health Centers in Arizona, the Dulce Health Center in New Mexico, the Idabel facility in Oklahoma and the Annette Island Health Center in Alaska. When fully operational, these facilities will double the number of primary care provider visits and bring new services to these sites.

SANITATION CONSTRUCTION

We've also requested $103 million for sanitation construction—that's an increase of $10 million or 11 percent over our fiscal year 2004 level—to be able to provide safe water and waste disposal systems to Indian communities. Specifically, the President's budget request supports the provision of safe water and waste disposal to an estimated 22,000 additional homes.

HEALTH CARE FACILITIES CONSTRUCTION

There's also a $42 million request to fund the completion of out-patient facilities construction at Red Mesa, Arizona, and Sisseton, South Dakota, and to provide necessary staff housing for the health facilities at Zuni, New Mexico, and Wagner, South Dakota. When completed, these out-patient facilities will provide an additional 36,000 primary care provider visits, replace the 68-year-old Sisseton Hospital, and bring 24-hour emergency care services to the Red Mesa area for the first time ever. The IHS is also going to be able to add 13 units of staff quarters and replace 16 house trailers that were built over 40 to 50 years ago. Having this new decent local housing will make it easier for us to recruit and retain health care professionals at these sites.

In addition to the increased request for sanitation facilities, there's also an increased request for facilities and environmental health support. In addition to providing funds for the provision of health care services to Indian people on or near reservations, our 2005 budget request also includes $32 million to help support 34 urban Indian health organizations that provide services in cities with large numbers of Indian people.

NATIONAL BUDGET PRIORITIES/CONSTRAINTS

The budget request for the IHS continues to reflect the commitment of the President and the Secretary to meeting the health needs of Indian people within the scope of national priorities. The President's overall request provides substantial increases to improve our Nation's security and win the war on terror. It also increases funding for key priorities such as economic growth and job creation, education, and affordable health care, which are all key factors in influencing the health status of our people. To fund these priorities, the President's national budget request restrains overall increases in spending in other areas of the government and in discretionary programs to less than 1 percent. In support of the President's key priorities, his proposal for the Department of Health and Human Services discretionary budget authority is a 1.2 percent increase over fiscal year 2004 and the IHS request for 2005 exceeds the 1 percent national discretionary average and the 1.2 percent average for HHS. The IHS budget request is an increase of 1.6 percent, or $46 million over the fiscal year 2004 enacted level. The total proposed budget authority for us in 2005 then is at $3 billion and, if you add in funds from health insurance collections estimated at $593 million, the designated diabetes appropriations of $150 million and $6 million for staff quarters rental collections, it increases our proposed budget from $3 billion to $3.7 billion in program-level spending. This increase will allow the continuation of quality health care services to Indian people and this increase above the national and HHS discretionary averages reflects the Department's tribal budget consultations and a continuing Federal Government commitment to provide for the health of members of federally-recognized tribes.

OVERALL DEPARTMENTAL BUDGET

The President's budget request for IHS must also be considered in the context of the proposed increases for the Department overall. Fortunately, we no longer exist in an era where the IHS is viewed by the Department as the sole source and agent for improving the health of Indian people. That responsibility has expanded to include all programs of the Department. An example of an increase elsewhere that will benefit Indian people and also the IHS is the Medicare Prescription Drug Improvement and Modernization Act of 2003. Items in this Act that are particularly important to the IHS, tribal, and urban Indian health programs include: a provision to increase the reimbursement rates for rural ambulance services, which will benefit numerous isolated tribal ambulance programs throughout Indian country; a provision that authorizes reimbursement to IHS and tribal health facilities for emergency services provided to undocumented aliens, which is particularly important for IHS and tribal facilities in remote border locations of the United States; and a provision that requires Medicare participating hospitals to accept Medicare rates as payment in full when providing in-patient hospital services to IHS beneficiaries who are referred for care, which is going to allow us to save more money in our Contract Health Services budget. There's also a 5-year authorization of reimbursement for increased Medicare B services, which will allow us to increase our billings in that arena. And there are changes in critical access hospital reimbursements that are going to benefit many of our rural IHS and tribal hospitals. They've also increased the disproportionate share of low-income and uninsured patient rate from 5.25 to 12 percent and nearly all of our hospitals will benefit from that.

There are also provisions in that bill to support health promotion and disease efforts and, beginning this year, all newly enrolled Medicare beneficiaries will be covered for an initial physical exam, electrocardiogram and cardiovascular screening, blood tests, and those at risk will be covered for a diabetes screening test. Before this legislation was enacted, the IHS and tribes were providing these services but now we will be able to seek reimbursement for them, which will extend our health dollars even further.

Overall, the combination of budget increases and additional purchasing power provided by that Medicare Modernization Act will allow for the purchase of an estimated 35,000 additional out-patient visits or 3,000 additional in-patient days of care.

PREPARED STATEMENT

I want to thank you for the opportunity to discuss the fiscal year 2005 President's budget request for the IHS and again I'd like to thank this subcommittee for their support over the years to ensure that the IHS can continue to help American Indian and Alaska Native people across the Nation. I would be pleased, Mr. Chairman, to answer any questions that you have today.

[The statement follows:]

PREPARED STATEMENT OF DR. CHARLES W. GRIM

Mr. Chairman and Members of the Subcommittee: Good morning. I am Dr. Charles W. Grim, Director of the Indian Health Service. Today I am accompanied by Ms. Eugenia Tyner-Dawson, Acting Deputy Director, Dr. William Craig Vanderwagen, Acting Chief Medical Officer, Mr. Gary J. Hartz, Acting Director, Office of Public Health, and Mr. Robert G. McSwain, Director, Office of Management Support. We are pleased to have this opportunity to testify on the President's fiscal year 2005 budget request for the Indian Health Service.

The IHS has the responsibility for the delivery of health services to more than 1.6 million members of Federally-recognized American Indian (AI) tribes and Alaska Native (AN) organizations. The locations of these programs range from the most remote and inaccessible regions in the United States to the heavily populated and sometimes inner city areas of the country's largest urban areas. For all of the AI/ANs served by these programs, the IHS is committed to its mission to raise their physical, mental, social, and spiritual health to the highest level, in partnership with them.

Secretary Thompson, too, is personally committed to improving the health of AI/ANs. To better understand the conditions in Indian country, the Secretary or Deputy Secretary has visited Tribal leaders and Indian reservations in all twelve IHS areas, accompanied by senior HHS staff. The Administration takes seriously its commitment to honor its obligations to AI/ANs under statutes and treaties to provide effective health care services.

Through the government's longstanding support of Indian health care, the IHS, Tribal, and Urban (I/T/U) Indian health programs have demonstrated the ability to effectively utilize available resources to improve the health status of AI/ANs. For example, there have been dramatic improvements in reducing mortality rates for certain causes from the three year periods of 1972–1974 to 1999–2001, such as maternal deaths decreased 58 percent, infant mortality decreased 64 percent, and unintentional injuries mortality decreased 56 percent. More recently, the funding for the Special Diabetes Program for Indians has significantly enhanced diabetes care and education in AI/AN communities, as well as building the necessary infrastructure for diabetes programs. Intermediate outcomes that have been achieved since implementation of the Special Diabetes Program for Indians include improvements in the control of blood glucose, blood pressure, total cholesterol, LDL cholesterol, and triglycerides. In addition, treatment of risk factors for cardiovascular disease has improved as well as screening for diabetic kidney disease and diabetic eye disease.

Although we are very pleased with the advancements that have been made in the health status of AI/ANs, we recognize there is still progress to be made. As the Centers for Disease Control and Prevention recently reported, the AI/AN rates for chronic diseases, infant mortality, sexually transmitted diseases, and injuries continue to surpass those of the white population as well as those of other minority groups. The 2002 data show that the prevalence of diabetes is more than twice that for all adults in the US, and the mortality rate from chronic liver disease is more than twice as high. The sudden infant death syndrome (SIDS) rate is the highest of any population group and more than double that of the white population in 1999. The AI/AN death rates for unintentional injuries and motor vehicle crashes are 1.7 to 2.0 times higher than the rates for all racial/ethnic populations, while suicide rates for AI/AN youth are 3 times greater than rates for white youth of similar age. Maternal deaths among AI/ANs are nearly twice as high as those among white women.

The type of health problems confronting AI/AN communities today are of a more chronic nature. The IHS public health functions that were effective in eliminating certain infectious diseases, improving maternal and child health, and increasing access to clean water and sanitation, are not as effective in addressing health problems that are behavioral in nature, which are the primary factors in the mortality rates noted previously. Other factors affecting further progress in improving AI/AN health status are the increases in population and the rising costs of providing health care. The IHS service population is increasing by nearly 2 percent annually and has increased 24 percent since 1994.

This budget request for the IHS will assure the provision of essential primary care and public health services for AI/ANs. For the seventh year now, development of the health and budget priorities supporting the IHS budget request originated at the health services delivery level. As partners with the IHS in delivering needed health care to AI/ANs, Tribal and Urban Indian health programs participate in formulating the budget request and annual performance plan. The I/T/U Indian health program health providers, administrators, technicians, and elected Tribal officials, as well as the public health professionals at the IHS Area and Headquarters offices, combine their expertise and work collaboratively to identify the most critical health care funding needs for AI/AN people.

The President's budget request for the IHS will assist I/T/U Indian health programs to maintain access to health care by providing $36 million to fund pay raises for Federal employees as well as funds for Tribal and Urban programs to provide comparable pay increases to their staff. Staffing for five newly constructed health care facilities is also included in the amount of $23 million. When fully operational, these facilities will double the number of primary provider care visits that can be provided at these sites and also provide new services. The budget also helps maintain access to health care through increases of $18 million for contract health care and $2 million for the Community Health Aide/Practitioner program in Alaska. The increase for CHS, combined with the additional purchasing power provided in Section 506 of the recently enacted Medicare Prescription Drug, Improvement, and Modernization Act, will allow the purchase of an estimated 35,000 additional outpatient visits or 3,000 additional days of inpatient care.

As mentioned previously, the health disparities for AI/ANs cannot be addressed solely through the provision of health care services. Changing behavior and lifestyle and promoting good health and environment is critical in preventing disease and improving the health of AI/ANs. This budget supports these activities through requested increases of $15 million for community-based health promotion and disease prevention projects, expanding the capacity of Tribal epidemiology centers, and providing an estimated 22,000 homes with safe water and sewage disposal. An additional $4.5 million is requested for the Unified Financial Management System. This system will consolidate the Department's financial management systems into one, providing the Department and individual operating division management staff with more timely and coordinated financial management information. The requested increase will fully cover the IHS' share of costs for the system in fiscal year 2005 without reducing other information technology activities.

The budget request also supports the replacement of outdated health clinics and the construction of staff quarters for health facilities, which are essential components of supporting access to services and improving health status. In the long run, this assures there are functional facilities, medical equipment, and staff for the effective and efficient provision of health services. The average age of IHS facilities is 32 years. The fiscal year 2005 budget includes $42 million to complete construction of the health centers at Red Mesa, Arizona and Sisseton, South Dakota; and complete the design and construction of staff quarters at Zuni, New Mexico and Wagner, South Dakota. When completed, the health centers will provide an additional 36,000 primary care provider visits, replace the Sisseton hospital, which was built in 1936, and bring 24 hour emergency care to the Red Mesa area for the first time.

The IHS continues its commitment to the President's Management Agenda through efforts to improve the effectiveness of its programs. The agency has completed a Headquarters restructuring plan to address Strategic Management of Human Capital. To Improve Financial Performance and Expand E-Government, the IHS participates in Departmental-wide activities to implement a Unified Financial Management System and implement e-Gov initiatives, such as e-grants, and Human Resources automated systems. This budget request reflects Budget and Performance Integration at funding levels and proposed increases based on recommendations of the Program Assessment Rating Tool (PART) evaluations. The IHS scores have been some of the highest in the Federal Government.

The budget request that I have just described provides a continued investment in the maintenance and support of the I/T/U Indian public health system to provide access to high quality medical and preventive services as a means of improving health status. In addition, this request reflects the continued Federal commitment to support the I/T/U Indian health system that serves AI/ANs.

Thank you for this opportunity to discuss the fiscal year 2005 President's budget request for the IHS. We are pleased to answer any questions that you may have.

BIOGRAPHICAL SKETCH OF DR. CHARLES W. GRIM

Charles W. Grim, D.D.S., is a native of Oklahoma and a member of the Cherokee Nation of Oklahoma. As the Director of the Indian Health Service (IHS), he is an Assistant Surgeon General and holds the rank of Rear Admiral in the Commissioned Corps of the Public Health Service. He was appointed by President George W. Bush as the Interim Director in August 2002, received unanimous Senate confirmation on July 16, 2003, and was sworn in by Tommy G. Thompson, Secretary of Health and Human Services, on August 6, 2003 in Anchorage, Alaska.

As the IHS Director, he administers a nationwide multi-billion dollar health care delivery program composed of 12 administrative Area (regional) Offices, which oversee local hospitals and clinics. The IHS is responsible for providing preventive, curative, and community health care to approximately 1.6 million of the Nation's 2.6 million American Indians and Alaska Natives. The IHS is the principal federal health care provider and health advocate for Indian people.

Dr. Grim graduated from the University of Oklahoma College of Dentistry in 1983 and began his career in the IHS with a 2-year clinical assignment in Okmulgee, OK, at the Claremore Service Unit. Dr. Grim was then selected to serve as Assistant Area Dental Officer in the Oklahoma City Area Office. As a result of his successful leadership and management of the complex public health dental program, he was appointed as the Area Dental Officer in 1989 on an acting basis.

In 1992, Dr. Grim was assigned as Director of the Division of Oral Health for the Albuquerque Area of the IHS. He later served as Acting Service Unit Director for the Albuquerque Service Unit, where he was responsible for the administration of a 30-bed hospital with extensive ambulatory care programs and seven outpatient health care facilities. Dr. Grim was later appointed as the permanent Director for the Division of Clinical Services and Behavioral Health for the Albuquerque Area and had the responsibility for working with all health related programs at the Area level. Dr. Grim was then appointed Acting Executive Officer for the Albuquerque Area, one of three top management officials for the two-state region, and was responsible for the fiscal and administrative leadership of the Area.

In April 1998, Dr. Grim transferred to the Phoenix Area IHS as the Associate Director for the Office of Health Programs. In that role, he focused on strengthening the Phoenix Area's capacity to deal with managed care issues in the areas of Medicaid and the Children's Health Insurance Program of Arizona. He also led an initiative within the Area to consult with Tribes about their views on the content to be included in the reauthorization of the Indian Health Care Improvement Act, Public Law 94–437.

In 1999, Dr. Grim was appointed as the Acting Director of the Oklahoma City Area Office, and in March 2000 he was selected as the Area Director. As Area Director, Dr. Grim managed a comprehensive program that provides health services to the largest IHS user population, more than 280,000 American Indians comprising 37 Tribes. The geographic area of responsibility covers the states of Oklahoma, Kansas, and portions of Texas. Health care is provided through direct care, contract care, or tribally operated facilities. He was also a member of the Indian Health Leadership Council, composed of IHS, tribal, and urban Indian health program representatives. The Council is a decision making body of the agency that examines health care policy issues.

In addition to his dentistry degree, Dr. Grim also has a master's degree in health services administration from the University of Michigan. Among Dr. Grim's honors and awards are the U.S. Public Health Service Commendation Medal (awarded twice), Achievement Medal (awarded twice), Citation, Unit Citation (awarded twice), and Outstanding Unit Citation. He has also been awarded Outstanding Management and Superior Service awards by the Directors of three different IHS Areas. He also received the Jack D. Robertson Award, which is given to a senior dental officer in the United States Public Health Service (USPHS) who demonstrates outstanding leadership and commitment to the organization.

Dr. Grim is a member of the Commissioned Officers Association, the American Board of Dental Public Health, the American Dental Association, the American Association of Public Health Dentistry, and the Society of American Indian Dentists. Dr. Grim was appointed to the commissioned corps of the U.S. Public Health Service in July 1983.

Senator BURNS. Dr. Grim, thank you very much. I'm going to have about three questions and then I think we'll get a pretty good dialogue off of these three. I want to thank you for mentioning all of your wellness programs because we don't talk much about efforts to promote wellness on our reservations—one example is the screening programs that they'll be reimbursed for now to find out where our problems are and solve them early on. I'm also glad you mentioned the sanitation construction program. It seems like so many reservations we go to have real sanitation problems. I have two major water projects in Montana, ongoing now, that are high priority in my office; we want to complete those because I happen to believe that unclean water is probably the cause of a lot of our health problems. You can't believe what water, pure water, does for our wellness.

Also in the area of diabetes, as you know it is more prevalent on our reservations than in the rest of the country. I'll want to know how you're doing there because we funnel more money into the diabetes fund and I want to know if we're making any headway, are we seeing any visible results, what is the impact of that money.

CONTRACT HEALTH SERVICES

Contract Health Service dollars are critical because in Montana, and I think in other areas, too, where we're a long way from major IHS medical facilities, those services are met by hospitals and health care providers off the reservation. This becomes very expensive but it is also a very vital part of how we provide health services for our Native Americans. The IHS budget proposes to increase this program by about $18 million for 2005.

Give me your assessment of that proposal. Even though I know that it sounds like $18 million is a lot of money, if a shortfall exists in contract health care overall, can you give me an estimate of where we should be to provide adequate acute care through contract services? How many of the highest priority medical cases must be rejected annually because tribes just run out of money, and how far will this $18 million increase go to alleviate some of these problems? That's a pretty broad field.

Dr. GRIM. Yes sir, that's a lot of questions.

Senator BURNS. It's a lot of questions all in one, isn't it?

Dr. GRIM. I'll see if we can start addressing those and if we don't capture all of the ones that you asked please feel free to ask again.

$18 MILLION REQUEST

As you can see in our budget, that $18 million request for increases other than our pay act inflationary increases is the largest increase that we asked for. That's one of the highest priority items in Indian country, that's the monies that we use to pay for care in the private sector that we cannot provide in our facilities. That $18 million in large part goes to help offset the inflation that will incur in that particular budget this year. Earlier I mentioned the Medicare Modernization Act. We've not been able to fully estimate the impact of that Act because its regulations have yet to be written, but we're working very closely with the Centers for Medicare/Medicaid Services. We've estimated that just the one that allows us to have Medicare-like rates in hospitals where we've not been able to get those before and had to pay full bill charges is going to allow us to extend our CHS budget another $8 to $9 million in specific locations across the IHS Areas.

We're also working very, very hard to enhance our business practices all across the Indian Health Service. Prior to becoming Director of the Indian Health Service, I was the chairman of a business plan committee for the Agency that worked with all of our stakeholders to develop a business plan. One of the things that we're trying to do, as you know, our Contract Health Services budget is the payer of last resort and so we're doing everything we can in all of our facilities to exhaust other third-party resources that patients might have, like Medicare, Medicaid or private insurance. So we're trying to cover the front in all those arenas. We've asked for one of the largest increases in CHS; we're also looking at how Medicare modernization is going to affect our budget and then we're trying to enhance our business practices as well.

It's very hard to answer your question about some of the highest priority claims, how many will be denied. We don't capture them by priority level but we do know that there are priority one claims, which are considered an immediate threat to life or limb that are denied throughout the course of the year. That particular budget is discretionary, not an entitlement-type program like Medicare and Medicaid, and so we are required to stay within our appropriation for that budget. I can give you, for the record, some overall numbers about denials and deferred services and things like that but we don't collect by priority one, two and three the way we medically categorize care, we don't capture it in that fashion to be able to tell you how many of the most urgent care needs are denied on an annual basis.

Senator BURNS. Well, I think maybe those are some numbers that this subcommittee should have and Congress should know about. And what I would do after this year's budget, I think I would probably have somebody go over that and see how much more money we would need to take care of what we should, even using good business practices and even going and trying to save money where we can.

Tell me about the CHEF Program. That's along the same lines, I think.

CHEF PROGRAM

Dr. GRIM. Yes sir.

Senator BURNS. It's meant to cover catastrophic illness. Tell me about that program; we're hearing a little bit of feedback from our reservations on that.

Dr. GRIM. Yes sir. That's a—you took the words right out of my mouth. That was the next statement I was going to make to you. The CHEF Program right now is funded at $18 million. Our overall CHS budget is approaching $500 million—I believe it's going to be about, if we get our request this year, in the $480 plus range—and of that amount $18 million is taken off and set aside to handle catastrophic health emergency cases. Regulations set out the threshold that would have to be met by local contract health programs, and I believe for fiscal year 2004 that amount is around $23,800. Whenever a facility spends more than that on a particular case, they apply to that fund and then they are reimbursed so that the catastrophic cases do not cause them to run out of funds early in the year. Congress raised CHEF from $15 million a few years ago up to $18 million, we have that authority, but that particular budget has been running out in about the third quarter of each year. And so in the fourth quarter of the fiscal year if any programs have catastrophic cases then they end up having to fund those themselves. We have estimates in our congressional justification that would indicate that probably $30 million would be needed in that fund to capture known cases but it's very hard to predict from year to year because of the expense of medical care and the unknown types of cases we might encounter.

Senator BURNS. I've got a couple of other questions before——

Senator DORGAN. Why don't you finish up and I'll just——

Senator BURNS. Well I'm afraid you're going to wear your thumb out.

Senator DORGAN. No.

Senator BURNS. Okay. In your epidemiology—auctioneers handle that pretty well, don't they?—your epicenters. Tell me about those. I understand that you have established some and I think you're short of what you want nationally but you're getting there.

EPI CENTERS

Dr. GRIM. Yes sir. We currently have seven epidemiology centers and they're funded at approximately $300,000 each. And those seven centers really only cover about 50 percent of the American Indian and Alaska Native population. We have several large Areas of Indian population—Albuquerque, Navajo, Oklahoma, Billings, and California—that are not currently covered by epidemiology centers. So the money that we're requesting in this year's budget will allow us to add, hopefully, four new centers and to upgrade the existing centers by $100,000 each. As I said, we're funding them currently at $300,000; we estimate for them to be fully functional that they would need around $750,000. But those epidemiology centers take the money that we put in and they go after other grants, through States or through other programs, and are able to essentially use a lot of our money as seed money. Those centers have been very effective at working with tribes in those Areas to help them analyze the large amounts of health data that are gathered through our system. And we also work with CDC, NIH, and State health departments to try and bring in additional funding for those epicenters. So the funding that we're asking for this year would allow us to go out with another request for funding proposals and hopefully capture four more centers.

Senator BURNS. Senator Dorgan.

FUNDING DISPARITIES

Senator DORGAN. Mr. Chairman, thank you very much. Dr. Grim, I mentioned in the opening statement the contrast between our responsibility as a Federal Government to provide for the health of Federal prisoners and the health of the American Indians. Could you and your staff at some point provide for me an estimate of what we would spend on the Indian Health Service if we provided funding for the health of American Indians at the same level that we provide for the health for Federal prisoners?

Dr. GRIM. Yes sir, we can provide that for you. I don't have those numbers before me.

Senator DORGAN. I understand. But my cursory glance is that we spend, on a per capita basis about 50 percent more for Federal prisoners' health care than we do for American Indians.

You know, you have a responsibility to come here on behalf of this budget and support the budget. I understand that, I'm not critical of that because that's your role. But you know and I know that you've described to us kind of like someone selling a car. You've said this is a great tail light and we've got a good door handle over here and I want you to see the shiny hood and we all directed our attention to what you wanted us to look at. But you know we're far short. Let me ask a couple questions.

CONTRACT HEALTH SERVICES

Indian people have had their credit ruined, as you know, because they were able to access Contract Health Services that were approved and then the payments weren't made. These are health services they couldn't get on the reservation so they go to a hospital some place, get the health care and then the payment isn't made and they come back to the Indian for payment and he doesn't have the payment so their credit is ruined. So we're far short of what's needed for Contract Health Services, and my understanding is that if you need a hip replacement, just continue working; you can't get a hip replacement because of the rationing of care at the present time. Is that correct?

Dr. GRIM. Yes sir. Many places are unable to provide that level of service.

Senator DORGAN. How about arthritis treatment?

Dr. GRIM. Again, it depends on the location. We have disparities of funding within the Service itself; some places are able to provide care for arthritis patients and others are not.

Senator DORGAN. My understanding is that allergy testing, stress tests for diabetics who do not have signs of heart disease, these are things, for example, that would not be covered under Contract Health Services. And I simply describe that to point out that we're just so far short of where we need to be. Because you're a dentist, Dr. Grim, you know that dentists, I think, throughout the IHS, do not perform crown or bridge work. So if you go to a dentist on the reservation to have your tooth pulled you're going to walk around with an empty space because there's no crown or bridge work available. Is that correct?

Dr. GRIM. There are some places that are able to provide crown and bridge work but you are correct that as a whole we have very, very limited services that are provided in that realm.

Senator DORGAN. And, with Federal prisoners, do we do crown or bridge work, I wonder?

Dr. GRIM. I'm not sure.

Senator DORGAN. You wouldn't know that but I'm sure we do.

Senator BURNS. He's never been in prison.

Senator DORGAN. Yeah. Let me ask a question. I mentioned to you about the young girl that committed suicide on Tuesday on the reservation and I think her name was Avis Littlewind; her aunt told us of this and then I called to find out what had happened there. You know, this is a reservation like virtually all of them; one social worker, one psychologist. They tell me that man, they just struggle to keep up. I had a hearing on this subject some long while ago and the young woman who was supposed to be in charge of the office dealing with these kids, and this was dealing with mental trauma and sexual abuse, child abuse, in the middle of the hearing she was testifying about what she's trying to do, she's been there about 6 months, in the middle of the hearing she just broke down and began sobbing and couldn't continue. She said you know, I just have to beg to get a car to take a kid to a clinic; I don't even have wheels to take a kid to a clinic. And then she just quit; 30 days later she quit. And you know, this is on the same reservation, incidentally. So I called these folks this morning. They're just woefully, dramatically understaffed relative to the load they have. Is there anything in this budget that's going to give them hope? As I read this budget, it looks like we're underfunding the Indian Health Service once again. We're not going to even meet inflation needs. Would you not agree?

MENTAL HEALTH/SUICIDE PREVENTION

Dr. GRIM. We have provided some funding increases for the mental health program in this budget along with the criteria that we were to lay out. And one of the things that we've done on top of that, since I've been in as the Director and realizing the huge tragedy that suicide causes in Indian country, I've started an initiative. When I initially became Director we had just the year before that received a $30 million increase to our budget, one of the largest increases we'd received in a number of years. And so we worked with Indian country to determine how we would distribute those funds and one of the things that we've done recently is we've started a suicide initiative; we have increased the data collection methods that we use, we're able to now spot areas where there might be potential suicide clusters beginning. We've tested that software and we think averted a crisis in one particular Area because of the way the data's gathered at a national level now. I've also begun a suicide task force that's made up from representatives from all of our regions. They're scheduled to have their first meeting this summer in June and we're going to be working with them on various programs across the country. Any time that we have had suicide clusters and emergencies, we've dug into emergency funds to try to help those particular areas, to bring in experts.

PATIENT CONTACTS

Senator DORGAN. But Dr. Grim, whether it's dental health, alcohol and substance abuse or mental health, in every case we have fewer patient contacts. More money but fewer patient contacts. Is that not the case?

Dr. GRIM. I would have to check the patient contact——

Senator DORGAN. Well, let me give it to you from your evidence; 7,700 fewer patient contacts in the mental health despite the fact there's a $2.5 million increase; in dental health, 12,000 fewer patients; alcohol substance abuse 29,000 fewer in-patient treatments, 13,000 fewer in-patient treatments. My point is, add a little money but actually don't keep pace with inflation and have less money actually for patient visits in all of these cases. Is that not the case?

RECRUITMENT

Dr. GRIM. That is part of the problem, sir. Another part of the problem is recruitment efforts. We have, especially in dental, we have some very high vacancy rates right now, also in pharmacy and physicians and nursing we have some very high vacancy rates and we're doing as much as we can around recruitment and retention efforts. I have a huge new initiative that we've instituted within the Agency. The Secretary and the President have also agreed to strengthen the Commission Corps by 1,000 new officers; they've dedicated 275 of that new 1,000 to the Indian Health Service in some of our most difficult-to-fill sites. So a portion of what you're saying about the inflationary issue is accurate and the other part of the story is the recruitment issue and the vacancies that we have.

Senator DORGAN. Well, my time has expired. Our colleagues are here. I'm going to submit a list of questions to you. Let me again say that we're spending 50 percent less per person on Indian health than we are on health for the Federal prisoners in Federal prisons. And I think we're pretending. We have a health care crisis and we're pretending that we're sort of meeting it but we're really not and we need somehow to do much, much better. So I'll submit a series of questions.

Let me again say thanks to the men and women of the Indian Health Service who are out there doing remarkable work in a dramatically underfunded area.

Dr. GRIM. I really appreciate that and I will make sure everywhere I go that I let them know this subcommittee had thanks for them.

Senator BURNS. Along the same lines of mental health, Art McDonald down on the Cheyenne, headed a program many years ago; we earmarked some money, $250,000, for the psychology program in Montana and there are just a few other schools that participate—University of North Dakota is one of those that gets an earmark for such programs. We've long been an advocate for this program and we just kind of struggled along but it's a model that

I think that Art has made work down on the Cheyenne. So, he's a valuable resource and I'm pretty sure he'd make himself available if you would call on him.

We've been joined by Senator Domenici of New Mexico and the chairman of the full committee. I don't know how full he is but he has joined us. Senator Domenici.

STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Thank you so much. I wanted to say to the Senator, it's good for me to find Senators that are willing to work on these issues. You know, I've been here for a long time and there weren't a lot of them. You take some of the issues, he takes some, I take some, and I think we're doing a much better job. There's no question, we must do better. But I thank you for what you do and I think you know there's been an enormous success, not relevant to this, but I just had an inventory done of how many new schools were built because we started 3 years ago with a notion of how it should be done. Compared to 10 years ago it's incredible what's being built for the kids in terms of new schools.

DIABETES

Dr. Grim, let me say there's many, many things we could talk about but I think when you see something that's just stark in your face you can't ignore it. Diabetes is it. I mean, we have some Indian tribes, as you know, that may have 50 percent diabetes. We also have showing up babies, kids, I don't mean babies but kids and most of them are Indian, with diabetes. So from my standpoint I'm deeply interested in your programs. You get some extra money.

Dr. GRIM. Yes sir.

Senator DOMENICI. Because we, fortunately, put $150 million for America and $150 million for Indians. So that was a pretty big amount. In my State we have a number of centers. How many Indian tribes are working with those programs, do you know?

Dr. GRIM. Almost all tribes across the Nation are benefiting from that money. And I want to thank you, each and every one of you, that had a part in that $150 million; it's been put to great use by tribes across the Nation. We have over 300 grantees that are being funded by that now and we have some great results that are starting to show up. As you know, in fiscal year 2004 we received the additional $50 million; prior to that the first 6 years had gotten up to $100 million. We also have a report that I think Congress would be very delighted to see that's going to be available very, very soon that's going to have a lot of information and a lot of statistics about the good things that money has helped us accomplish. Just to give you an example of some of the things that we've done, in 2002, 71 percent of our diabetes grant programs reported availability of community-based physical activity programs for children, youth and families. Prior to us having those funds available, only 10 percent of our programs had such activities. In 2002, 53 percent of our grant programs reported availability of school-based physical activity programs; prior to that only 22 percent of our school programs had things like that. Around nutrition education, prior to those funds being available only 20 percent of the programs out there had established nutrition activities for parents and families of school-age children; now we have 60 percent of our programs that have those sort of activities. This report that we'll be providing the Congress is just full of——

Senator DOMENICI. When will that be ready?

Mr. HARTZ. Senator, that was the report that was requested prior to the reauthorization so we have that at the printers right now. So it'll be forthcoming.

Senator DOMENICI. One of my questions was going to be, could you give us such a report?

Mr. HARTZ. Yes.

Senator DOMENICI. You had previously said you would but we didn't seen it. So it'd be important that we look at it because diabetes is costing a lot of money and we understand dialysis requirements in Indian country are just skyrocketing and that's not very cheap in terms of the program but you've got to do them.

Dr. GRIM. Besides those programmatic sorts of indicators that we'll be able to show you, Senator, we'll also have clinical indicators, like Hemiglobin A1c that are markers, and we can show where we're seeing a strong downward trend in that, better control in our diabetics and I think you'll be very, very pleased to see how the money has been put to use and the type of impact it's had on the health of our Indian people.

Senator DOMENICI. Well, I want to say, the chairman of the full committee truly helped us with that. The chairman of the subcommittee worked—and that actually happened sort of as a fluke when we did the balanced budget. Newt Gingrich and I right at the end said oh, we've done everything and we've got $60 million sitting here. Nobody understands how we could have it but we did. We decided to spend it since he was worried about diabetes and I had you all, I said well, why don't we split it? And he said between whom? I said Indians get half and diabetics get half; now we've gone on keeping that ratio.

Dr. GRIM. We certainly appreciate it. And I think you will see in this report that it's been money well spent.

Senator DOMENICI. Okay. I want to switch for a minute. It's my understanding that the BIA's considering moving or establishing a children's hospital near Gallup, New Mexico. Would you please comment on the progress of that project.

Dr. GRIM. I'm not aware of that, Senator. We'll have to submit that for the record for you.

Senator DOMENICI. Will you please?

Dr. GRIM. Yes sir.

[The information follows:]

The IHS is not aware of nor have we been involved in this project with the BIA.

GALLUP INDIAN MEDICAL CENTER

Senator DOMENICI. Now we also understand that the regional hospital in Gallup, New Mexico, which I assume you've seen.

Dr. GRIM. Yes sir.

Senator DOMENICI. Is very, very old and I understand that it is in need of replacement. What's happening on that front?

Dr. GRIM. In the 2000 Appropriations Committee report, the Indian Health Service was asked to take a look at all the facilities needs across Indian country. We're in the process right now of going through tribal consultation; we've had a committee that's put together recommendations; we've asked all of our regions to begin doing a health services master planning effort, and we'll be going out some time this summer with requests for consultation across the country on a new priority methodology to look at health care needs. We're hoping that will be a much broader and much more comprehensive look at the facilities health care needs than in our current system because over time Congress has given us some additional avenues other than our normal facilities appropriations like joint ventures and small ambulatory programs. Right now we still have four hospitals that are on our current priority list and five out-patient health facilities. Once those are completed that new list, the one that we're looking at now will be going into effect. Gallup's currently not on it but what Gallup has been doing with a lot of the monies that they raise through third party revenues and also with the maintenance and improvement funds that come through the Indian Health Service is to maintain and upgrade the facility as needed until we're going to be able to replace it.

Senator DOMENICI. Well, I just want to say, anybody that would go there, especially since it's regional and right in the middle of the main effort with reference to diabetes, anybody that would look at that would, in my opinion, have to conclude that we can't continue to use it very much longer. It is truly a decrepit hospital compared to what we have in this country. And I'm not trying to usurp any committee or commission but I think we can't go so slow, we've got to get on with it. So I urge that that occur.

Dr. GRIM. Actually sir, they are in the process, I was just told, of completing a program justification document which is a necessity prior to getting on the list and we're in the process right now of a $10 to 12 million maintenance and improvement project with them to upgrade the facility until such time as it can be replaced.

Senator DOMENICI. To upgrade the——

Dr. GRIM. Existing facility, yes.

Senator DOMENICI. Yes. So what would I be able to tell these people that keep asking me? Can you put that in the human language instead of technical language? What about the hospital, Doctor? I'm telling the people in Gallup, so could you answer that?

Mr. HARTZ. Yes sir. I was out there within the last year or thereabouts and there's actually construction going on to the back of the hospital, between the hospital and the quarters to the south so that we can, as Dr. Grim was pointing out, address some of those facility needs because of the tremendous workload that comes into GIMC. And that's that $10 to $12 million that actually is underway.

Senator DOMENICI. All right. Senator, I have some questions to submit. I'll just submit them, and I thank you very much, Mr. Chairman. They have to do with sanitation facilities, a terribly difficult problem; I'd like your views and in particular would like to know how we might put more emphasis on it.

Dr. GRIM. Yes sir.

Senator DOMENICI. And professional staff shortages, I had some questions about it but if you've been asked, fine. I'm going to submit mine in the event there are not overlaps and ask you to answer.

Dr. GRIM. Be glad to respond to those, Senator.

Senator DOMENICI. Thank you.

Senator BURNS. Thank you, Senator. Senator Stevens.

STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Well, thank you very much Mr. Chairman. I've just come by really to say hello to Dr. Grim and his colleagues and to thank Dr. Grim for coming to Alaska. Some of you may not know that Dr. Grim was sworn in in Anchorage, the first of the Indian Health Service directors that has been sworn in in Alaska; we consider that a great honor. And it's important to us because I think we have the highest percentage of Native people of any State in the union. It's approaching one-fifth of our population now, double the percentage of any other State. Of course, we have a small population base so that makes them even more important. I think that it's the only place where the Indian Health Service, working with the Native people, allows them the greatest role in management, which has led to our people having even higher regard for the system because they're directly involved in it.

I think that when you look at it we've got to work to improve the situation with regard to funding. I agree with that. The budget caps are very tight right now but we believe we get more for the dollar up there because of our telehealth program that you have helped pioneer and people from all over are now coming to study it, I understand. So I hope we can work together with the chairman and this subcommittee to make sure we get the resources for a lasting Community Health Aide Program.

I was visited, Doctor, by the American Dental Association; they're seeking to partner with you and our regional corporations through their non-profit subsidiaries that deal with health problems to see if we can't use the facilities of the Community Health Aides for dental services which they will see if they can't actually raise the money to pay for traveling dental assistants to come right to the villages and we may have to put some facilities in those community health—well, there are community health facilities there but we have to put dental facilities in them if we're going to work with the dental people. So I would encourage you to do that.

We have inadequate Native hospitals in Nome and Barrow that we're going to have to replace; I don't know where they are on the list yet but——

Dr. GRIM. They're close.

Senator STEVENS. They're close? I understand that we've waited our turn before. But clearly the one concept we don't have adequate control over is substance abuse, particularly among the village children. So, Mr. Chairman, we have lots to do. Maybe when you come up you might take a trip out to a few Native villages this year.

Senator BURNS. Yes. I tell you what I'd like to see up there because we're trying to design the same kind of telemedicine program on our reservations up in Montana. In fact, we've made great strides in that respect as you have made up there. You know they say necessity is the mother of invention and imagination is necessary when you've got distances to cover like both of our States. Ours is not the magnitude of yours but nonetheless we still have a tremendous distance to cover whenever we start providing health care services.

We looked, in the State of Montana, when you get in the rural areas where you have an aging population. I mean, we're going to have to deliver health care services in a different way. And of course, I don't think there's been anybody that's been as much on the cutting edge as Senator Stevens has and both of us have worked on wireless technologies in rural areas, where we can use that tremendous technology and do broadband and move lots of information and take care of lots of things. And I appreciate your interest in that because it's been an interest of mine ever since we started talking about telecommunications and revamping that whole area over the last 10 to 12 years now, and the 1996 Act.

I also have some more questions but——

Senator STEVENS. Senator, if I could point out to you, I've just come back from Iraq and Afghanistan. Those two nations would fit into my State and leave room for your State.

Senator BURNS. We might move it up there. We're getting a little——

Senator STEVENS. Well, we're spending a lot of money in those two nations and I'm not opposed to it but I do think when we get through this current phase of trying to help some people overseas that we ought to start bringing back some of that money and putting it to work in States like yours and mine.

Senator BURNS. Yes.

Senator STEVENS. But the distances in ours are just mind boggling when it comes to delivering health care and that's all there is to it. And I pointed that out to the dental people when they came in and I hope that they visit with you and you bring some reality to their minds about how to deliver dental care along with the health care that you have pioneered so much in our State.

Senator BURNS. We look forward to coming up.

Senator STEVENS. I think you should visit a couple villages.

Senator BURNS. Well, you know, I sent my number one agent up there and she spent 30 days with your health service.

Senator STEVENS. He's talking about his daughter.

Dr. GRIM. I was trying to recruit her this morning, too.

Senator BURNS. Oh, were you up there when she did that 30-days?

Dr. GRIM. I wasn't there.

Senator BURNS. Well she came back and she said if you think we've got problems in Montana, you want to come up here, Pop.

Senator STEVENS. I think she went to where there's more men available; women outnumber us in Alaska now, did you know that?

Senator BURNS. Women outnumber you guys?

Senator STEVENS. Yes.

Senator BURNS. That's the way it was at the University of Missouri. When I was at school there we had Stevens and Christian Colleges; wasn't a bad place to go to school, you know.

Senator STEVENS. Thank you very much, Doctor.

Dr. GRIM. Thank you, thank you Senator Stevens.

Senator STEVENS. We're drifting aside here.

Senator BURNS. We've got some other things that we'll talk about in the weeks ahead and we really can't say yay or nay to anything this morning, Dr. Grim, as you well know. The budget resolution, we hope, gets done this week, and our allocations come out. And then we'll start the real work of trying to cover those bases that we understand. But we've got mutual problems and I understand the problems you have and we all have in this area. But a lot of people don't realize that we also have other means of providing services to our reservations other than the Indian Health Service so when you look at that money when it comes in it's not as bad as it sounds but it could be better. And we're going to continue to try to increase those facilities and everything else in the way we deliver our services.

Thank you for your service, all three of you, and all the men and women of the Indian Health Service. We appreciate that and we see its evidence every day in my State of Montana.

ADDITIONAL COMMITTEE QUESTIONS

We're going to hold the record open for a couple of weeks. If there are any questions coming from other subcommittee or full committee members we ask that you respond to them and to this committee and thank you for your appearance this morning.

Dr. GRIM. Thank you, Mr. Chairman.

[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 CONRAD BURNS

ASSESSMENTS/REIMBURSEMENTS

Question. It is estimated that IHS will reimburse the Department of Health and Human Services for over $40 million worth of services in fiscal year 2005. In addition, assessments to the IHS operating budget for participation in Department-wide initiatives and government-wide administrative functions is estimated to be another $440,000.

What types of reimbursable services does the Department provide to IHS?

Answer. The Department provides the following types of services:

—Human Resource Services: automated personnel and payroll systems and payroll processing.

—Commissioned Personnel Services: active duty payroll, personnel management systems and support, and recruitment for active-duty Public Health Service Commissioned Officers.

—Financial Management Services: accounting systems and services; payment management systems; preparation of financial statements; and audit liaison services.

—Inclusion in new HHS-wide information systems: Unified Financial Management System; Enterprise Infrastructure (overall systems integration and security).

—Participation in safety, health and environmental management for the quality of worklife of the HHS employees.

—Participation in Government-wide activities: principally the Chief Financial Officers Council; Chief Information Officers Council; President's Council on Bioethics; and GSA First-Gov.

Question. What benefits does the IHS-tribal partnership derive from its participation in government-wide and department-wide initiatives? Please describe what sorts of initiatives IHS will be required to help fund.

Answer. The government-wide and department-wide initiatives provide greater access for the IHS-tribal partnership, i.e., personnel systems that support the 15,500 IHS personnel including approximately 2,000 Federal personnel working for Tribes (IPAs and MOAs), and payment management systems that make timely payments for Tribal contracts, grants, and funding agreements. The department-wide initiatives also provide for economies of scale and common administrative systems, thereby resulting in more resources available for mission services.

Initiatives to which IHS will contribute in fiscal year 2005 include:
—Human Resources Services
—EEO Complaints Processing
—Commissioned Personnel Services
—Financial Management Services
—Federal Occupational Health Services (Employee Assistance Programs)
—UFMS
—HHS Enterprise Infrastructure
—Employees Quality of Worklife
—IT Access for the Disabled
—Media Outreach
—National Rural Development Partnership
—Government-wide Councils (CFO, CIO, Bioethics)

EPIDEMIOLOGY CENTERS

Question. IHS is working with organizations such as tribal health boards to create regional Epi Centers. To date, 7 have been established. The budget includes an increase of $2.5 million, part of which will be used to establish 3 or 4 more.

Billings is one of 5 IHS Areas that does not have an Epi Center. Has the tribal health board there expressed an interest in participating in this program? What criteria would an Area like Billings have to meet in order to be selected? Is this a competitive program?

Answer. The Montana/Wyoming Tribal Chairman's Health Board has expressed an interest in developing an epidemiology center. However, they did not submit an application in fiscal year 1996 and thus we have had no method of funding an Epi Center in the Billings Area. We are in the process of finalizing a Request For Proposals (RFP) at this time to allow not only the Billings Area tribes the opportunity to apply but also other American Indian Health Boards representing other IHS Areas that do not have Epi Centers.

We have cooperative agreements with the 7 currently funded tribal Epi Centers that had to meet the following criteria:
—Must represent or serve a population of at least 60,000 American Indians or Alaska Natives.
—Provide letters of support from all tribes in the catchment area.
—Provide tribal resolutions supportive of the Epi Center from the Indian tribe(s) served by the project.
—Must be a non-profit American Indian or Alaska Native organization.
—Submit an application in accordance with Office of Grants Management and Policy (OGMP) guidelines responding to the RFP that will be out by mid-summer for awards in September 2004.

It is a competitive program. The RFP will be for cooperative agreements with successful applicants.

Question. Please provide examples of the benefits that Epi Centers offer to their tribes. What are the annual operating costs of an Epi Center? To what extent are these funds used to leverage dollars from other sources?

Answer. Operating from within tribal organizations such as regional health boards, the Epi Centers are uniquely positioned to be effective in disease surveillance and control programs, and also in assessing the effectiveness of public health programs. In addition, they can fill gaps in data needed for the Government Performance and Results Act (GPRA) and Healthy People 2010. Some of the existing Epi Centers have already developed innovative strategies to monitor the health status of tribes, including development of tribal health registries, and use of sophisticated record linkage computer software to correct existing state data sets for racial misclassification. These data may then be collected by the National Coordinating Center at the IHS Epidemiology Program to provide a more accurate national picture of Indian health.

There are currently seven Epi centers funded at $300,000 each. These funds are used to support basic operations; all of the centers write other grants and attract funds from a variety of sources to accomplish their mission. The Epi Centers utilize the award from IHS to attract funds from States, non-profit organizations, and other Federal funding sources. If the additional $2.5 million requested in 2005 is provided, we plan to fund 4 additional centers at $400,000 each, and increase the budget of each existing center by $100,000. Remaining funds would be used by the National Epidemiology Program to hire project officers for the expanded program and to serve Areas that do not have a center.

TELEMEDICINE

Question. The IHS budget justification does not seem to focus on telemedicine as a means to deliver more and better health care to tribes, particularly those in remote areas. Wouldn't an investment in this technology offer significant benefits to tribes in large, land-based states like Montana.

Has IHS looked at ways to better integrate telemedicine into its services? How much of the IHS annual budget is dedicated to expanding or operating this kind of network? How much more would the agency have to invest to provide significantly greater access to this technology than currently exists? Have tribes expressed interest in developing this kind of infrastructure? Does the Service have a plan for developing a national network?

Answer. The IHS is now evaluating several areas for adoption of telemedicine including diabetic retinopathy screening, teleradiology, telepyschology, and telepediatric care (in child abuse cases). As studies confirm the improvement in clinical outcomes and cost effectiveness of these newer solutions to reaching rural tribes, replication of the successful programs is occurring. Currently, several projects have been initiated, particularly in the Southwest, and partnerships have been established, notably with the Arizona Telemedicine Program, to serve as a demonstration of this care modality.

The IHS spends $500,000 to $1,000,000 annually for telemedicine activities. We estimate that $10 million annually would support entry-level telemedicine capability at all sites. Resources needed to provide an entry-level system include national coordination and clinical education, increased telecommunications infrastructure to handle the large volumes of files and live video feeds, resources for replacement of existing incompatible equipment to digitally based medical equipment, resources to incorporate the digital imagery into our electronic health record software, and resources to address long term archival storage on a regional basis.

Tribes are interested in developing this kind of infrastructure. Telemedicine is emerging as one of the central themes in the formulation of Area strategic plans. Tribes are seeing this as a way to provide high quality medical care close to home at a greatly reduced cost. We believe that this modality will also reduce stress on the patient's family, as many procedures and follow-ups may be done locally as opposed to traveling great distances.

Planning has begun on a regional basis, notably with the Southwest Telehealth Consortium, leveraging existing programs with private and university-based partners to produce a regional t-health program to have capacity to evolve as needed to serve larger agency needs. Additional opportunities are being explored with the VA and other federal health partners. Our desire is to expand this to a nationally coordinated effort and take advantage of economies of scale and best practices.

This Subcommittee also appropriated funds for a mobile women's health unit in fiscal year 2004 that will be dedicated later this year. We will be able to do "realtime" reads of digital mammography imagery and eliminate call backs of our patients, in addition to offering a full range of services in this women's health unit. Many Areas/tribes are interested in how successful this demonstration will be in the Aberdeen Area. Operational and staffing aspects of this demonstration are proving to be quite challenging.

CHANGE IN HEALTH PROBLEMS

Question. The budget justification points out that the kinds of diseases affecting Native Americans today are changing. Obesity, injuries from domestic violence, and alcohol and drug abuse, for example, are beginning to replace the acute illnesses IHS has traditionally treated. As a result, chronic illnesses like heart disease, diabetes, liver disease, cancer and injuries that require costly long term treatment are on the rise.

How is IHS changing its delivery of health care to meet these new challenges? What adjustments will be necessary to address this growing set of health problems? What programs will need to be expanded? What costs are we looking at down the road?

Answer. The IHS system has been a public health and prevention-oriented program since its inception. The major effort in these areas has been (and still must be maintained) in maternal and child health where a variety of public health and disease prevention efforts have had great impact. Expanded emphasis on prevention and public health primary care activities must be focused on children of school age, adolescents, and young adults to promote primary prevention of these chronic diseases. This will require expanded efforts at the community and ambulatory level. There is also a need for greater emphasis on clinical prevention such as better management of diabetes to prevent or delay the secondary effects of this (and other) disease. Because of enhanced clinic and community care programs, the number of patients hospitalized has declined significantly, allowing the agency to reduce its construction and use of hospital beds.

Tribal leadership in addressing these issues has been so very helpful. Greater tribal emphasis and control of community prevention programs is critical to changing the behavior and expectations of community members. In addition, tribal leaders can bring together all the non-health entities that can influence health outcomes in ways that are more effective than the federal government. This would include the justice, education, labor, and economic development entities that are needed to improve the quality of life in Indian communities. We can and must be active partners in supporting such community-wide efforts to expand opportunities at the Indian community level. Without this coherent approach, the many factors that influence health outcomes will not be changed.

Community-based and ambulatory programs will need expansion. The emerging successes of the diabetes programs in Indian country are showing the ways and means to achieve healthier communities. Utilizing the approaches now showing effect in diabetes to address cardio vascular disease, cancers and behavioral disorders is the roadmap for the future.

ALCOHOLISM

Question. The incidence of alcoholism is reported to be more than 600 percent greater among Indians than the general population. Drug and alcohol abuse accounts for 25 percent of deaths among Indian women. These are devastating statistics.

What will it take to turn these statistics around? What additional resources do tribes need to reduce these numbers? This disease takes a particular toll on families. Fetal alcohol syndrome, child neglect and domestic violence are just a few of the problems that can result. Are there treatment programs targeted at women and children that have demonstrated some effectiveness in reducing these problems?

Answer. Alcohol and substance abuse has and continues to be one among the most pervasive health and public health concerns in Indian Country. Their effects are widespread, pervasive, debilitating, and highly resistant to intervention. They are not only personal and public health issues, but social issues of far reaching effect. Every family is touched in one form or another by their widespread and devastating effects. Like problems discussed in other behavioral health areas, these problems are complex, highly resistant to change, and require coordinated efforts from family to federal leadership. They are also among the most intransigent and difficult to treat. Unlike many other diseases with direct and, by behavioral health standards, fairly uncomplicated causes and treatments, alcohol and substance abuse problems represent extraordinary arrays of interconnections between biology; psychology; history; the individual; families; communities; economics; politics; spirituality; and the interplay between hope and possibility versus hopelessness and commensurate helplessness. Simple and quick answers will not be found here. But answers are there and effective interventions from individual to community levels can be found. They are not necessarily simple, easy, nor quick, but they are there. The key, as usual, is having the appropriate approaches and resources to implement and sustain them.

A significant change in the past 10–15 years has been the increase in tribes taking over their own services and interventions for alcohol and substance abuse. Now, a full 97 percent of the alcohol and substance abuse budget goes directly to tribally operated programs. Tribes are now responsible for formulating and delivering their own services to their people. Subsequently, IHS is shifting its focus from direct service provision in alcohol and substance abuse, to one of supporting tribal programs in their service delivery.

There are many programs and service delivery models which represent tribal and urban approaches to alcohol and substance abuse. The more effective Native American programs have five major components that are in place to support not only a person's recovery process, but also the family's recovery as well.

a. Firm support for and use of Tribal Traditions in the healing process. It is not a separate process, but integral to the healing process.

b. Holistic approach to recovery including full array of behavioral health specialties and services; job/vocational support; education about and support for household financial planning and decision making; parenting skills training/support; educational evaluation and support for school-aged children.

c. Family involvement and, for mothers, care for dependent children, preferably on site.

d. Accredited programs utilizing defined outcomes measures and database programmatic decision-making in creating and managing treatment programs.

e. Continued support and treatment for recovery after residential treatment is completed because program completion is not the end of treatment, but rather the beginning of long-term recovery.

Representative programs with these components for mothers include Native American Rehabilitation Association of the Northwest, Inc., in Portland, OR; Friendship House of American Indians, in San Francisco, CA; Rainbow Center on the White Mountain Apache Reservation (known federally as the Fort Apache Indian Reservation) in Whiteriver, AZ; and Native American Connections, Inc., in Phoenix, AZ.

There are 11Youth Regional Treatment Centers across the country that fully embrace these major components and continue to serve tribal youth with the most fully integrated treatment services in Indian Country.

DIABETES FUND

Question. The Balanced Budget Act of 1997 established the Special Diabetes Program for Indians initiative. Through this program, more than $600 million has been funneled to the tribes for diabetes prevention and treatment work. These funds are in addition to the appropriated dollars provided by this Subcommittee for diabetes.

Please give examples of the kinds of work that is supported with this funding. Are there trends IHS can point to that offer some encouragement that this initiative is having a positive impact in Native American communities?

Answer. The SDPI grant programs are providing a variety of diabetes prevention and treatment services in their respective communities, based on local community needs and priorities. Listed below are some examples and outcomes on how the SDPI funds are being used in tribal communities.

- 86 percent of the programs reported that general screening for diabetes and prediabetes screening was available compared to 14 percent.
- 83 percent reported screening children and youth for obesity and overweight to provide an opportunity for early intervention and 60 percent reported the development of weight management programs for children and youth.
- 91 percent reported screening adults (ages 26–54) for overweight and obesity and 91 percent of the programs reported that they developed programs to promote healthy lifestyles.
- IHS has been able to demonstrate significant improvements in blood glucose control over time, greater than 1 percent point drop for each age group, as measured by A1c.
- As a result of the SDPI grant funds, programs have both enhanced existing diabetes activities and developed new activities. Specific program activities are proven to improve diabetes care outcomes. SDPI grant programs integrated these program activities into their programs as follows:
  - 83 percent of programs now track their diabetic patients through diabetes registries;
  - 81 percent have diabetes teams in place to provide better care;
  - 66 percent of programs report that basic diabetes care is now available for people with diabetes in their communities;
  - 87 percent of programs now have diabetes education services available;
  - 86 percent of the SDPI programs report that screening for pre-diabetes and diabetes is available; and
  - 73 percent of the programs conducted community needs assessments.

Question. Is IHS collaborating with other agencies through this program, and if so, please describe the types of activities that are being supported.

Answer. The IHS National Diabetes Program developed and built upon collaborations and partnerships with federal and private organizations as a result of the Special Diabetes Program for Indians. These include:

- Department of Health and Human Services Agencies (Centers for Medicare and Medicaid Services, National Institutes of Health, Centers for Disease Control and Prevention Division of Diabetes Translation, Head Start Bureau).
- AI/AN Organizations (American Indian Higher Education Consortium, National Indian Council on Aging, Association of American Indian Physicians, National Indian Health Board, American Indian Epidemiology Centers, Urban Indian Nurses Association).
- Diabetes Expert Organizations (American Diabetes Association, Joslin Diabetes Center, American Association of Diabetes Educators, National Diabetes Education Program, American Academy of Pediatrics, Juvenile Diabetes Research Foundation, Diabetes Research and Training Centers, International Diabetes Center, MacColl Institute of Group Health Cooperative of Puget Sound).

—Academic Institutions (University of New Mexico, University of Arizona, University of Southern California, University of Colorado, University of Montana).
—Other Organizations and Agencies (U.S. Department of Agriculture, Boys and Girls Clubs of America).
  —Six pilot Boys and Girls Clubs of America have implemented a diabetes prevention initiative for 9–12 year olds. The initiative is in partnership with the National Congress of American Indians and Nike Corporation.

CONTRACT HEALTH SERVICES (CHS)

Question. Contract Health Service dollars are a critical component of the IHS program. It is key for some of the tribes in my state of Montana, who depend on these funds to purchase health care from the private sector. The IHS budget proposes to increase this program by $18 million in fiscal year 2005.

How much of a shortfall currently exists in contract health care funding overall? How many of the highest priority medical cases must be rejected annually because tribes run out of money? What impact would the proposed increase for fiscal year 2005 have in alleviating this problem?

Answer. The Indian Health Service (IHS) Contract Health Services (CHS) programs operate within budget and must not obligate the Agency beyond their appropriations and cannot operate programs at deficits. The IHS medical priority system was established to ensure that the most needed medical services are provided within available funding levels.

The fiscal year 2005 President's Budget includes an increase of $18 million for Contract Health Services, (+4 percent) over the fiscal year 2004 enacted level. This funding increase, combined with the additional purchasing power provided by the recently enacted Medicare Modernization Act, will allow IHS to purchase an estimated +35,000 additional outpatient visits or +3,000 additional days of inpatient care. Section 506 of the Act will increase IHS' buying power by allowing IHS to purchase inpatient care at rates determined by the Secretary. The IHS CHS program does not track payment or denials by priority levels.

Question. The Subcommittee has heard complaints from tribes that the CHEF set-aside, which is meant to cover the medical costs of catastrophic illness, does not meet the full need in Indian country. Tribes are forced to use their CHS dollars for these most expensive cases, eroding the amounts that are available for more routine care and illness. How much would be required to shore up the CHEF fund? About how many cases are eligible annually for CHEF payments but aren't being taken care of because the fund has run out of money?

Answer. Once the Catastrophic Health Emergency Fund (CHEF) fund is depleted by the 3rd quarter, Areas, Service Units, and Tribal programs cease reporting high cost cases that could be designated as CHEF cases. In the past year an additional 800 cases amounting to over $12 million for a total of $30 million would have been needed to fund all cases submitted or CHEF funding. It is possible that there is underreporting of some high cost cases.

INDIANS INTO PSYCHOLOGY PROGRAM—MONTANA

Question. I've been a longtime supporter of the Indians into Psychology program at the University of Montana. Has this program been successful in its goal of bringing greater numbers of Native Americans into mental health professions?

Answer. The Indians into Psychology program at the University of Montana was initially funded in fiscal year 1999. According to the American Psychological Association, statistics indicate students take an average of 7½ years to complete a doctoral program. The students at the University of Montana will be completing their studies in 6½ years which speaks highly of the quality of the program as well as the quality of the students.

Currently, there are 8 American Indian students in the clinical psychology program and 2 will graduate in fiscal year 2006 which is well within the time frame for their program.

All students are given the opportunity to work within their practicums at locations that serve American Indians.

Question. Are there other programs—my colleague's support for the nursing recruitment program at the University of North Dakota comes to mind—where relatively small amounts of money are having a significant impact in training young Native Americans for careers in the health care profession?

Answer. Yes, the following are examples of these types of programs:
—Indians into Psychology program at the University of North Dakota;
—Indians into Psychology program at Oklahoma State University;

—RAIN (Recruitment of American Indians into Nursing) program at the University of North Dakota;
—Indians into Medicine (INMED) programs at the universities of North Dakota and Arizona;
—Nursing Residency Program—IHS employees who are LPN's, LVN's, Associate Degree Nurses, or Diploma Graduate Nurses, can return to school on a work-study program to obtain their RN degrees, either Associate or Bachelor's;
—Indian Health Service Scholarship Program—supports Native American students in their efforts to become health professionals.
  —Preparatory scholarships assist students in studies such as prenursing, prephysical therapy, and prepsychology for up to 2 years.
  —Pre-professional scholarships assist students in premedical and predental studies for up to 4 years.
    —No service obligation is associated with either of these scholarships.
  —Professional scholarships assist students in professional schools, such as medical school, nursing school, pharmacy school, etc., for up to 4 years in return for their agreement to serve at an Indian health facility for from 2 to 4 years, depending on the length of their support.
—Indian Health Service Extern Program: Supports IHS professional scholarship recipients to gain experience in their field of study during non-academic periods.

Question. Does IHS collaborate with tribal colleges to provide additional opportunities in health care education for Indian students?

Answer. Many IHS scholarship recipients attend tribal colleges for their preparatory classes. Many also attend the Salish-Kootenai College in Montana and the Oglala Lakota College in South Dakota for their nursing training. We worked closely with the United Tribes Technical College as they developed their Associate Degree in Injury Prevention Program. They are now seeking to expand it to a four-year program. They also have the program on an Internet-based curriculum.

INJURY PREVENTION PROGRAM

Question. The injury prevention program is one of the best examples of IHS and tribes working to make a real difference in Indian communities. Within a relatively small annual operating budget, it has achieved a 53 percent reduction in injury-related deaths between 1972 and 1996.

Is there data to indicate that this downward trend in continuing? What activities funded through this program have proven most effective in preventing deaths and eliminating injuries?

Answer. The IHS injury trends indicate the downward trend is continuing. The most recent data shows between 1996 and 2001 there was 4.2 percent decrease in unintentional injuries. The IHS Injury Prevention Program advocates the development of a public health oriented, community based strategy that relies on determining the trends and patterns of injury in specific Indian communities; forming community coalitions to address local injury problems; providing injury prevention training to community-based practitioners; and developing community-based strategies to identify and implement best practices to address local problems. This is a summary of some of the categories of successful initiatives and projects.

Road hazard identification and reduction.—Numerous epidemiologic studies of motor vehicle crashes and pedestrian fatalities in Indian communities have resulted in roadway improvement projects that have provided roadway lighting, pedestrian walkways, traffic channeling through communities; speed zone and signage; and guard rails and barriers along roadways.

Occupant Protection.—Multiple efforts have taken place to increase seat belt usage through the passage and enforcement of seat belt codes across reservations. A variety of child passenger protection initiatives are underway, including child passenger safety training and certification, seat distribution, development of the (Safe Native American Passengers (SNAP) training program; RideSafe, a Head Start Center based occupant protection program.

Fire/Burn.—Through a partnership with the U.S. Fire Administration, IHS has developed SleepSafe: a competitively awarded, Head Start Center based program to increase the utilization of smoke alarms in Indian homes. Community-based smoke alarm distribution programs are also in place in many Indian communities.

Drowning.—Drowning is a large public health problem facing Alaska Natives where the rivers are the roadways. Alaska Area has made significant commitment and impact on the drowning problem through the implementation of community-based float coat sales programs and "Kids-Don't Float" programs. Float coats are winter jackets with Coast Guard approved liner material that is a flotation device. "Kids-Don't Float" is a PFD loaner box located at marinas and boat launches. Families that don't have PFD's can borrow one for their kids for their boat trip and return it when they return. These programs are widely available and supported by rural Alaska communities.

Fire Arm Safes.—A promising new strategy piloted in Alaska, the provision of gun safes in homes in rural Alaska villages. Eighty-six percent of households that were provided a safe had their firearms properly locked in the safe a year after distribution. Rural Alaska experiences suicide rates up to 13 times the national rate. Firearm related suicides in homes are a leading method of suicide. Firearm safes are a strategy to address this problem; community members are demonstrating their acceptance of this strategy for injury intervention.

Question. What is the current funding level for this program? Are there preventive measures that IHS is unable to implement within current funding levels? What would be the optimal annual budget for this program?

Answer. IHS currently has $1.779 million dedicated to Injury Prevention. These funds support the HQE administered Tribal Injury Prevention Cooperative Agreement Program and national program initiatives. The Cooperative Agreement program provides approximately $1.5 million annually to competitively award tribal injury prevention infrastructure development projects and direct intervention projects. Additional IHS funds support 25 full and part-time Injury Prevention Specialists throughout the 12 IHS Area's; and an Injury Prevention Practitioners and Fellowship training program.

IHS is able to provide a basic level of support to injury prevention initiatives with the funding available. Additional funds are received from 5 Federal agency partners to support specific injury prevention initiatives; the agency partners are National Highway and Traffic Administration, U.S. Fire Administration, Consumer Product Safety Commission, Centers for Disease Control and Prevention, and Health Resource Services Administration.

FACILITIES CONSTRUCTION PRIORITY LIST

Question. The Subcommittee understands that IHS is in the process of developing a new priority list for the construction of replacement hospitals and clinics.

When does IHS expect the new list to be in place? What input has the agency received from the tribes regarding possible improvements to the current system?

Answer. Congress directed the IHS to review and revise the facilities priority system in fiscal year 2000 conference report language. A Tribal workgroup developed recommendations for a process to identify need and suggested revisions to the existing priority system. This revised system and an implementation strategy will be presented to all Tribes for consultation before finalization. The revised system is expected to be in place no later than the fiscal year 2008 budget cycle.

Question. The budget indicates that the Department of Health and Human Services has instituted a Capital Investment Review Board to review all IHS health care facilities construction projects. Can you give us additional information on this Board, why it was created and how it will function?

Answer. The Board was instituted to help ensure that a coordinated and consistent approach to facilities construction exists within the Department. The Board consists of the Assistant Secretaries for Administration and Management; Budget, Technology, and Finance; and other members including land-holding Operating Divisions. The purpose is to implement a non-IT capital facilities investment review process, with projects that cost more than $10 million reviewed and approved by this Board.

Question. Given that tribes are already frustrated by the lengthy process of project approval, why won't they see this Board as an additional bureaucratic hurdle?

Answer. The IHS is working closely with the Department to minimize the time that may be involved under the Board's review and approval process.

JOINT VENTURE CONSTRUCTION PROGRAM

Question. Dr. Grim, a few years ago this Subcommittee provided the first funding for a new program called Joint Venture. Under this competitive program, the costs of facilities construction are met by the tribes and IHS provides the funds to equip, supply, operate and maintain the health centers.

No funds are requested to continue the program this year. Why doesn't there seem to be support here? Doesn't this program help the tribes and IHS get quality care out to Indians at a fast pace than would be possible through the traditional construction program alone? Are tribes not interested in participating in the program?

Answer. Funding for the Joint Venture Program was provided to initiate four projects in fiscal year 2001 and fiscal year 2002. The fiscal year 2001 funding was utilized to enter into two Joint Venture agreements from proposed projects on the IHS Health Care Facilities Outpatient Priority List. These agreements were with the Tohono O'odam Nation and the Jicarilla Apache Nation. The fiscal year 2002 funding was utilized to fund two Joint Venture Agreements that were not from priority lists but were competitively awarded from 15 applications submitted for this program; they were with the Choctaw Nation, and the Muscogee Creek Nation. In fiscal year 2003 and fiscal year 2004 funds to support additional Joint Ventures were neither requested by the Administration nor provided by Congress. The fiscal year 2005 budget request completes the four highest priority projects on the construction priority lists but does not initiate any new projects. The fiscal year 2005 budget request does support the Joint Venture Program by requesting an increase of $17 million for the staffing and operational costs for 3 of the 4 projects which are anticipated to be open in fiscal year 2005.

HOMELAND SECURITY/BIOTERRORISM

Question. The budget request briefly mentions a Department of Health and Human Services initiative related to homeland security, and more specifically, bioterrorism.

Please provide more about this initiative, its impact on IHS, the cost of implementation and how these costs will be met.

Answer. The funding available to the Department of Health and Human Services, approximately $1.4 billion, is appropriated by Congress to be used by States, and a few large metropolitan areas, to improve State, Local and Hospital preparedness for bioterrorism and other public health emergencies. Tribal nations are not eligible as direct awardees, however HHS explicitly requires all jurisdictions to include Indian tribes in the development, implementation and evaluation of their bioterrorism work plans. Awardees are also asked to provide documentation of Indian tribal governments' participation in state and local emergency preparedness planning. The funds flow through the Health Resources and Services Administration and the Centers for Disease Control and Prevention as grants for hospital preparedness and public health infrastructure development (respectively). Our experience has been that some States have been very inclusive in providing Tribes the opportunity to participate in policy development, training, and funds distribution (Arizona, Alaska, Maine, New Mexico, to name a few).

The Indian Health Service participates in disaster planning and exercises as part of its ongoing medical emergency response and quality assurance programs with excellent support coming from some States. No additional resources have been devoted to this effort.

MEDICAL EQUIPMENT

Question. The budget for the purchase of medical equipment is currently funded at $17 million. Increases over the past several years have been minimal and no increase is proposed in fiscal year 2005.

As more sophisticated and expensive technologies become available for the diagnosis and treatment of disease, how has the Service's purchasing power been reduced? What amount would be needed to provide more and better medical equipment to IHS and tribally operated facilities?

Answer. The average life expectancy for today's medical devices is approximately 6 years, depending on the intensity of use, maintenance, and technical advances. Given a medical equipment inventory of $320 million, an annual replacement amount of $53 million would allow replacement of one-sixth of the inventory each year. The current funding level for replacement medical equipment is $11 million. The Medical Equipment request also includes $5 million for equipment for newly constructed tribal facilities and $1 million for equipment purchased through TRANSAM (DOD excess equipment) and ambulances.

HEALTH FACILITIES CONSTRUCTION DECREASE

Question. In fiscal year 2005, the budget request for construction of replacement health care facilities is $42 million, a proposed reduction of more than $50 million from the fiscal year 2004 funding level.

Given that the average age of IHS facilities is 32 years, and some as old as 100, what is the rationale for cutting this program in half?

Answer. The fiscal year 2005 request allows IHS to complete construction of the 4 highest ranked health facilities and staff quarters construction projects—Red

Mesa, AZ outpatient facility, Sisseton, SD facility, Zuni, NM staff quarters and Wagner, SD staff quarters. No new facility construction projects would be initiated.

Question. What amount do you estimate would be required annually in base funding to operate this program most effectively?

Answer. Funding for health facilities construction is determined on a project-by-project basis. In developing plans for new facilities construction, IHS must take into account not only construction costs but also the cost of operations for new and existing facilities. The fiscal year 2005 request allows IHS to focus on its priorities while taking both construction and operations costs into consideration.

QUESTIONS SUBMITTED BY SENATOR PETE V. DOMENICI

SANITATION FACILITIES CONSTRUCTION

Question. Sanitation construction and refurbishment is direly needed in many areas of Indian Country. Wastewater facility construction is among the most discussed issues by the tribes in New Mexico. A number of New Mexico tribes have systems over thirty years old. The IHS states its mission is to "raise the health status of the American Indian and Alaska Native people to the highest possible level by providing comprehensive health care and preventive health services." The foundation for any health system must certainly be partially based upon adequate sanitation facilities.

The modernization of these facilities is also of concern for a state in the midst of a devastating drought. Increasing the efficiency of wastewater facilities and improving the recoverability of wastewater is an essential step in addressing life in drought. This is especially true when competition for water is on the rise due to numerous factors including drought and protecting endangered species.

Question. Comment on the resources that IHS can bring to address this problem.

Answer. The current total need for waste water disposal facilities for American Indians and Alaska Natives (AI/AN) is $508 million and of that total need, $255 million is considered to be economically and technically feasible. Through the IHS regular funding for existing homes and Environmental Protection Agency (EPA) Clean Water Act Indian Set-Aside (CWAISA) funding plus other contributors funding, this feasible need has been reduced by $21 million since 2002. The waste water disposal needs have been decreasing over the last several years, in part due to the recent increase in the EPA CWAISA. While we have made significant headway in addressing the waste water needs, the water supply requirements have been very slight and generally the trend in water supply deficiency have been increasing due to inflation, population growth and new environmental laws including changes to the Safe Drinking Water Act. In addition to the EPA funding, IHS continues to work with Tribes, other federal agencies, and States to find additional funding for sanitation facilities. In fiscal year 2003, the IHS received $42 million in outside contributions through the IHS finance system.

Question. Would it make sense to placing areas suffering from drought on a higher priority for water and sewer assistance so as to get more and cleaner water to those with the most immediate need?

Answer. The Sanitation Deficiency system used by IHS to inventory the sanitation needs for AI/AN, is a priority system and not a waiting list and since this inventory is updated annually, emerging needs such as drought, can be addressed as they arise. Health impacts and tribal priorities can raise the score of a project and the funding priority.

DIABETES PROGRAM

Question. Almost 105,000 Native Americans and Alaska Natives, or 15.1 percent of the population, receiving care from Indian Health Services (IHS) have diabetes. As you know, the consequences of diabetes are debilitating, including heart disease and stroke, which strike people with diabetes more than twice as often as they do others. Other complications include blindness, kidney disease, and amputations.

Diabetes is the fifth-deadliest disease in the United States. According to the American Diabetes Association, the total annual economic cost of diabetes in 2002 was approximately $132 billion, or 1 out of every 10 health care dollars spent in the United States.

Given that diabetes affects such a large percentage of Native Americans, I am deeply interested in IHS progress and programs.

New Mexico is home to a number of diabetes centers and programs. How many tribes in New Mexico and the Nation have programs working directly with them?

Answer. All 27 tribes in New Mexico have a Special Diabetes Program for Indians (SDPI) grant program. There are a total of 34 SDPI grant programs in New Mexico. The majority of the NM SDPI programs, 85–90 percent, provide primary prevention activities.

Nationally, the IHS awarded Special Diabetes Program for Indians grants to 318 programs under 286 administrative organizations within the 12 IHS Areas in 35 states. The SDPI grant programs work with their local service unit programs, Area Diabetes Programs, 19 Model Diabetes Programs and the National Diabetes Program. The NM SDPI grantee programs work directly with the Albuquerque Area Diabetes Program, their local service unit diabetes programs, and the two NM Model Diabetes Programs located at Zuni Pueblo and Albuquerque Service Unit.

Question. Diabetes programs now receive $150 million annually as reflected in the President's fiscal year 2005 budget request. Could you please discuss how this money is being spent on diabetes prevention and treatment and help the committee understand any inroads into the diabetes epidemic this funding has made possible? Could you also comment on the Gallup Indian Medical Center and its contributions?

Answer. The SDPI grant programs have made tremendous inroads in addressing diabetes prevention and treatment. The IHS has shown through its public health evaluation activities that the SDPI programs have been very successful in improving diabetes care and outcomes, as well as the start of primary prevention efforts, on reservations and in urban clinics. The CDC's Framework for Public Health Evaluation, using a mixed methods approach (both qualitative and quantitative methods), has been implemented and an analysis completed. A number of positive short term and intermediate term outcomes have been identified. In addition, the IHS NDP has improved the accuracy of baseline long-term measures (prevalence and mortality) and established a Diabetes Data Warehouse and "Data Mart" using RPMS data to measure accurately the long-term complications of diabetes.

Prior to the SDPI, AI/AN communities had few resources to devote to primary prevention of diabetes. In 2002, an overwhelming number of diabetes grant programs (96 percent) reported that they now use funds to support diabetes primary prevention activities in their communities. The implementation of secondary prevention efforts—the prevention of complications such as kidney failure, amputations, heart disease and blindness—and tertiary prevention efforts to reduce morbidity and disability in those who already have complications from diabetes has also been a focus of SDPI activities. Improvement in the treatment for risk factors of cardiovascular disease, the prevention of and delay of progression of diabetic kidney disease, and the detection and treatment of diabetic eye disease have also been achieved since the implementation of SDPI.

The Gallup Indian Medical Center serves the Navajo Nation and focuses on providing lifestyle education for their patients. Accomplishments include providing a comprehensive school health program for youth, physical exercise programs, Standards of Care for Diabetes and clinical interventions.

Question. What is the typical program doing in the prevention and treatment areas and at what levels of funding?

Answer. The SDPI grant programs are providing a variety of diabetes prevention and treatment services in their respective communities, based on local community need. For example:

—83 percent reported screening children and youth for obesity and overweight to provide an opportunity for early intervention and 60 percent reported the development of weight management programs for children and youth.

—91 percent reported screening adults (ages 26–54) for overweight and obesity and 91 percent of the programs reported that they developed programs to promote healthy lifestyles.

—IHS has been able to demonstrate significant improvements in blood glucose control over time, greater than 1 percent point drop for each age group, as measured by A1c (a long term measure of glycemic control).

Question. Can we expect a report detailing the programs and their successes and needs?

Answer. Yes. Although Congress moved the actual due date for a final report on the SDPI to 2007, IHS is in the process of finalizing in fiscal year 2004 an interim progress report on the SDPI.

PROFESSIONAL STAFF SHORTAGES

Question. About 20 percent of the U.S. population resides in primary medical care Health Professional Shortage Areas as designated by Bureau of Health Professionals. This problem is magnified in Indian Country where health facilities are often few and far between. Staffing at many Indian health facilities are at critically low levels—not only are facilities to attract and keep health care workers lacking in many New Mexico Indian health centers, I have heard of instances where salaries were delayed or nearly went unpaid.

Please describe what steps IHS is taking to address these staffing and facility shortfalls.

Answer. IHS efforts to address staffing shortfalls include, but are not limited to, the following:

—Establishing and maintaining a World Wide Web site that contains information regarding health professional needs at IHS, tribal, and urban Indian health facilities;
—Utilizing special pay and bonus authorities as much as possible;
—Visiting health profession training programs to discuss opportunities in Indian health;
—Attending national, state, and local health profession association meetings to inform attendees about opportunities in Indian health;
—Accepting health professions students and residents in training positions at IHS facilities;
—Establishing internship arrangements between IHS facilities and health profession training programs;
—Advertising in professional journals and in the Military Transition Times, a publication that is distributed to all United States and foreign military facilities bases and installations in an effort to attract health professionals who are leaving the military;
—Attending health fairs at colleges;
—Attending high school career days;
—Adding funds to the IHS Loan Repayment Program;
—Establishing special salary rates under the Title 38 authority;
—Sending direct mailings to practicing and student health professionals;
—Establishing 7 Dental Clinical and Support Centers, whose activities include addressing the issues of recruitment and retention;
—Establishing workgroups of professionals to address the issues of recruitment and retention;
—Surveying current employees to see what attracted them to Indian health and what has made them stay on or may incline them toward leaving;
—Working with the National Health Service Corps to make Indian health facilities eligible to employ NHSC scholarship recipients;
—Encouraging high school and college students to enter the health professions;
—IHS Scholarship Programs;
—Tribal Matching Grants;
—Health Professions Recruitment and Retention Grants;
—Nursing Scholarship Program;
—Nursing Residency Program;
—Advanced General Practice Residency Program for dentists;
—Extensive use of the Junior and Senior Commissioned Officer Student Training and Externship Program (COSTEP) of the U.S. Public Health Service commissioned corps to help develop health professionals who are interested in working in the IHS; and
—Use of the commissioned corps Commissioned Corps Readiness Force, Ready Reserve, and Inactive Reserve to help fill needs for health professionals on a temporary basis.

In addition to the above, the Division of Nursing has launched an on-line continuing education (CE) program available to all Indian Health Service, Tribal and Urban Nurses at no cost. The program offers over 126 continuing education units, including mandatory updates regarding Joint Commission on Accreditation of Healthcare Organizations requirements.

Facility shortfalls are being addressed as follows: The IHS fiscal year 2005 request includes funds for 244 staff at 5 newly completed health care facilities and construction funds to complete 2 additional outpatient facilities in Red Mesa, AZ and Wagner, SD and 2 staff quarters projects in Wagner, SD and Zuni, NM.

Question. What resources does IHS have at its disposal in this regard?

Answer. For addressing staffing shortfalls, IHS resources include:

—Specifically identified recruiters in several professions;
—Staff professionals who work in conjunction with the recruiters to speak at professional schools, colleges, high schools, and elementary schools to talk about opportunities in Indian health programs and the requirements to become a health professional;
—A scholarship program that helps to train Indian students in the health professions;

—Programs that help to identify students with the potential to become health professionals, assist them to obtain the academic prerequisites for entry into health professional training, and provide cultural and academic assistance during the training;
—A loan repayment program that helps professionals work in Indian health programs and pay off the loans they had to incur in order to attend health professional schools; and
—Staff members who are very concerned about both the quality and quantity of health services provided to Indian people and are willing to commit time and resources to address them.

Question. What tools would enhance the ability of IHS to better meet its obligations for adequate staffing?

Answer. The following tools would enhance IHS' ability to improve recruitment and retention:
—The Junior Commissioned Officer Student Training and Extern Program (JsCOSTEP) to allow summer experience at IHS and Tribal facilities for a minimum of 30 days and maximum of 120 days for students, who have not completed their degree program.
—The Senior Commissioned Officer Student Training and Extern Program (SrCOSTEP) to assist students financially during their final academic year in health profession programs in return for agreements to work for IHS after graduation for twice the time sponsored (i.e., 18-month employment commitment for 9 months of financial support).
—The utilization of medical students through the Uniformed Services University of the Health Sciences (USUHS) in return for a 10-year service obligation time upon graduation from USUHS and completion of their residency programs.
—Under Public Law 94–437, Indian Health Care Improvement Act, the IHS is authorized to maintain scholarship and loan repayment programs. The scholarship program is a valuable tool to prepare students and train students for critical health professions. This program also provides opportunities for students to gain practical clinical experience in their chosen health disciplines during non-academic timeframes prior to graduation. The loan repayment program provides the authority to repay loans in return for service in critical service locations. Both of these programs are very effective and the continued and expanded utilization will improve our recruitment and retention efforts.

QUESTIONS SUBMITTED BY SENATOR BYRON L. DORGAN

BASE FUNDING

Question. The fiscal year 2005 budget justification notes a decrease in services in several service areas, including dental health and mental health. How much additional funding beyond the budget request is needed in pay, increased population growth, and inflation to maintain a "current" level of services?

Answer. The budget addresses salary costs by including an increase of $36.2 million for Federal and Tribal pay costs. Within this amount, IHS will also have to manage within grade increases for Federal employees. The budget request also includes an increase of nearly $18 million for contract health care, which will offset inflation experienced in purchasing health care from the private sector. Using estimates of medical inflation costs of 3.3 percent ($49 million) and population growth of 1.8 percent ($39 million), the estimated cost of fully addressing these items is $88 million.

CONTRACT HEALTH SERVICES

Question. If your need for service was the same in fiscal year 2005 as in fiscal year 2004 for contract health services, how much would you need to cover all current services, given inflation?

Answer. In order to provide services at the current level the Contract Health Services Program is requesting $18 million to address issues of inequity and disparities of healthcare and off set medical inflation. This funding increase, combined with the additional purchasing power provided by the recently enacted Medicare Modernization Act, will allow IHS to purchase an estimated +35,000 additional outpatient visits or +3,000 additional days of inpatient care. Section 506 of the Act will increase IHS' buying power by allowing IHS to purchase inpatient care at rates determined by the Secretary.

Question. How much additional funding is needed to cover medical care beyond priority I? Please provide this information by priority level.

Answer. The IHS does not have a fixed CHS funding standard and is not able to determine the level of funding needed beyond priority I. In addition, the IHS CHS program does not have an accurate account of all CHS denials or deferred services and does not track and collect data by priority levels.

Question. Will the fiscal year 2005 budget request be sufficient to cover all priority I medical costs in each region?

Answer. The fiscal year 2005 President's Budget includes an increase of +$18 million for Contract Health Services, (+4 percent) over the fiscal year 2004 enacted level. As mentioned above, this funding increase, combined with the additional purchasing power provided by the Medicare Modernization Act, will allow IHS to purchase an estimated +35,000 additional outpatient visits or +3,000 additional days of inpatient care. IHS does not track or collect data by priority level.

SUDDEN INFANT DEATH SYNDROME

Question. Please provide an update on IHS efforts to combat SIDS in Indian country. Specifically, what types of SIDS risk reduction training is provided to Indian Country through IHS?

Answer. Direct care programs provide standard of care per the American Academy of Pediatrics (AAP), American Academy of Family Practice (AAFP), American College of Obstetricians and Gynecologists (ACOG) guidelines—including messages on evidence-based practices of "Back to Sleep"; tobacco and alcohol perinatal exposure; early and timely prenatal care and follow-up; and well child visits. Other efforts to prevent SIDS include:

—Prenatal Home visits through Public Health Nurses (PHN) are a priority 1 task.

—*Tobacco*.—Perinatal tobacco exposure and tobacco control measure in the form of abstinence and cessation include—patches, the American College of Obstetricians and Gynecologists 5 A's "Ask, Advise, Assess, Assist, Arrange—6th Assure," provider survey to assess training needs is underway with National Partnership to Help Pregnant Smokers Quit, a Robert Wood Johnson (RWJ) funded program.

—Breastfeeding and lactation consultant promotion.

—Biennial Pediatric Conference and Update.

—Biennial OB-GYN Conference and Update.

—Maternal and Child Health (MCH) IHS National conference calls on emerging issues and SIDS update.

—Working with numerous foundations and HHS agencies:

—*CJ SIDS Foundation*.—SIDS Reduction Resource Kit Dissemination

—*American Academy of Pediatrics (AAP)*.—Committee on Native American Child Health—advocacy, site visits, child health and newborn outcomes, teen health and teen pregnancy are addressed.

—*First Candle and SIDS Alliance*.—Child Care Provider Training.

—*SIDS Impact*.—Active list serve on leading edge forensic and case investigation, diagnostic shift since 1998, differential diagnosis and need for standardized training and investigation.

—HRSA funded Healthy Start programs in the Aberdeen Area.

—*CDC*.—Coroners and Death Scene Investigation.

—*National Partnership to Help Pregnant Smokers Quit*.—Poster and provider questionnaire on perinatal tobacco control, patient interaction.

—*Phoenix Area*.—National Diabetes Program reprint of "Easy Guide to Breastfeeding that includes section on back to sleep and safe sleep environment with CPSC endorsement.

—*Consumer Product Safety Commission—IAA*.—Back to sleep information and bedding information included in "Easy Guide to Breastfeeding" booklet to be reprinted 50,000 copies.

—*National Native American Emergency Medical Services*.—Dissemination of SIDS Resource Kit.

—*Child Fatality and Child Death Review*.—State and national leads. MCH coordinator to present at August 2004 National on IHS linkages to states.

—*CDC—Division of Reproductive Health*.—MCH Research Agenda setting Planning meeting May 10. Perinatal issues are preeminent.

—*NICHD*.—Serial meetings planned for teen parent focus group study to address media and health literacy needs for infant wellbeing and SIDS reduction in northern tier Tribes and Alaska.

Question. What is current IHS spending dedicated to SIDS risk reduction? What is needed?

Answer. Funds are appropriated in very broad line-item accounts and provided from other sources within the Department and private foundations. Our cost accounting system is not currently set up to accumulate this level of specificity. Most care in this area would be covered in the following line item budgets—all of which provide direct services to the prenatal and early infancy population:

1. Hospital and Clinics.—Direct Health Care Provision
2. Public Health Nursing
3. Community Health Representative
4. Health Education/Health Promotion and Disease Prevention

Question. Are you partnering with any organizations on the SIDS issue?

Answer. The Indian Health Service, Tribal, and Urban programs partner with the following organizations:

—*CJ SIDS Foundation*.—SIDS Reduction Resource Kit Dissemination

—*American Academy of Pediatrics (AAP)*.—Committee on Native American Child Health—advocacy, site visits, child health and newborn outcomes, teen health and teen pregnancy are addressed.

—*First Candle and SIDS Alliance*.—Child Care Provider Training

—*SIDS Impact*.—Active list serve on leading edge forensic and case investigation, diagnostic shift since 1998, differential diagnosis and need for standardized training and investigation.

—HRSA funded Healthy Start programs in the Aberdeen Area

—*CDC*.—Coroners and Death Scene Investigation

—*National Partnership to Help Pregnant Smokers Quit*.—Poster and provider questionnaire on perinatal tobacco control, patient interaction.

—*Phoenix Area*.—National Diabetes Program reprint of "Easy Guide to Breastfeeding" that includes section on back to sleep and safe sleep environment with CPSC endorsement.

—*Consumer Product Safety Commission—IAA*.—Back to sleep information and bedding information included in "Easy Guide to Breastfeeding" booklet to be reprinted 50,000 copies.

—*National Native American Emergency Medical Services*.—Dissemination of SIDS Resource Kit.

—*Child Fatality and Child Death Review*.—State and national leads. MCH coordinator to present at August 2004 National on IHS linkages to states.

—*CDC—Division of Reproductive Health—MCH Research Agenda setting Planning meeting May 10. Perinatal issues are preeminent.*

—*NICHD*.—Serial meetings planned for teen parent focus group study to address media and health literacy needs for infant wellbeing and SIDS reduction in northern tier Tribes and Alaska.

INDIAN HEALTH CARE IMPROVEMENT FUND (IHCIF)

Question. Did tribes recommend funding for the IHCIF during your consultation process on the fiscal year 2005 budget? If so, how much?

Answer. The Tribes recommended a minimum increase of $24.3 million for the Indian Health Care Improvement fund in fiscal year 2005.

CONCLUSION OF HEARINGS

Senator BURNS. Thank you all very much. The subcommittee will stand in recess subject to the call of the Chair.

[Whereupon at 10:30 a.m., Thursday, April 1, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2005

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

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold hearings on nondepartmental witnesses, the statements and letters of those submitting written testimony are as follows:]

DEPARTMENT OF THE INTERIOR

PREPARED STATEMENT OF THE AMERICAN FISHERIES SOCIETY

The American Fisheries Society (AFS) would like to provide input that may assist you in the task of determining the level of fiscal year 2005 appropriations for the Department of the Interior's, Biological Research Discipline (BRD) of the U.S. Geological Survey (USGS), the Fisheries Program of the U.S. Fish and Wildlife Service (USFWS), the National Park Service, the Bureau of Reclamation (BOR), and the Bureau of Land Management (BLM). As the Nation's largest association of fisheries and aquatic science professionals with 9,000 members representing all states, commonwealths, and trust territories, we believe it is essential that interests of our members and our profession be considered in the appropriations process for agencies supporting fisheries and aquatic science and conservation. We ask this letter be included in the official record of the agency's appropriation hearings.

The Nation's fisheries annually provide billions of dollars in recreational and commercial benefits. Millions of Americans and visitors spend hundreds of millions of hours fishing the country's rivers, streams, lakes, and marine coastal waters.

Over the past few years the Congress has taken critically important actions to conserve these resources to ensure that their benefits will continue to be enjoyed by future generations. However, despite Congress' actions, our fisheries resources are at risk and in too many cases threatened. Additional funds are needed to better implement the management and research programs that are essential to reverse the current decline in many of our fisheries.

Although we understand that this is a period of strongly competing government priorities, we also wish to note that robust research and technology development programs are the only means by which more effective and efficient fisheries management tools and actions can be developed and tested. Management and conservation decisions are only as good as the information upon which they are based and there is substantial evidence to suggest that better information is critically needed here. To address these needs the Society offers the following recommendations for your consideration.

U.S. GEOLOGICAL SURVEY

Biological Resources Discipline

The Biological Resources Discipline (BRD) provides critical scientific research and information needed for the effective management and restoration of the Nation's inland, anadromous, and estuarine fisheries and aquatic resources. With no regulatory role, BRD provides high-quality unbiased science for our nation's natural resources decision makers.

In light of past under funding of the BRD, AFS is disappointed over the fiscal year 2005 request of $167.6 million for the Biology component. This is almost a $7 million decrease from the fiscal year 2004 budget. AFS also notes that although recent BRD budgets show progress by tracking in the same direction as inflation, they still are not keeping up with inflation and have not yet made up for the 20 percent decrease experienced in 1996.

AFS is pleased to see BRD budget request fiscal year 2005 increases for Klamath research of lake conditions and the Lost River and shortnose suckers ($2.0 million) and invasive species (+ $1.0 million). AFS also supports a fiscal year 2005 budget request increase of $1.3 million for the new BRD initiative of Science on the DOI Landscape, especially its emphasis on fisheries (aquatic and endangered resources). AFS also supports new fiscal year 2005 funding of $1 million for additional NBII (National Biological Information and Infrastructure) Nodes in California and the Chesapeake Bay where issues of water quality/quantity and species recovery/maintenance are critically important to fisheries, aquatic resources, and our national environmental heritage.

The Society is also concerned by programs that show a decrease in fiscal year 2005. Of particular importance to fishery research, restoration, and management are the Co-operative Research Units (CRU) and the Biological Research and Monitoring (BRM) programs. CRU and BRM both appear as line item decreases in the fiscal year 2005 budget request. We encourage Congress to make similar earmarks to these line items.

U. S. FISH AND WILDLIFE SERVICE

Fisheries Program

The U.S. Fish & Wildlife Service works with others to conserve, protect, and enhance the nation's fishery resources and aquatic ecosystems for the benefit of the American people. The Fisheries Program safeguards these resources while helping to provide recreational opportunities for the nation's 50 million licensed anglers, as well as evaluates fish populations and their habitats and coordinates the restoration and recovery of aquatic populations, habitats, and ecosystems.

The Society would like to see more money go into programs to combat aquatic nuisance species. The fiscal year 2005 budget shows a decrease of $180,000 in funds for aquatic nuisance species. AFS is disappointed to see funds for the Fish Passage and Cooperative Projects eliminated from the fiscal year 2005 budget request.. By reconnecting aquatic species to historic habitats, many native species benefit, including salmon, trout, striped bass, walleye, paddlefish, and sturgeon.

AFS also commends the fiscal year 2005 budget request for beginning to address the operations and management challenges faced by our aging National Fish Hatchery System, a system critical to fishery conservation, restoration, and recreation efforts, but that needs to be updated to function at its full capacity and achieve its management objectives. Therefore, the Society strongly supports increasing the fiscal year 2005 request from $57 million—a $1 million decrease below the fiscal year 2004 enatced—to restore and improve the National Fish Hatchery System. Of this, we are very pleased with the $840,000 increase for hatchery operations and the $999,000 increase for hatchery maintenance, particularly to address the critical water management needs of old and outdated hatcheries. We would like to see continued increases to the National Fish Hatchery System's budget of $15 million per year for the next three years.

Related to fisheries conservation and aquatic ecosystem management is the important role that the USFWS plays in implementing the Endangered Species Act. AFS supports the fiscal year 2005 request of $129.4 million for the Endangered Species Line Item.

BUREAU OF LAND MANAGEMENT

Wildlife and Fisheries

The BLM manages public lands for a range of uses, including recreation, conservation, livestock grazing, hunting and fishing, forest management and wildland fire management, cultural resource protection, and energy and mineral production. Many of the BLM lands are managed for fisheries as well as other uses. Fisheries program priorities for 2005 include: inland-fisheries conservation; subsistence fisheries management; Pacific Northwest fisheries, including culverted fish passage issues; multi-species conservation; aquatic indicators of land condition; and partnerships.

Despite the breadth of BLM's fishery management responsibilities and its role in conserving our Nation's aquatic resources, the President and Congress have not funded BLM fisheries programs accordingly. In fiscal year 2002 and fiscal year

2003, there was a decline of more than $0.7 million and $0.5 million, respectively, in funds allocated to fisheries programs. The fiscal year 2005 budget request of $12.456 million is much closer to the 2001 enacted BLM fisheries budget. AFS recommends an increase of the Fisheries Line Item to the level of fiscal year 2001, that is to $12.8 million.

NATIONAL PARK SERVICE

Park Management

For fiscal year 2005, AFS recommends supporting the Resource Stewardship Line Item at the level requested ($343.4 million). AFS also supports the fiscal year 2005 budget requests for the funding of the following programs that also have benefit to aquatic resources: Cooperative Conservation Initiative ($21 million. AFS also encourages the Administration and Congress to continue authorization of the Recreational Fee Program which will expire without further authorization in fiscal year 2005.

Bureau of Reclamation

The AFS supports the President's request for fiscal year 2005 for BOR. With the growing challenge of water quality and quantity, allocation and preservation, AFS wants to underscore the critical responsiblity the Bureau of Reclamation and other Federal agencies have in managing our water resources and their associated ecosystems and species for the public good, including compliance with the Endangered Species Act.

The Society appreciates your consideration of our view. We welcome the opportunity to provide additional information and advice regarding fisheries efforts of the Department of Commerce.

PREPARED STATEMENT OF THE AMERICAN HIKING SOCIETY

Mr. Chairman and members of the Subcommittee, American Hiking Society represents 5,000 members and the 500,000 members of our 160 affiliated organizations. As the national voice for America's hikers, American Hiking Society promotes and protects foot trails and the hiking experience—and is a long time partner with the National Park Service (NPS), USDA Forest Service, and Bureau of Land Management (BLM). In order for Americans to enjoy the outdoors and find healthy places to recreate, we need protected open spaces and well-maintained trails and other recreation facilities. We urge you to support funding increases that will protect trails and recreation resources for the benefit of the nation and future generations of hikers. American Hiking makes the following trail and recreation funding recommendations for fiscal year 2005:

National Park Service:

—Rivers, Trails and Conservation Assistance program: $13 million
—National Trails System: $10 million, plus $1.25 million for GIS Network

USDA Forest Service:

—Recreation Management, Heritage and Wilderness: $300 million
—Capital Improvement and Maintenance—Trails: $85 million

Bureau of Land Management:

—Recreation Management: $70 million
—National Landscape Conservation System: $58 million Conservation Trust Fund: $2.24 billion
—Stateside Land and Water Conservation Fund (LWCF): $300 million
—Federal Land and Water Conservation Fund: $450 million
—Federal LWCF, Appalachian National Scenic Trail, Forest Service: $5 million
—Federal LWCF, Ice Age National Scenic Trail, National Park Service: $4 million
—Federal LWCF, Florida National Scenic Trail, Forest Service: $10 million
—Federal LWCF, Pacific Crest National Scenic Trail, Forest Service: $10 million
—Urban Park and Recreation Recovery Program (UPARR): $50 million

Trails represent one of our nation's most valuable assets, bringing individuals and families outside for recreation, inspiration, and education, and providing healthy physical activities, alternatives for transportation, and economic development for local communities. Hiking is one of the nation's most popular outdoor activities—73 million Americans hike regularly or occasionally (Outdoor Industry Association Participation Study 2002). However, years of inadequate funding jeopardize the protection of natural and cultural resources and the experiences of millions of recreationists every year.

Federal policy encouraging partnerships, healthy lifestyles, and promoting volunteerism to protect and maintain our public lands warrants increased funding for trail and recreation programs across the land management agencies. Targeted funding increases coupled with increased on-the-ground recreation staff, including trail and volunteer coordinators, is essential to providing and preserving hiking and other outdoor recreation opportunities nationwide.

NPS, Rivers, Trails, and Conservation Assistance Program (RTCA): $13 million

RTCA yields enormous conservation and recreation benefits to communities by fostering partnerships between federal, state, and local interests to restore rivers and wildlife habitat, develop trail and greenway networks, preserve open space, and revitalize communities—all contributing to improved quality of life and close-to-home recreation.

RTCA is an extremely cost-efficient program. Through RTCA partnerships, NPS helps conserve more than 750 miles of river corridor, develops nearly 1,500 miles of trails, and protects more than 65,000 acres of park, habitat, and open space annually, at no long-term cost to NPS. These projects often incorporate related benefits such as transportation alternatives, brownfield redevelopment, and floodplain planning. RTCA plays a critical role in creating a nationwide network of parks and open spaces, supporting conservation partnerships, promoting volunteerism, and encouraging physical activity. The Administration's HealthierUS Initiative explicitly highlights RTCA for its efforts in promoting physical activity.

RTCA is a highly effective and popular program but continues to lack adequate funding. Despite RTCA's successes in coordinating upwards of 300 projects annually, RTCA funding has remained relatively stagnant during the last decade, virtually flat—approximately $8.2 million—for the last four years, and lagged well behind the rate of inflation. The program's declining real budget and funding shortages result in limited staff positions in several regions, office closures, and reduced staff participation within communities and on-the-ground projects, diminishing essential services of this field-based technical assistance program. Flat funding results in an annual loss of approximately 4 positions, as personnel costs continue to rise through inflation and cost-of-living increases, while project costs must be cut back. The program faces the loss of another 4–5 staff in fiscal year 2005 if RTCA receives flat funding.

RTCA receives less than ½ of 1 percent of the total funding for the National Park Service, yet by building local partnerships it succeeds in attracting and leveraging substantial local funding. It makes sense to strengthen programs such as RTCA that support communities through partnerships and capacity-building, enabling local stakeholders to better manage and conserve their recreational and natural resources. We strongly urge you to fund RTCA at $13 million to remedy the program's continued erosion, compensate for losses due to inflation, and enable the program to respond to growing needs and opportunities in communities throughout the country.

NPS, National Trails System: $10 million, plus $1.25 million for GIS network

The NPS administers eighteen of the twenty-three national scenic and historic trails, but only one—the Appalachian National Scenic Trail—is fully open for public use from end-to-end. For most of these trails, barely half of their congressionally authorized length and resources are protected and available for public use. A minimum of $10 million in fiscal year 2005 is crucial for resource protection, trail maintenance, interpretation, and volunteer coordination and support for these long-distance trails. In addition, NPS requires $1.25 million to continue work on a Geographic Information System network for the National Trails System to better administer, manage, and protect trail resources and landscapes. American Hiking thanks the Subcommittee for its support of the National Trails System and urges you to increase funding to help complete and protect these national treasures. American Hiking Society endorses the specific funding requests submitted by the Partnership for the National Trails System (PNTS).

USDA Forest Service, Recreation Management, Heritage and Wilderness: $300 million

The current investment in Forest Service recreation falls far below national needs. The Forest Service estimates that recreation creates nearly 80 percent of the Gross Domestic Product generated from Forest Service land, yet only about 10 percent of the agency budget is dedicated to recreation. Additionally, our national forests include the vast majority of our nation's designated wilderness areas, where opportunities for primitive recreation are abundant. The Forest Service requires increased funding to protect critical resources; upgrade recreation facilities; reduce the $188 million recreation deferred maintenance backlog; augment on-the-ground recreation staff; improve recreation resource analyses and planning; and more effectively utilize volunteers. Recreation budgets in many forests are barely sufficient to meet daily operational needs.

Forest Service, Capital Improvement and Maintenance/Trails: $85 million

The Forest Service manages 133,000 miles of trails and requires increased funding to restore and maintain these thousands of trail miles; reduce the $120 million trails maintenance backlog; improve trail infrastructure; prevent and mitigate resource impacts; and provide safe, high-quality recreational experiences for millions of hikers and other trail enthusiasts. We request $7.2 million for national scenic and historic trail administration, management, and construction, as specified by the PNTS.

Increased funding for recreation and trails is especially crucial to the Recreation Agenda goal of placing trail and volunteer coordinators and/or recreation planners at each national forest and for each nationally designated area or trail. Despite the Forest Service's increased emphasis on recreation, we are very concerned that this conversation at the top is not translating to the ground. Very few national forests have even one full-time trails coordinator. Understaffing often results in volunteers performing essential functions instead of agency personnel or willing volunteers being turned away. And despite the number of hiking and other recreation organizations that offer to volunteer to build and maintain trails in national forests, very few forests have a volunteer coordinator. These efforts warrant an expanded commitment to trails and recreation funding, notably funding for recreation staff on the ground.

In the Northwest, current agency budgets cannot accommodate the additional burden of storm damage repair. Record rainfall in Washington last fall caused severe flooding along the western slope of the Cascades. Dozens of road and trail bridges were washed out, and some of the most popular trails and campgrounds in the North Cascades were severely damaged. Existing Forest Service budgets cannot absorb the costs associated with repairing these facilities. The Mt. Baker-Snoqualmie National Forest requires an additional $4.4 million in emergency appropriations to preserve access to more than two dozen campgrounds and trails enjoyed by a combined total of more than 100,000 visitors per year. The cost of bridge replacement and tread repair along the Pacific Crest National Scenic Trail ($1.2 million) alone is almost the entire size of the Mount Baker Snoqualmie National Forest's annual recreation budget.

BLM, Recreation Management: $70 million

The BLM supports a broad range of recreational opportunities within its 261 million acres yet continues to receive very limited funding. BLM is focusing on a comprehensive travel management approach to managing roads and trails and providing adequate and appropriate public access and has generated many collaborative partnerships for trails. BLM is working to leverage its minimal resources through the development and implementation of outreach strategies and management action plans for both motorized and non-motorized trail activities. However, the BLM faces daunting challenges with a growing deferred maintenance backlog for upkeep of more than 15,500 miles of trails. BLM is also facing critical inventory, planning and management challenges as it manages a staggering network of an estimated 600,000 mile of roads, trails, routes and ways available for public use—with 80,000 miles maintained and signed.

BLM, National Landscape Conservation System (NLCS): $58 million

The NLCS protects and conserves the crown jewels (such as wilderness areas and national scenic and historic trails) of our public lands while providing a variety of benefits to the public, including diverse recreational opportunities. Additional funding is needed to support a range of activities in NLCS units including: environmental education, site interpretation, and developing more compatible land use ethics among public lands visitors; completing Resource Management Plans and initiating implementation actions for national monuments and conservation areas; monitoring of recreation use; management of portions of twelve national scenic and historic trails exceeding 5,200 miles; and developing and strengthening partnerships for visitor services, recreation, interpretation, stewardship education, and volunteers. We request $3.3 million for national trail administration and management as outlined by the PNTS.

Land and Water Conservation Fund (LWCF): $300 million Stateside; $450 million Federal

Federal and state land managers use the LWCF to create parks, protect trails and open spaces, and preserve wilderness and wildlife habitat. Over the past decade, the majority of LWCF funds have been diverted to programs unrelated to the traditional

LWCF uses such as land protection and recreation. While LWCF funds have been cut severely, the need for open space and recreation has soared. LWCF is one of the most important conservation tools ever designed and is critical to the future protection of national trails. We strongly support federal LWCF appropriations for the Appalachian, Ice Age, Florida, and Pacific Crest National Scenic Trails.

Volunteer contributions are essential to trails and recreation programs, and American Hiking and its members and member clubs do their part every year to help maintain our nation's outstanding network of trails. However, an increase in volunteers on public lands should not be perceived as an opportunity to cut agency budgets. In fact, the opposite is necessary. Creating a viable volunteer environment, leveraging willing human resources for burgeoning land managers' needs, requires additional investment in the infrastructure to support these volunteers. In return, volunteers can help reduce the enormous maintenance and construction backlogs in public agencies and be an educated, passionate voice for preserving and protecting our public lands.

On June 5, 2004, American Hiking will coordinate the twelfth National Trails Day (NTD) to raise public awareness and appreciation for trails. Participants will gather at more than 2,000 NTD events nationwide. American Hiking Society members and outdoorspeople nationwide appreciate the Subcommittee's support for trail and recreation in the past and look forward to continued strong support. Thank you for considering our request.

PREPARED STATEMENT OF THE AMERICAN INSTITUTE OF BIOLOGICAL SCIENCES

The American Institute of Biological Sciences (AIBS) requests that Congress appropriate at least $1 billion in fiscal year 2005 funding for the United States Geological Survey (USGS). This funding level would restore cuts to important science programs proposed by the administration, provide a modest but much needed inflation adjustment, and allow implementation of important new science and information dissemination initiatives.

The USGS provides independent, high-quality data, information, research support and assessments needed by federal, state, local and tribal policymakers, resource and emergency managers, engineers and planners, researchers and educators and the public. Because of the agency's combination of biological, geographical, geological, and hydrological research programs, USGS scientists utilize cutting-edge interdisciplinary research techniques to answer significant questions about earth processes that impact human quality of life.

United States Geological Survey scientists do not work in isolation. Through the agency's nearly 400 offices located in every state and partnerships with over 2,000 federal, state, local, tribal, and private organizations, the USGS has built the capacity to draw on additional research expertise. For example, through the cooperative research units program USGS scientists are stationed on university campuses. This proximity to academic researchers helps bring additional intellectual and technical resources to bear on the natural resource problems USGS seeks to understand. The value of cooperative research units extends beyond their immediate research productivity, however. Cooperative research units are an essential component of our national education and training infrastructure. These research units enable future natural resource managers to gain the skills and experience government agencies need. Furthermore, cooperative research units are one of USGS' mechanisms for providing data and technical assistance to decision-makers.

Natural resource managers require reliable, relevant, and timely information. The USGS Biological Informatics Program through initiatives such as the National Biological Information Infrastructure is another example of how the agency is meeting the needs of the resource management community. The Biological Informatics Program develops and applies innovative technologies and practices to the management of biological data, information, and knowledge resulting from research, thereby increasing the value of that research to scientists, planners, decision-makers, educators, students, and the public. Increased funding for the USGS would enable the Biological Informatics Program to continue on-going activities and begin to implement new initiatives that the resource management and research communities have identified as important for addressing national priorities.

Other USGS biological research programs gather important data and information that academic, private sector, or other government scientists do not collect. For instance, a clear national priority is the prevention and mitigation of future losses resulting from non-native species invading new environments. USGS research is helping guide our understanding of how invasive species, such as the zebra mussel, brown tree snake, or tamarisk, colonize new environments. Decision-makers, whether working for the National Park Service or a hydroelectric utility, utilize USGS science to develop action plans for combating invasive species.

Infrastructure is vital to science. Increasingly, coordinated networks of databases and data gathering instruments are required to answer the questions that public policymakers and scientists are asking. For example, environmental toxicologists or ecosystem scientists may use real-time data from the USGS network of streamgages to learn how quickly a pollutant travels through a watershed, impacts downstream fisheries, or enters a community's drinking water supply. An emerging need is for increased federal investment in natural history collections such as museums and herbaria. These institutions contain irreplaceable collections of the genetic diversity of our nation; information that helps to answer questions about invasive species, or how species have responded to changing environmental conditions. Unfortunately, much of this information is not accessible. With an increased investment in USGS science programs, agency personnel and their partners could begin to develop new technology that enables scientists to better utilize this valuable information.

In the fiscal year 2005 appropriation, Congress can also support USGS science by ensuring that adequate funds are provided to cover "uncontrollable costs," items such as salary and benefit increases. The Department of the Interior fiscal year 2005 budget request does not adequately address these expenses. The Department of the Interior's budget indicates that $17.2 million is needed to cover these expenses. Unfortunately, only $9.1 million has been requested. If the $17.2 million needed is not appropriated, program managers may be forced to curtail important work in order to meet these commitments.

Thank you for your thoughtful consideration of this request. If you require additional information, please contact Dr. Robert Gropp at 202–628–1500 or rgropp@aibs.org.

ABOUT AIBS

The American Institute of Biological Sciences is an umbrella organization whose individual and organizational membership spans the breadth of applied and basic biological sciences. AIBS is dedicated to advancing biological research and education for the welfare of society. AIBS seeks to facilitate communication and interactions among biologists, professional biological societies, biological and other scientific disciplines, as well as to serve and advance the interests of biology in the broader scientific community and in other components of society.

PREPARED STATEMENT OF THE APPALACHIAN MOUNTAIN CLUB

As a founding member of the Northern Forest Alliance (NFA), the Appalachian Mountain Club (AMC) echoes the testimony of George Gay, Executive Director of the NFA, in strong support of a significant increase in funding for the Forest Legacy program to at least $150 million, and full funding for the Land and Water Conservation Fund (LWCF). In addition, we call for full funding of the Conservation Trust Fund (Title VIII), which should be funded in fiscal year 2005 at $2.24 billion, as originally authorized. It is critical for conservation efforts in the Northern Forest region and across the country that the array of programs included in this title be fully funded.

As a regional conservation, education, and recreation organization of 92,000 members from Maine to Washington, DC, AMC urges the Committee fund these critical programs and the many specific projects that have been identified for Forest Legacy or LWCF funding. In addition, the AMC specifically urges the Committee's favorable consideration of the request from Senators Collins and Snowe for $1.5 million in federal side LWCF funds for the expansion of the Appalachian National Scenic Trail in Maine, which would help implement our exciting Maine Woods Initiative (see below). This request incorporates a pass-through of the funds and the land ownership to the State of Maine, rather than the federal government, similar to the approach taken by the Subcommittee previously in other areas such as Ice Age Trail and New Jersey Pinelands, to address concerns about the expansion of federal land ownership in Maine.

On December 9, 2003, the AMC purchased from International Paper 37,000 acres in Maine of outstanding recreation land, wildlife habitat, and forest that includes 17 miles of the Appalachian Trail. This purchase is a first step in AMC's Maine Woods Initiative, which will integrate habitat protection, recreation, education, and sustainable forestry in the heart of the 100-Mile Wilderness region of Maine. The parcel purchased in December, also known as the Katahdin Iron Works property, lies 10 miles east of Greenville. Among the outstanding features of this tract are a 9-mile stretch of the Appalachian National Scenic Trail that traverses the property along the Barren-Chairback Mountain Range, and an 8-mile stretch of the Trail along its eastern boundary. While these sections of the Trail enjoy federal protection through NPS ownership of the immediate trail corridor, there are significant natural and scenic features along the Barren-Chairback Range that are not permanently protected and that fall outside the trail's current configuration.

The area proposed for acquisition includes several notable ecological features, including a 300-year-old spruce stand on the southern slopes of Columbus Mountain and two occurrences of a fir-birch subalpine forest, considered relatively rare in Maine and notable on the Katahdin Iron Works property for occurring at a significantly lower elevation than is usual for this forest type. The proposed corridor expansion also includes the upper portion of West Chairback Pond Stream, rated Class C by the Maine Rivers Study, which puts it in the top 13 percent of the state's total river mileage for composite natural resource value. In addition, much of the proposed acquisition area lies within a roadless area of over 9,000 acres mapped as part of a regional roadless area study. Acquisition of this parcel would allow for its protection along this incredibly scenic and popular stretch of the Appalachian Trail, and provide adequate buffers of undisturbed land that will make the hike through the 100-Mile Wilderness a truly wilderness experience for the Trail's many visitors.

AMC's Maine Woods Initiative creates the opportunity for an innovative public private partnership that will greatly expand the recreational opportunities available to local, regional, and state residents as well as visitors from afar, at no ongoing cost to American taxpayers. The 100-Mile Wilderness region, and the property purchased by the AMC, abounds in four season recreational opportunities, the experience of which will be enhanced by expanding protection of this section of the Appalachian Trail. In these times of scarce resources for our public parks and forests, this partnering of the Federal government, the State of Maine, and the AMC through our Maine Woods Initiative represents a unique opportunity to further the goals of land protection, outdoor recreation, and economic opportunity in the Maine Woods Region. The AMC is proud of the strong local support our project has received to date, from local government leaders and economic development officials to business owners, community organizations, and local residents for whom these lands are their own back yard.

The AMC is excited and challenged by our Maine Woods Initiative. Permanent protection of an expanded trail corridor for this section of the Appalachian Trail will be a critical and popular first step in our recreation, forest management and conservation plans for the Katahdin Ironworks Tract. Thank you for your consideration.

PREPARED STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT COALITION

Mr. Chairman and Members of the Subcommittee: On behalf of the California Industry and Government Coalition for the Kern County Valley Floor Habitat Conservation Plan (KCVFHCP), we are pleased to submit this statement for the record in support of our funding request for the Interior Appropriations Bill for fiscal year 2005.

First, the Coalition supports the Department of Interiors budget request for the Cooperative Endangered Species Conservation Fund—especially funding for HCP land acquisition.

Second, the Coalition urges the Subcommittee to appropriate additional funding for land acquisition above the funding requested by the President.

Third, the Coalition requests that the Appropriations Subcommittee earmark $1 million to the Kern County program to be used for purposes of acquiring and maintaining habitat preserves.

The Coalition's request is supported by the timely need to implement the KCVFHCP. In 1997, the U.S. Fish and Wildlife Service allocated $500,000 of federal Endangered Species Act Section 6 funds to assist in program implementation. The California State Government has authorized $1 million to augment the federal funds. In order to secure the $3 million total necessary to assist in the implementation of the plan, we will require $1 million for fiscal year 2005 and $500,000 for fiscal year 2006.

The Coalition requests that the Subcommittee appropriate the maximum possible amount for this program, so that the funding pool can accommodate our request and need. We are confident that the plan's merits and urgency support this request.

Kern County's program is unique from other regions in the nation in that it contains some of the highest concentrations of plant and animal species protected by the Endangered Species Act (ESA) within the continental United States. The region is occupied by 11 wildlife species and 14 plant species covered as threatened or endangered under the program. The potential for conflict with the federal ESA is great in Kern County because of the extensive oil and gas production activities, water conveyance efforts and the urbanization that is occurring. Since Kern County is the top oil producing county in the nation and experiencing rapid urban growth, potential conflicts with the ESA and their resolution through a proactive conservation program has significant national importance.

In recognition of the conflicts posed to economic growth by federal and state endangered species laws, a joint agency Memorandum of Understanding was entered into by the U.S. Fish and Wildlife Service, Bureau of Land Management, California Energy Commission, California Division of Oil and Gas and Geothermal Resources, California Department of Fish and Game and Kern County. The participating agencies agreed to develop a unified conservation strategy with the goal of providing a streamlined and consistent process of complying with State and federal endangered species laws, yet at the same time allow important industry activities such as oil and gas, water conveyance and other industry activities to continue.

Preparation of the KCVFHCP began in 1989 and involved a number of federal, State and local government agencies, as well as the oil and gas industry, agricultural interests, utilities and environmental groups.

Kern County's Valley Floor Habitat Conservation Plan is one of the largest and most diverse endangered species conservation programs under development in the nation encompassing over 3,110 square miles. The program represents a departure from traditional endangered species conservation programs which utilize prohibitory controls to assure conservation of species habitat. Instead, it is based on an incentive-based system of selling or trading habitat credits in an open market. This innovative approach, for the first time, provides landowners with real incentives and more importantly, the ability to choose how best to manage their own private property. The KCVFHCP is in the final stages of preparation. The HCP document is completed. An environmental impact statement is being prepared for public review in Fall, 2004. Final approval will occur in 2005.

Numerous agencies, in concert with the State of California and local government entities, as well as the private oil and gas industry have contributed funding, time and other resources toward developing the KCVFHCP. The KCVFHCP program will be completed in 2005, provided there is the necessary federal funding for the acquisition of habitat to mitigate for oil and gas operations and development. Additional funding is critical to completing the HCP. This is one of the final steps necessary to implement the conservation strategy. Because of the extensive private, local and state government financial support that went into the development of this program, federal participation in program implementation will demonstrate that the burden of ESA compliance is not being placed exclusively on private property owners. Program funding will also contribute to eventual species recovery.

PROGRAM FUNDING NEEDS

In order for the KCVFHCP to be implemented, the program requires funding in the amount of $1.5 million (augments the $1.5 million in state and federal funding received in 1997) that could be funded in increments over the first two years of the program. The purpose of this funding is described as follows:

Oil Development Issue

A mitigation strategy has been devised that is intended to acknowledge existing oil field activities within Kern County. The strategy proposes to acquire 3,000 acres of endangered species habitat to mitigate for species loss resulting from oil field development outside of established oil field production areas, but within proximity of those areas. This is to allow for reasonable expansion of oil field activities over the life of the HCP program. The program strategy allocates $3.0 million for acquisition and perpetual maintenance of species reserve areas. With this type of strategy, oil field expansion activities would be provided for in the program. This strategy would be of great benefit to the small independent oil and gas companies within the program area.

Urban Development/County Infrastructure Issue

The conservation program includes an Urban Development/County Infrastructure mitigation strategy that mitigates for species habitat loss through the use of an incentive-based system of selling or trading habitat credits in an open market. This innovative program will add market value to land that is needed by project proponents to comply with endangered species laws which will encourage the owners of such properties to offer lands for the benefit of species conservation. Protected species of plants and animals will benefit from a program that promotes private property owners to conserve permanent habitat preserves consistent with the objectives of the ESA.

Federal Funding Support will Augment Local Government and Private Industry Efforts to Comply with the Endangered Species Act

The $1.5 million required for the oil field strategy would help contribute to satisfying the program's endangered species conservation goals, while also providing for continued economic growth of Kern County's oil and urban development activities. Protected species would benefit from a comprehensive long-term program that promotes the creation of permanent habitat preserves.

Numerous private businesses, in concert with the State of California and local government entities, are attempting to do their part, and we come to the appropriations process to request assistance in obtaining a fair federal share of financial support for this important effort. This unique cooperative partnership involving state and local government, as well as private industry, has contributed substantial funds to date, to assist in the development of this program.

The California Industry and Government Coalition appreciates the Subcommittee's consideration of this request for a fiscal year 2005 appropriation to support implementation of this significant program.

PREPARED STATEMENT OF THE COLORADO RIVER BOARD OF CALIFORNIA

Support for fiscal year 2005 Federal Funding of $5.2 Million for the Department of the Interior-Bureau of Land Management to assist in the Colorado River Basin Salinity Control Program, with $800,000 to be designated specifically to salinity control efforts.

Your support and leadership are needed in securing adequate fiscal year 2005 funding for the Department of the Interior-Bureau of Land Management with respect to the federal/state Colorado River Basin Salinity Control Program. This program is carried out as a part of ecosystem and watershed management pursuant to the Colorado River Basin Salinity Control Act and the Clean Water Act.

As you are aware, the Bureau of Land Management (BLM) is the largest landowner in the Colorado River Basin. Due to geological conditions, much of the lands that are controlled and managed by the BLM are heavily laden with salt. Past management practices have led to man-induced and accelerated erosional processes from which soil and rocks, heavily laden with salt have been deposited in various stream beds or flood plains. As a result of this disposition, salt is dissolved into the River System causing water quality problems downstream.

Congress has charged federal agencies, including the BLM, to proceed with programs to control the salinity of the Colorado River. BLM's rangeland improvement programs can lead to some of the most cost-effective salinity measures available. These salinity control measures may be more cost-effective than some now being considered for implementation by the Bureau of Reclamation through its Basinwide Program and by the Department of Agriculture through its EQIP program. In keeping with the Congressional mandate to maximize the cost-effectiveness of the salinity control program, the Colorado River Board is requesting that Congress appropriate and the administration allocate adequate funds to support BLM's portion of the Colorado River Basin Salinity Control Program.

The Colorado River Board of California (Colorado River Board), the state agency charged with protecting California's interests and rights in the water and power resources of the Colorado River System, requests that Congress appropriate $5,200,000 of these funds in fiscal year 2005, to accomplish activities that BLM either has underway or should initiate in order to further control the concentrations of salinity of the Colorado River. It is particularly important that the BLM's line item for Management of Lands and Renewal Resources be adequately funded. The Colorado River Board urges the Subcommittee to specifically mark, $800,000 from this line-item for the Colorado River Basin Salinity Control Program as has been the direction to BLM from the Subcommittee in past years.

The Colorado River Basin Salinity Control Forum (Forum) on behalf of the seven Colorado River Basin states has submitted testimony to your Subcommittee. The Colorado River Board concurs in the fiscal year 2005 funding request and justification statements for BLM as set forth in the Forum's testimony.

California's Colorado River water users are presently suffering economic damages, estimated at $300 million per year, due to the River's salinity, as stated in a recent report prepared by the Bureau of Reclamation and the Metropolitan Water District of Southern California. In addition, the federal government has made significant commitments to the Republic of Mexico and to the seven Colorado River Basin states with regard to the delivery of quality water to Mexico. In order for those commitments to be honored, it is essential that in fiscal year 2005 and in future fiscal years, that the Congress provide adequate funds to the Bureau of Land Management for its activities related to salinity control in the Colorado River Basin.

The Colorado River is, and will continue to be, a significant and vital water resource to the 17 million residents of southern California as well as throughout the Lower Colorado River Basin. As stated earlier, preservation of the River's water quality through an effective salinity control program will avoid the additional economic damages to users of Colorado River water in Arizona, California, and Nevada.

The Colorado River Board greatly appreciates your support of the federal/state Colorado River Basin Salinity Control Program and again asks for your assistance and leadership in securing adequate funding for this important program.

PREPARED STATEMENT OF THE DORIS DAY ANIMAL LEAGUE

The Doris Day Animal League is a non-profit, member supported animal advocacy organization located in Washington, D.C. On behalf of our more than 350,000 members and supporters, we respectfully present to the subcommittee our concerns about the Bureau of Land Management's (BLM) Wild Horse and Burro Program (Program).

In 1971, Congress charged the BLM with preserving America's wild horses and burros via passage of the Wild Free-Roaming Horse and Burro Act. The Act declares that "wild free-roaming horses and burros are living symbols of the historic and pioneer spirit of the West . . . [who] shall be protected from capture, branding, harassment or death." Further, they are to be considered as "an integral part of the natural system of the public lands." We are gravely concerned that the BLM is failing to fulfill this mandate.

In fiscal year 2001, the BLM received a $9 million budget increase to halve the number of wild horses on the range within four years. Despite the agency's failure to meet this goal, large numbers of horses were removed from the range and this new level of funding was maintained through fiscal year 2004.

Now the agency is requesting another monumental increase of $10.5 million (plus another $2.3 million from Southern Nevada Public Land Management Act funds) so that it can once again begin mass roundups to drastically reduce the number of wild horses and burros on the range from an estimated 39,000 to 25,000 in just two to three years. Yet the agency has failed to conduct the most basic research to justify its proposed action. Despite a statutory requirement to base roundups on current data, the agency now spends just 3 percent of its budget on range work, including monitoring and censusing of wild horse populations, even though such work is critical to the successful management of wild horse and burro populations and the range itself. In fact, most herd management areas haven't been censused for at least four years.

The need for such basic field research cannot be over stressed. Multiple roundups in the last year brought in significantly fewer horses than had been anticipated. One explanation is the BLM's reliance on old data. Further, the agency operates on the premise that wild horses and burros have an annual population growth rate of 20–25 percent when the rate may be closer to 18 percent. The very real possibility exists that the agency, if granted its requested increase, may actually take the wild horse and burro population well below the arbitrary target Appropriate Management Level of 25,000 animals, simply because it doesn't actually know how many horses and burros roam the range today.

The removal of such huge numbers of horses also creates a management crisis. Although the BLM has recognized the shortage of good adoptive homes and has subsequently opened several long-term holding facilities where horses are pastured in large groups, it is unclear how the agency can sustain this plan of action; as more horses are rounded up, additional facilities are needed. Already the agency spends some 40 percent of its annual budget on caring for some 21,000 horses removed from the range, with nearly another 40 percent of the budget going to a marketing and adoption program that can never be expected to successfully place the thousands of wild horses and burros rounded up annually.

Ironically, while the government is spending millions to remove wild horses and burros from the range, it spends millions more to subsidize livestock grazing on public lands, a practice that has been cited by the General Accounting Office as being the primary cause of range degradation: ". . . the primary cause of degradation in rangeland resources is poorly managed domestic livestock (primarily cattle and sheep) grazing . . . wild horses are vastly outnumbered on federal rangelands by domestic livestock . . ." (Rangeland Management: Improvements Needed in Federal Wild Horse Program, GAO, 1990). Despite some grazing reductions in recent years, domestic livestock still so dramatically outnumber wild horses on BLM land (the ratio is estimated to be 50:1) that the removal of tens of thousands of horses has not had a significant impact on the health of the range.

While we do not oppose the agency receiving additional funds, we do not agree that mass roundups should go forward without the agency first conducting the necessary research to establish the need to remove such large numbers of wild animals from their natural habitat. Not only is the strategy financially unsustainable, but history shows that the health of the range is not noticeably improved simply through the removal of large numbers of wild horses and burros. There is, of course, the loss of the animals' freedom to consider, too.

We therefore respectfully urge this subcommittee to carefully scrutinize the Program's request for additional funding in fiscal year 2005, and request the following report language be included in the bill:

"The Committee is concerned by the Bureau of Land Management's Wild Horse and Burro Program's failure to maintain current data on numbers of wild horses and burros on the range. As such, one-quarter of all new funds requested by and appropriated to the Bureau of Land Management in fiscal year 2005 for its Wild Horse and Burro Program shall be apportioned for on-the-range research to scientifically establish current population levels of wild horses and burros in at least one-quarter of all Herd Management Areas and to verify that the target Appropriate Management Level of 25,000 is indeed correct. In addition, the agency shall report back to Congress by March 1, 2005 on the Wild Horse and Burro Program's research and roundup activities, including the numbers or animals brought in versus the numbers scheduled to be gathered."

Finally, in light of the huge number of wild horses and burros being rounded up through emergency and scheduled gathers, it is imperative that the "no-kill" provision that has been attached to the Interior Appropriations bill for several years now remain intact. That provision reads:

"The appropriations made herein shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau of Land Management or its contractors."

Thank you for your consideration.

PREPARED STATEMENT OF THE ECOLOGICAL SOCIETY OF AMERICA

The Ecological Society of America (ESA), the nation's premier scientific society of ecologists with over 8,000 members, is pleased to provide written testimony on the U.S. Geological Survey (USGS) for fiscal year 2005. ESA is grateful to Congress for report language included in both fiscal years 2003 and 2004 which underscored the importance of USGS programs and cooperative initiatives. We ask that Congress strongly consider funding USGS at $1 billion for fiscal year 2005. This 6.5 percent boost above the fiscal year 2004 enacted level would restore proposed cuts to key agency programs, fully fund uncontrollable costs, and begin to reverse the nearly decade-long funding shortfall of this agency.

As the Department of Interior's sole science agency, the USGS conducts research critical to Interior's responsibilities in managing land, water and in protecting wildlife and environmental resources. In addition, USGS' long-term monitoring programs, nationwide network and multidisciplinary scope makes USGS a unique and important research body in such areas as combating invasive species, maintaining water quality and quantity, and tracking wildlife diseases. These problems impact the health, well being and economic security of many U.S. residents, in addition to being key areas of ecological research.

The proposed budget for fiscal year 2005 includes new funds, including $1 million for invasive species research and $1 million for Water 2025, which we believe deserve congressional support. USGS is at the forefront of innovative research on invasive species—a nation-wide environmental problem costing the United States an estimated $135 billion a year. USGS' stream monitoring network is an unparalleled resource, tracking water quantity and quality all over the nation and providing a valuable dataset to researchers from many institutions.

However, the Society is concerned about the Administration's proposed cuts—including a proposed $2.8 million cut to the fire ecology and biological fire science activities—which would curb the agency's ability to provide scientific information in those areas. In addition, there is a real risk that research finds will be redirected in order to meet uncontrollable cost increases.

The USGS is an exceptional and unique research institution. Many of the ecological problems that the USGS is charged with addressing require an interdisciplinary and integrative approach. USGS is positioned to utilize its expertise in geology, hydrology, geography and biology to address these complex problems so crucial to maintaining human and environmental health.

We hope that on this, the agency's 125th anniversary, Congress will do its best to support USGS at or as close to the $1 billion level as possible. Thank you for your thoughtful consideration of our request.

PREPARED STATEMENT OF THE FUND FOR ANIMALS

My name is Andrea Lococo and I serve as the Rocky Mountain Coordinator of The Fund for Animals, a national animal protection organization headquartered in New York City with 200,000 members and supporters nationwide and regional offices throughout the country. Please accept the following testimony regarding the Bureau of Land Management's (BLM) budget request for its wild horse and burro program for fiscal year 2005.

As background information, The Fund for Animals has been intimately involved in wild horse and burro advocacy for many years from working to pass protective legislation to litigation to direct rescue operations. We have rescued thousands of wild burros from being shot over the years from Grand Canyon National Park, Death Valley National Monument and China Lake Naval Weapons Center. In fact, we are currently rescuing wild burros from Mojave National Preserve. We have also taken many so-called "unadoptable" wild horses at the request of the BLM, all of whom have found refuge at our sanctuary, Black Beauty Ranch, in Texas. We are well acquainted with the national wild horse and burro program and have on numerous occasions expressed our concern about the adverse impacts of BLM management policy and actions on these "living symbols of the historic and pioneer spirit of the West."

With the passage of the 1971 Wild Free-Roaming Horses and Burros Act (WFHBA), the BLM became the primary federal agency charged with the protection and management of our nation's wild horses and burros. The agency is required to protect and to manage wild horses and burros as *self-sustaining* populations of *healthy* animals *in balance* with other uses and the productive capacity of their habitat. In addition, wild horses and burros are to be considered *comparably* with other resource values in the formulation of land use plans. (Emphases added) However, based upon review of the national wild horse and burro program over several years, it has become painfully obvious to The Fund for Animals that the BLM has lost sight of its legal mandate to protect wild free-roaming horses and burros, and instead focuses almost entirely on managing these animals. Disturbingly, management has been reduced to nothing more than removals, regardless of whether such actions negatively impact the health and viability of these animals.

The WFHBA requires the BLM to submit to Congress a biannual report about the status of the wild horse and burro program. Astonishingly, 1997 was the last year the BLM presented a then delinquent report to Congress, covering the years from 1992–1995. Since that time, for all intents and purposes, the agency has not been held accountable for its actions. Many of its current management decisions are seriously jeopardizing the long-term health and genetic viability of numerous herds.

In fiscal year 2001, the BLM requested a $9 million increase to its national wild horse and burro budget in order to implement a new strategy to remove 50 percent of wild horses and burros from public lands by 2005—a strategy that made significant changes to the management of the program and yet was never subjected to environmental review. Since that time, the agency has churned out a spate of empty Environmental Assessments (EAs), using woefully inadequate monitoring data, in order to establish population targets for wild horses and burros that are based solely on resource availability after existing livestock and wildlife use is considered. Based upon review of most BLM land use plans, it is obvious that the agency routinely ignores its regulatory mandate that wild horses and burros shall be considered comparably with other resource values in the formulation of land use plans (CFR 4700.06(b)). The BLM first considers the current level of livestock use, after which the wild horse and burro population target, referred to as the Appropriate Management Level (AML), is calculated. Shockingly and unfairly, on the average, 90 percent of forage is allocated to livestock and the remainder to wild horses and burros and other wildlife species. Wild horses and burros are inexcusably an afterthought in the process.

Now the BLM is asking for another increase of more than $10 million to further reduce the numbers of wild horses and burros on public lands—never having demonstrated the need to drastically reduce the populations in the first place. According to Nevada BLM documents dated 12/17/03, received through a Freedom of Information Act (FOIA) request, in Nevada, the state which manages more than half of the nation's wild-freeroaming horses and burros, many of the Nevada's Herd Management Areas (HMAs) are currently below AML (the population target the agency itself sets) due to the removal of excess wild horses and burros since fiscal year 2000 and to continuing drought conditions in the West causing lower reproduction rates.

The BLM routinely claims in its EAs that wild horses are increasing at a rate of 20–25 percent annually. Yet, when round-ups are conducted, the estimates often prove to be completely off the mark with considerably fewer animals found than estimated. This is cause for grave concern, particularly in herds that are geographically isolated and for which no chance of natural genetic exchange with contiguous herds exists. Nothing could be a better example than the travesty of the BLM's recent decision to set an AML of a paltry 7–10 wild horses in the isolated 11,000 acre Lahontan HMA in Nevada—a number that is clearly not genetically viable.

Despite the aforementioned facts, the BLM insists that an overabundance of wild horses and burros is one of the primary threats to watersheds and to environmental health. However, the absurdity of such a claim is evident when one understands that literally millions of private domestic cows and sheep use the same lands. The BLM has dismissed the findings of a 1990 General Accounting Office Report (GAO/RCED–90–110) that stated that the primary cause of the degradation in rangeland resources and damaged riparian areas is poorly managed domestic livestock grazing, that wild horse and burro removals have not demonstrably improved range conditions, that wild horse behavior patterns make them less damaging than cattle to vulnerable range areas and that wild horse and burro removals are occurring in some locations not being damaged by widespread overgrazing. This latter point highlights another violation of the 1971 Free-Roaming Horses and Burros Act which stipulates that "excess" animals only be removed for the purpose of restoring a thriving natural ecological balance and to protect the range from the deterioration associated with overpopulation. The BLM simply never demonstrates that wild horses and burros are indeed the animals responsible for damage.

The agency also ignores the findings in the Department of the Interior's Rangeland Reform 1994 F EIS that identified livestock grazing as the chief cause of deteriorated riparian areas. Studies have indicated that the reason riparian areas continue to degrade while many upland areas improve is attributable to the fact that cattle spend anywhere from 5 to 30 times longer in riparian areas than upland habitats. Furthermore, management directives from outdated land use plans are unlikely to address this degradation. Instead, the BLM appears fixated on reducing wild horse and burro numbers to AMLs that have been established in outdated land use plans whose obvious purpose was to accommodate existing livestock use in the first place.

In addition to the problems within the program associated with on-the-range management, over the years, thousands of wild horses, who have been removed from public lands, have been sold to slaughter by unscrupulous and uncaring persons because the BLM failed to adequately screen potential adopters. The Fund for Animals has recently learned that hundreds of wild horses continue to be sold to slaughter each year in the United States alone. The BLM is doing virtually nothing to investigate and to prosecute people who, in order to obtain title, are required to sign affidavits under penalty of perjury indicating that they have no intention of selling the animals to slaughter and whose horses are subsequently slaughtered within days or weeks of receiving title. Even more shocking is that the BLM insists that these people are eligible to adopt again.

BLM officials would have the public believe that all is well in its wild horse and burro adoption program, but time and time again we discover that is not the case, and we have been forced to turn to the courts several times in an effort to remedy the serious problems within the program. The BLM has failed to ensure that wild horses and burros, once adopted, receive humane care for the remainder of their lives, as was clearly the intent of Congress when it enacted the Wild Free-Roaming Horses and Burros Act in 1971.

Twice in the recent past, nearly 60 animal protection and environmental organizations have submitted a request to the BLM asking that the agency for the first time ever prepare a Programmatic Environmental Impact Study (PEIS) on its national wild horse and burro program. Twice, the BLM has refused. Based on the difficulty our organization has experienced in obtaining accurate, timely information from the BLM, one must conclude that the agency apparently does not welcome public scrutiny of the program. Not only is the general public denied an opportunity to scrutinize the basis for the BLM's decision-making, but as previously mentioned, Congress has been equally denied.

Despite the fact that the BLM has been unaccountable for its management actions, the agency is shamelessly requesting another significant increase in its budget for fiscal year 2005. To do what? The agency has yet to indicate and justify how it spent the last increase.

For these and other reasons, The Fund for Animals respectfully requests that Congress instruct the BLM that until such time as the agency updates land use plans and prepares a Programmatic Environmental Impact Study (PEIS) allowing the public the opportunity to both scrutinize and offer input into how its wild horses and burros will be managed on its lands that no monies be used to conduct round-ups of wild horses and burros. Monies allocated for round-ups should be used to prepare such an analysis. At a minimum, the agency should be required to reallocate its budget to ensure that if removals occur, then the justification for such removal be based upon *current and quality monitoring data and a current census of horses and burros.* Wild horses and burros are to be removed from public lands for the purpose of maintaining a thriving natural ecological balance. Without this information, the agency manages recklessly and in violation of the law.

Also, due to the massive removals within a relatively short period of time, there are approximately 21,000 wild horses and burros in holding facilities. The safety and welfare of these animals must be ensured. It is critical that Congress guarantee that these animals be humanely cared for over either the short or long term by stipulating that no funds be used for the destruction of healthy, unadopted wild horses and burros by BLM or its contractors.

Thank you very much for your consideration.

Prepared Statement of the Highlands Coalition

On behalf of the Highlands Coalition, I would like to offer testimony in support of several important projects proposed for the fiscal year 2005 Interior and Related Agencies Appropriations Bill that would significantly advance conservation of the Highlands region. The Highlands region has now been the subject of two federal studies that have highlighted its importance for conservation of public drinking water supplies, wildlife habitat, and recreational opportunities. The projects described below would help assure that this region can continue to meet the needs of the more than 25 million Americans who live within an hour's drive of the Highlands.

The Highlands Coalition includes 117 national, regional, state and local organizations working to protect the more than 2 million-acre Highlands region that stretches from southeastern Pennsylvania through northwest New Jersey, the Hudson Valley of New York and into the Litchfield Hills of Connecticut. The Highlands Coalition was galvanized by the landmark regional study of the New York-New Jersey Highlands, published in 1992, that found the Highlands region to be of national significance due to the diversity and quality of its natural resources and landscape, all located so close to the nation's most densely populated area.

In 2002, the U.S. Forest Service published a detailed study update that reinforced the findings of the 1992 Highlands Study and recognized accelerating land use pressures on the region. The study update noted that the Highlands are the backyard and lifeblood of a metropolitan complex extending from Philadelphia through Newark and New York City and up to Hartford, supplying clean drinking water to over 15 million people, hosting 14 million recreational visits annually and providing habitat for 247 threatened and endangered species.

The study update further revealed that over 5,000 acres of land in the New York-New Jersey Highlands are lost each year to suburban sprawl and that the rate of loss of forests and wetlands in particular has quadrupled, threatening the quantity and quality of public drinking water supplies. Statistics indicate that if the status quo continues, the population of the region will increase by nearly 50 percent, impacting water quality in over 70 percent of Highlands watersheds and causing water demand to exceed supply in many areas. Wildlife habitat and recreational outlets in the Highlands will be similarly impacted if the current rate and pattern of development continues.

The Highlands Coalition supports several projects proposed for the fiscal year 2005 Interior and Related Agencies Appropriations Bill that would help improve our understanding of the Highlands region and provide immediate protection for some of its most high value resource areas:

U.S. FOREST SERVICE HIGHLANDS STUDY FUNDING

The Highlands Coalition supports the request from Senators Arlen Specter, Rick Santorum, Joseph Lieberman, and Christopher Dodd for $500,000 to extend the U.S. Forest Service's New York-New Jersey Highlands Study into the Pennsylvania and Connecticut portions of the Highlands region. The original funding for the 1992

Highlands Study and subsequent update clearly contemplated inclusion of associated pieces of the Highlands region beyond the identified study areas in New York and New Jersey, and a variety of public and private partners in Pennsylvania and Connecticut are eager to begin this long-awaited work. Completion of a Highlands Study extension would support more effective conservation of the entire Highlands greenbelt.

FOREST LEGACY PROGRAM

The Highlands Coalition supports three important Forest Legacy projects in the Highlands that have been put forward by the States of Pennsylvania, New Jersey, and New York.

The Birdsboro Waters project in the Pennsylvania Highlands seeks $2.2 million to conserve 1,800 acres of interior forestland that lie at the heart of the largest contiguous forest block in southeastern Pennsylvania. This project provides critical water supply protection for the millions of users who rely on the Schuylkill River, as well as wildlife habitat, trout streams, and myriad public outdoor recreation opportunities. The project was ranked first on Pennsylvania's list and twelfth in the President's Budget.

The Dickerson Tract in the Raritan Watershed of the New Jersey Highlands seeks $4.5 million to conserve one of the major water supply areas for central New Jersey. The Raritan System includes the Spruce Run and Round Valley Reservoirs, two of New Jersey's most important. In addition to critically important water supply protection, this 220-acre project would also protect critical wildlife habitat as part of one of the largest remaining interior forest areas in the New Jersey Highlands. The project was ranked first on New Jersey's list and fourth in the President's Budget.

The Surprise Lake project in the New York Highlands seeks $1 million to conserve 648 acres most notable for wonderful recreation values and watershed protection. The project lies in the middle of a network of protected lands that is being assembled across the Hudson Highlands, a scenic area accessible from New York City by public transit or automobile in less than an hour. The Surprise Lake project area features scenic vistas from high ridgelines, long distance hiking opportunities, and represents one of the highest quality mountain recreation opportunities within close range of the New York metropolitan area. The project area also protects the Breakneck Brook, a key tributary of the Hudson River, and provides valuable wildlife habitat. The project rightfully ranked behind the top-ranked and valuable Tahawus project in the Adirondacks on New York State's project list, and was not included in the President's Budget. However, we feel that this project opportunity is so valuable as to merit a second project beyond Tahawus for populous and rapidly urbanizing New York State in fiscal year 2005.

LAND AND WATER CONSERVATION FUND

The Highlands Coalition supports $1.6 million from the federal side of the Land and Water Conservation Fund (U.S. Fish and Wildlife Service account) for additions to the Wallkill National Wildlife Refuge, which lies within a key natural resource area that crosses the border between the New Jersey and New York Highlands. The Wallkill NWR provides valuable protection for the Wallkill River and key wetland, riparian, and interior forest habitat, while also providing recreation opportunities that include wildlife viewing, paddling, and hiking on the nearby Appalachian Trail and other trails.

The federal government has already made a significant investment in not only the Wallkill NWR but also in the immediately surrounding region, including the Appalachian NST corridor, the Pochuck Mountain Forest Legacy project in New York, and Sterling Forest State Park. As development pressures increase in this formerly remote corner of the Highlands, it will become more difficult to complete the Wallkill NWR by acquiring needed inholdings. In light of the absence of appropriated funding for the refuge last year, the Highlands Coalition respectfully requests that funding be allocated for this important project in fiscal year 2005.

In conclusion, the Highlands Coalition is grateful for the considerable federal investment that has been made over the last decade to support conservation of the Highlands region. We would be grateful for the subcommittee's support for the important projects outlined above to continue the fine partnership with states and local communities that is steadily securing valuable natural resources across the region.

PREPARED STATEMENT OF THE HUMANE SOCIETY OF THE UNITED STATES

Thank you for the opportunity to offer testimony to the Interior and Related Agencies Subcommittee on several funding items of importance to The Humane Society of the United States (HSUS) and its 8.1 million supporters nationwide. As the largest animal protection organization in the country, The HSUS urges the Committee to address these priority issues in the fiscal year 2005 budget.

LAW ENFORCEMENT DIVISION OF THE FISH AND WILDLIFE SERVICE

After illegal drugs and arms, trade in wildlife parts is the third most lucrative smuggling enterprise in this country. New technology and a full complement of Special Agents are essential if law enforcement is to have any hope of effectively enforcing the nation's endangered species trade laws. The HSUS strongly supports an increase of $2.351 million over the Administration's request for U.S. Fish and Wildlife Service Law Enforcement Operations and Maintenance to meet last years' funding level.

In addition, the Captive Wildlife Safety Act, which was recently signed into law, will require a small amount of additional funding for proper enforcement. The law, Public Law 108–191, was passed unanimously in both the House and Senate and takes aim at the epidemic of private ownership of dangerous exotic animals as pets. According to some estimates, there are up to 15,000 big cats kept as pets in the United States. A small increase of $1.3 million over last years' funding level should be appropriated to hire and train one new Special Agent for each of the Fish and Wildlife Service's seven regions. This additional funding will allow for adequate enforcement of this bipartisan legislation.

Investigating sophisticated wildlife smuggling operations requires the latest in law enforcement technology. The Clark R. Bavin Wildlife Forensics Laboratory is capable of providing assistance in the prosecution of wildlife crimes by analyzing claws, teeth, feathers, tissue, blood, and other wildlife samples. The Clark R. Bavin Wildlife Forensics Laboratory is indispensable in the vigorous enforcement of the nation's wildlife trade laws. The HSUS urges the Committee to appropriate $7 million to enable completion of the renovation of the dermestid colony, and morphology, and firearms facilities, as well as new additions for pathology, an atrium that would include a 60-seat training and conference room for agent and inspector training and scientific conferences.

MULTINATIONAL SPECIES CONSERVATION FUND

The HSUS joins a broad based coalition of organizations in requesting an increase over the Administration's request for the Multinational Species Conservation Fund (MNSCF). The MNSCF is a fund established by Congress to benefit African and Asian elephants, rhinos and tigers, great apes, and neotropical migratory birds. Last year, Congress demonstrated its commitment to the Fund by appropriating $7.8 million for the five programs. Unfortunately, the Administration requested only $7 million for the five funds in fiscal year 2005. We ask that you continue to support these highly threatened mammals and birds in fiscal year 2005 by appropriating $2 million each for the African Elephant Conservation Fund, the Asian Elephant Conservation Fund, $3 million each for the Great Ape Conservation Fund and for the combined Rhinoceros and Tiger Conservation Fund, and $5 million for the Neotropical Migratory Birds Conservation Fund, for a total of $15 million.

While there are threats to the long-term survival of elephants, rhinos, tigers, great apes, and neotropical migratory birds, there have been improvements attributable to funds made available through the MNSCF. Grants made from the MNSCF provide a stable funding source that has leveraged over four times as much in additional contributions from range states, non-governmental organizations, and others.

While The HSUS wholeheartedly supports increased funding for the MNSCF, we are concerned about past incidents and future opportunities for funds from these conservation programs to be allocated to promote trophy hunting, trade in animal parts, and other consumptive uses-including live capture for trade, captive breeding, and entertainment for public display industry-under the guise of conservation for these animals. We would like to see grants made to projects that are consistent with the spirit of the law.

BEAR FEEDING

The HSUS strongly recommends that all federal lands agencies develop consistent policies with respect to prohibiting the feeding of bears on publicly owned land, including deliberate baiting practices. Bill or report language should direct the Bureau of Land Management and the U.S. Forest Service to promulgate regulations banning the practice of feeding bears, just as the National Park Service and U.S. Fish and Wildlife Service have done.

Baiting involves the intentional placement of human food as a means of attracting bears for the purpose of shooting the animals. While forty states have resident bear populations, only ten states permit baiting. Baiting occurs on BLM and U.S. Forest Service lands in nine states despite agency materials emphatically stating that feeding bears is harmful to the animals and hazardous to humans.

Bears are naturally wary of humans. But once they acquire a taste for human food, they lose their cautionary nature and become emboldened in approaching people and property. Human fed bears cause millions of dollars in damage to property every year and can pose a serious safety threat to humans. A consistent policy should apply to all federal lands and for all forest users. Such a policy would have no impact on how states set bag limits, season lengths, and weapons rules for bear hunting.

TRAPPING ON NATIONAL WILDLIFE REFUGES

National Wildlife Refuges should not permit commercial and recreational trapping with inhumane traps. The National Wildlife Refuge System (NWRS) was established to provide inviolate sanctuaries for wildlife. Today, trapping is allowed in many refuges, interfering with the important roles predators and other animals play in ecosystems, and causing unnecessary pain and distress for both target and non-target wildlife.

According to a June 1997 report to the Congress, "Mammal Trapping within the National Wildlife Refuge System: 1992–1996," the U.S. Fish and Wildlife Service administered 487 trapping programs on 281 refuges; thus, more than half of the nation's 520 refuges permitted some trapping by 1997. According to the report, "[e]ighty-five percent of the mammal trapping programs on refuges were conducted primarily for wildlife and facilities management reasons. The remaining 15 percent occurred primarily to provide recreational, commercial, or subsistence opportunities to the public."

In 2002, recreational trappers visited 82 units of the NWRS a total of 73,090 times; the number of animals killed or injured by these trappers nationwide on refuges is not known. "Consumptive" uses as a whole (including recreational trapping and hunting) are allowed on the majority of NWRS units according to data from the U.S. Fish and Wildlife Service for fiscal year 2002. However, most people who enjoy the refuges are "non-consumptive" users, whose activities in the refuges include hiking, photography, and nature observation. In particular, in fiscal year 2002, the U.S. Fish and Wildlife Service recorded over 42 million visits by non-consumptive users to refuge units open to the public. Clearly, an elimination of recreational trapping on the NWRS would have negligible effect on the millions of Americans who use and enjoy the refuges every year. In fact, according to the U.S. Fish and Wildlife Service's most recent national survey, people who appreciate wildlife in a non-consumptive manner, spent $40 billion in the year 2001 to travel and purchase equipment related to activities such as wildlife observation and photography.

The American Veterinary Medical Association, the American Animal Hospital Association, and the World Veterinary Organization have all declared leghold traps to be "inhumane." These traps are designed to slam closed and grip tightly an animal's leg or other body part. Lacerations, broken bones, joint dislocations, and frozen digits or limbs can result. Additional injuries result as the animal struggles to free itself, sometimes chewing off a leg or breaking teeth from biting the metal trap. Animals caught in leghold traps sometimes die from dehydration, starvation, exposure to sub-freezing temperatures, or predators. An animal may suffer for several days before a trapper returns to check a trap.

Neck snares are similarly inhumane. Coyotes, foxes, and other animals trapped in neck snares often die slowly over hours or days by strangulation, as evidenced by necropsy data. Necropsies performed on neck snared coyotes show physiological evidence of a slow, painful death—as evidenced by inflammatory exudates and hemorrhaging—for many snared coyotes. Even when animals are anesthetized prior to snaring in laboratory tests of the snares' humaneness—a procedure that decreases the time to loss of consciousness—foxes often take several minutes (up to 45 minutes in one study) to lose consciousness.

These traps are as indiscriminate as they are inhumane. Any animal unlucky enough to stumble across a trap will be victimized by it. In addition to catching "target" animals, traps catch non-target, or "trash," animals, such as family pets, eagles, and other protected species. Professional wildlife managers have indicated that between 66 and 78 percent of trapped animals caught in leghold traps are non-target animals. This is an unacceptable level of by-catch.

In 1999, the House approved an amendment, offered by your Appropriations Committee colleague, Representative Sam Farr, to bar the use of tax dollars to administer or promote the use of steel-jawed leghold traps or neck snares for commerce or recreation on units of the National Wildlife Refuge System. The amendment allowed use of these traps for purposes of research, subsistence, conservation, or facilities protection. The House approved this measure by a bipartisan vote of 259–166, with a majority of the members of the Subcommittee on Interior Appropriations favoring the amendment.

We urge the Committee to incorporate the language of the Farr amendment in the fiscal year 2005 Interior Appropriations Act. It is a sensible, humane, and narrowly crafted provision. The amendment would not bar trapping on refuges. Other traps, including foot snares, Conibears, and box and cage traps, could be used for any purpose consistent with law and regulation on the refuges. The Farr amendment would not forbid the use of leghold traps or neck snares. It would ban those two devices only for commercial and recreational purposes.

PROTECTION FOR WALRUSES

We urge this subcommittee to appropriate $500,000 in fiscal year 2005 to fund much-needed research on the Pacific walrus. New promising methodologies for surveying walrus populations are being developed and require funding support. Walruses are targeted by Native hunters for subsistence, despite a paucity of data regarding their current population status or population structure. Hundreds of walruses are killed annually; in some years this number has climbed to as many as 7,000. Moreover, in some hunting villages, females and their calves are preferentially killed, against the recommendation of the U.S. Fish and Wildlife Service and standard management practice. A portion of these funds could also be used to assist and improve the Walrus Harvest Monitor Project, which collects basic management data.

WILD HORSE AND BURRO PROGRAM

Wild horses and burros are a public trust greatly beloved by the American people. Consequently, we strongly believe that the Bureau of Land Management (BLM) should be given the direction and resources it needs to ensure the health of wild horse and burro herds and the public lands they inhabit, as well as the welfare of the horses and burros that are removed from the range.

During fiscal year 2002 and fiscal year 2003, the Bureau of Land Management's Wild Horse and Burro Program received a substantial increase to their annual operating budget. This increase was to be used to implement BLM's four-year plan to achieve appropriate management levels (AML's) in all herd management areas, principally through an increase in the number of horses and burros removed from the public lands. The HSUS supports in principle the BLM's attempt to establish a national, strategic approach to wild horse management. We strongly believe, however, that many of the AML's set by the BLM exaggerate the impact of wild horses on the public lands, and do not provide wild horses and burros with the fair share of public land resources to which they are entitled under the law. We also fear that the planned removals will threaten the viability of these populations. To adequately address these concerns, the BLM should carry out a programmatic environmental impact analysis of the impacts of wild horses, burros, and livestock on the conditions in herd management areas, and of the proposed population reductions on the viability of wild horse and burro populations on public lands.

Currently, however, the BLM's plan to achieve AML has been stalled by the rapid filling of the holding facilities available for horses removed from the range. As has happened repeatedly, the budget and attention of the Wild Horse and Burro Program are being diverted from management of wild populations on the public lands to maintenance of wild horses and burros in captivity. There is a long-term solution, which only awaits agency implementation that can help restore the agency's focus on wild horses and the land. With the strong support of The HSUS and this committee, BLM-sponsored research has produced a one-shot, one-to-two-year contraceptive vaccine for wild horses. Wide application of this vaccine, known as PZP, would be a humane, publicly acceptable, cost-efficient means for reducing the number of horses that must be removed from the public lands. Accordingly, we ask the committee to insert the following language into the fiscal year 2005 Interior Appropriations bill: "The BLM is strongly encouraged to implement immunocontraception to help control populations of wild horses on the public lands."

In addition to the more traditional threats faced by wild horses and burros, which include habitat destruction, wildfires, and cattle ranching encroachment, wild horses are coming under pressure from the increasing demand for horsemeat as a result of the "mad cow" disease threat in Europe. The BLM documented that in 1999 hundreds of wild horses that had been adopted through the BLM's adoption program were sold into slaughter, despite the congressionally mandated prohibition on such action.

Because of pressure on wild horses and burros from decreasing habitat, the policy of aggressive removals, and mad cow disease, we urge the committee to once again include the following standard language in the fiscal year 2005 Interior Appropriations bill: "The appropriations made herein shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau of Land Management or its contractors." We also request $100,000 in additional funding to be allocated to the preparation of a comprehensive NEPA review. Finally, we urge this committee to allocate $500,000 in additional funding to the BLM for pre-titling compliance monitoring of adoptions, adopter mentoring programs, and other means of ensuring that adopted wild horses and burros are treated consistently with the intent of the Wild Horse and Burro Protection Act and are not sent to slaughter.

Prepared Statement of the National Association of Conservation Districts

The U.S. Department of the Interior manages roughly 20 percent of nation's land. Through its various agencies and bureaus, it provides opportunities for wilderness and wildlife protection, recreation and resource development and is a major supplier of water for much of the Western United States. The following are recommendations for USDI programs in which conservation districts play active roles.

FISH AND WILDLIFE SERVICE

Fish and wildlife resource concerns are significant throughout the United States. The nation's growing population creates enormous pressure on the land and water habitats of many species, underscoring the need for active resource management programs to protect these valuable resources.

The Partners for Fish and Wildlife Program offers technical and financial assistance to private landowners to voluntarily restore wetlands and other fish and wildlife habitats on their land. The program emphasizes the re-establishment of native vegetation and ecological communities for the benefit of fish and wildlife while meeting the needs and desires of private landowners. Conservation districts are major partners in the program—raising matching funds and sponsoring numerous restoration projects. Through 2002, the Partners program has restored some 640,000 acres of wetlands, more than a million acres of prairie and other uplands, and nearly 5,000 miles of streamside and in-stream habitat.

The department-level Cooperative Conservation Initiative (CCI) brought about the development of two new Service initiatives: the Private Stewardship Grant (PSG) Program and the Landowner Incentive Program (LIP). Through slightly different channels these two programs provide grants and other assistance to individuals and groups engaged in local, private, and voluntary conservation efforts that benefit federally listed, proposed, or candidate species, or other at-risk species. Both programs are flexible and are open to all private landowners who have a desire to voluntarily manage for rare species on their land.

The Ecological Services Program (Endangered Species and Habitat Conservation) works in partnership with public agencies, private organizations and landowners and operators with the goal of reducing threats to declining species. Its consultation and recovery elements include a wide range of management options designed to protect species while still allowing private economic development to proceed.

The Coastal Program focuses the Service's efforts in bays, estuaries and watersheds along the U.S. coastline. Its purpose is to conserve fish and wildlife and their habitats to support healthy coastal ecosystems. The Service provides funding through the program to 16 high priority coastal ecosystems.

The North American Wetlands Conservation Fund and associated program provide assistance to conserve wetland ecosystems, migratory waterfowl and other birds and other migratory fish and wildlife that depend upon wetlands. Through voluntary partnerships, federal funding leverages nonfederal funds for projects that focus on restoring wetlands and acquiring wetlands from willing sellers to be managed for wildlife conservation by private organizations or state and federal agencies.

Below are conservation district recommendations for selected Fish and Wildlife Service programs for fiscal year 2005.

[In millions of dollars]

	Fiscal year			
	2003 enacted	2004 final	2005 administration	2005 NACD
U.S. Department of the Interior—Fish and Wildlife Service:				
Partners for Fish and Wildlife	37.826	52.000	57.000	57.000
Landowner Incentive Program	39.740	30.000	50.400	50.400
Private Stewardship Grants	9.935	7.500	10.100	10.100
Ecological Services—Endangered Species	131.757	134.000	146.000	146.000
Ecological Services—Habitat Conservation	37.826	82.614	90.000	90.000
Coastal Program	11.210	10.200	13.100	13.100
North American Wetlands Conservation Fund	38.835	38.000	54.500	54.500

BUREAU OF RECLAMATION

Water needs are an increasing resource concern, especially in the Western United States. The Bureau of Reclamation (Reclamation) is the lead federal agency for supplying water to agricultural producers and others in the seventeen Western states. Reclamation initiated its Water Conservation Field Services Program (WCFSP) in 1997 to encourage the efficient use of water on federal projects, assist water districts develop and implement effective water conservation plans, and complement and support other federal, state, and local conservation program efforts. WCFSP is designed to provide technical and financial assistance in conservation planning, education, demonstration of innovative conservation technologies and implementation of effective conservation measures.

The President's budget request includes $21 million for the new Water 2025 Challenge Grants initiative to help develop solutions to the increasing demands for limited water resources—especially in the West. The initiative is directed toward enhancing Reclamation's efficiency and performance in carrying out its core mission of delivering water and power in an environmentally sound and cost efficient manner. The initiative has four key elements intended, among other things, to enhance water management to prevent crisis-level water conflicts in the West.

Conservation districts recommend the following for Reclamation programs in fiscal year 2005.

[In millions of dollars]

	Fiscal year			
	2003 enacted	2004 final	2005 administration	2005 NACD
U.S. Department of the Interior—Bureau of Reclamation:				
Water Conservation Field Services [1]	16.339	4.400	7.378	20.000
Water 2025 Challenge Grants	....	4.000	21.000	21.000

[1] Water Conservation Field Services is not a line item in the budget. It is funded through Reclamation's Efficiency Incentives Program, $1.798 million, and Water Management and Conservation Program, $5.580 million.

BUREAU OF LAND MANAGEMENT

The Bureau of Land Management (BLM) administers 264 million of America's public lands, located primarily in 12 Western States. BLM's mission, sustaining the health, diversity and productivity of public lands, becomes more challenging each year as populations and pressures on the resource base grow rapidly in these states.

The Interior Department makes annual Payments in Lieu of Taxes to local governments to offset local revenues not collected for tax-exempt federal lands administered by BLM, the National Park Service, the Fish and Wildlife Service, the U.S. Forest Service and for federal water projects and some military installations. Until last year, BLM administered all payments. They are now administered at the department level.

BLM's Challenge Cost Share programs have been successful in leveraging millions of federal dollars with private and state funding for conservation efforts that benefit resources on BLM-administered public lands. The program works through partnerships to protect fisheries, wildlife, threatened and endangered species, cultural resources, and recreation areas. Partners include state fish and game agencies, transportation departments, historic preservation offices and private organizations.

The agency's Soil, Water and Air; Range Management; and Wildlife and Fisheries Habitat accounts are each aimed at improving the health of landscapes and watersheds and to manage, protect and restore important fish, wildlife and grazing habitats.

Forestry programs within BLM target conducting commercial timber thinning sales and management activities to improve the condition and productivity of public forests the agency manages. OR&CA Grant Lands funds target enhanced management activities on environmentally sensitive public lands in Oregon and California.

[In millions of dollars]

	Fiscal year			
	2003 enacted	2004 final	2005 administration	2005 NACD
U.S. Department of the Interior—Bureau of Land Management:				
Payments in Lieu of Taxes	218.570	227.500	220.000	236.500
Soil, Water, and Air	35.824	35.000	34.200	36.500
Range Management	72.256	73.000	68.200	76.000
Wildlife & Fisheries Habitat	33.794	34.000	37.900	35.500
Challenge Cost Share	13.892	16.496	21.296	21.296
Public Domain Forestry	7.188	8.000	9.000	9.000
OR&CA Grant Lands	109.946	106.672	116.058	116.058

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF UNIVERSITY FISHERIES AND WILDLIFE PROGRAMS

The National Association of University Fisheries and Wildlife Programs (NAUFWP) appreciates the opportunity to submit testimony concerning the fiscal year 2004 budget for the U.S. Department of the Interior. NAUFWP represents approximately 55 university programs and their 440 faculty members, scientists, and extension specialists, and over 9,200 undergraduates and graduate students working to enhance the science and management of fisheries and wildlife resources. NAUFWP is interested in strengthening fisheries and wildlife education, research, extension, and international programs to benefit fish, wildlife, and habitats on public land. We understand the many pressing needs of the nation at this time, but we stress that a nation strong in its international role must be strong in its support and conservation of its natural resources, including fish and wildlife.

The following table summarizes NAUFWP's recommendations for the U.S. Fish and Wildlife Service, Bureau of Land Management, USGS Biological Resources Division, and U.S. Forest Service:

[In thousand of dollars]

USDOI agency/program	Fiscal year		
	2004 enacted	2005 President's budget	2005 NAUFWP recommendation
U.S. Fish and Wildlife Service:			
State Wildlife Grants	69,137	80,000	125,000
Science Excellence Initiative	....	2,000	4,000
U.S. Geological Survey:			
Total Funding	938,000	920,000	1,000,000
Biological Resources Division	174,529	167,604	183,529
Cooperative Fish and Wildlife Research Units	14,942	14,113	16,113
Bureau of Land Management:			
Wildlife and Fisheries Management	34,098	37,884	41,884
Threatened and Endangered Species Management	21,452	21,940	26,940
U.S. Forest Service:			
Forest and Rangeland Research	269,710	281,000	281,000
Wildlife, Fish, Threatened & Endangered Species	137,375	134,522	150,000

We appreciate report language in recent appropriations legislation emphasizing the importance of cooperative Department of Interior initiatives. Partnerships, particularly with the academic community, provide the Department of Interior with increased flexibility to combat an aging workforce and looming retirements, and more investment is needed in those areas.

U.S. FISH AND WILDLIFE SERVICE

Funding assistance for state wildlife conservation is one of the highest priority needs for wildlife at this time, providing essential resources to conserve wildlife, fish, and habitat, and to prevent further declines in at-risk wildlife populations in every state. We appreciate the Administration's recognition of the importance of this program through the $80 million request, but we strongly encourage even greater funding to achieve all species conservation. We recommend that $125 million be appropriated for State Wildlife Grants in fiscal year 2005.

We strongly support $4 million for the Administration's new Science Excellence Initiative to elevate science within the Fish and Wildlife Service. The initiative is aimed at enhancing partnerships with agencies, universities, and professional societies and improving application of scientific information to better guide conservation goals and support adaptive management and research. The President's budget should be increased to $4 million to adequately fund this important initiative. Part of the money would be dedicated to information acquisition, and part to building "communities of practice." These communities would be a means for FWS to call on a group of scientists with particular expertise to work together on scientific issues within the bureau. Additional funding is needed to strengthen the Service's ability to analyze and address conservation issues that are impacting its mission.

U.S. GEOLOGICAL SURVEY BIOLOGICAL RESOURCES DIVISION

As a member of the USGS Coalition, NAUFWP supports $1 billion for USGS in fiscal year 2005. This level of funding would restore the cuts proposed in the President's budget and provide a 6.5 percent increase over the fiscal year 2004 level to cover uncontrollable costs, inflation, and ongoing science initiatives that support public policy decisions.

We recommend that Congress appropriate an additional $15.925 million for the Biological Resources Division to allow critical monitoring and research projects to continue, and to eradicate the budget decline (in real dollars) that the program has accumulated. We recommend that of this amount, $1.556 million be dedicated to fully funding uncontrollable costs in the Division to prevent significant losses in operational activities. Further, we recommend that $2 million of the increase be allocated to the Cooperative Fish and Wildlife Research Units. The Units serve as a link between USGS, state agencies, nongovernmental organizations, and universities. Since 2001, insufficient funding for the Units has eroded critical staff positions, including at the newly established Nebraska Unit. We strongly encourage you to support $16.113 million for the Units in fiscal year 2005.

BUREAU OF LAND MANAGEMENT

Wildlife and Fisheries Management would receive a $3.789 increase in fiscal year 2005, largely directed to the Bureau's Sage Grouse Conservation Initiative. We support this increase, provided the Initiative is consistent with current state sage grouse management efforts, but we are concerned that no additional base funds are provided to the Bureau. This erodes the agency's staff and resources that are needed to ensure sound management and protection of a diversity of wildlife, fish and habitats, while providing for recreational and commercial uses of the land. We encourage Congress to appropriate an additional $4 million for Wildlife and Fisheries Management, to provide for adequate staff and operational funds.

The Administration has requested a $488,000 decrease for the Threatened and Endangered Species Program. The request is inadequate to meet identified needs or allow the BLM to carry out its responsibilities under the Endangered Species Act. Significant increases in funding are needed in fiscal year 2005 and the next several years to stabilize funding and personnel needs until species recovery becomes effective. In light of the inequity between resource needs and funding levels, we strongly encourage Congress to appropriate an additional $5 million to the Threatened and Endangered Species fiscal year 2005 budget.

We are gravely concerned about current staffing levels at the Bureau. The staff shortfall is not addressed in the fiscal year 2005 budget, and given the increased emphasis on accelerating completion of land use plans and expanding energy development on public lands, staffing shortages are resulting in fish and wildlife resources being inadequately addressed in agency actions. Additional resources must be allocated to filling vacant wildlife, fishery, and botany positions within the agency.

U.S. FOREST SERVICE

We are concerned about the funding decrease in the Wildlife and Threatened & Endangered Species programs. To ensure that each National Forest has a base infrastructure of personnel to administer viable natural resource programs and provide base level funding for biologists to implement management, monitoring, and research projects, we recommend that Congress appropriate funding that is at least level with the $137.375 million enacted in fiscal year 2004.

Thank you for considering the views of universities with fisheries and wildlife programs. We look forward to working with you and your staff to ensure adequate funding for wildlife conservation. Please include this testimony in the official record.

PREPARED STATEMENT OF THE NATIONAL CONFERENCE OF STATE HISTORIC PRESERVATION OFFICERS

Request: $15,430,000 increase from the HPF for the States

The National Conference of State Historic Preservation Officers requests a $15,430,000 increase in the withdrawal from the Historic Preservation Fund for the States for 2005 over the Administration's request of $34,570,000 for a total of $50,000,000. (A summary of the national historic preservation need is found on page 4.)

INTRODUCTION

The Historic Preservation Fund provides the matching money to run the national historic preservation program (National Historic Preservation Act, 16 U.S.C. 470h). State Historic Preservation Offices (SHPOs) implement the preservation program. Historic preservation is and has been an effective domestic policy tool that addresses many key cultural and economic priorities. In recent years, though, funding has been flat or declining. With full funding, SHPOs could achieve much greater results in four crucial areas: Providing economic stimulus; implementing the "Preserve America" initiative; fostering heritage tourism; and streamlining the environmental review process, thereby making it easier to implement federally funded projects and privately funded initiatives.

SUPPORT FOR $50,000,000

The National Conference is joined in this request by the Senators Mike DeWine of Ohio and Richard Durbin of Illinois who have said, "We respectfully request that you fund the state historic preservation program at $50 million in fiscal year 2005 for the benefit of all our states. The current funding levels are undermining the ability of state programs to carry out their mandated activities under the National Historic Preservation Act. . . . The evidence is clear that funding for state historic preservation activities returns many times the federal investment by leveraging state, local and private sector dollars. . . . Not only will this investment be multiplied many times over . . ., this essential increase will ensure the protection of hundreds of historic structures and sites throughout the nation that might otherwise be lost forever."

Mayor Mike Swoboda of Kirkwood, Missouri, added "The value of historic preservation in a local community is beyond price. It's about preserving something that can't be replicated today. It's about appreciating the planning and efforts of those who came before us. Historic preservation upholds what was important in the past, thereby maintaining a community's foundation: its past, present, and future." [1]

Governor Rick Perry of Texas concurs: "Historic preservation creates jobs, revitalizes downtown business districts, provides affordable quality housing and stimulates heritage tourism." [2]

ECONOMIC STIMULUS

Historic preservation provides an opportunity to employ diverse sectors of the economy, revitalize neighborhoods and communities, entice private capital investment nationwide and foster heritage tourism. HPF programs such as the Rehabilitation Tax Credit have proven their worth—leveraging $25 billion in private investment since 1977. Such programs have received bipartisan support throughout their history.

---

[1] National Park Service, The Historic Preservation Fund Annual Report Fiscal Year 2003, [March 2004].

[2] Ibid.

PRESERVE AMERICA

The "Preserve America" initiative and State Historic Preservation Offices can be a great partnership. Fully funded, SHPO funding to certified local governments (CLGs) would double and SHPOs could provide technical assistance and promotional resources to help implement the First Lady's initiative, including needed support for the new $10 million grant program proposed for fiscal year 2005.

HERITAGE TOURISM

Historic preservation is the foundation of heritage tourism, which is a multi-billion dollar industry ($200 billion annually by 2005). Heritage tourists stay longer and spend more than do other tourists ($623 per historic/cultural trip as compared to $457 for an average U.S. trip), providing local jobs and creating local, state and federal tax revenues. SHPOs promote heritage tourism through historic site survey and National Register programs, and they further American history education by generating interest in urban and rural landmarks across America.

STREAMLINE ENVIRONMENTAL REVIEW

One crucial duty of SHPOs is to review federal projects (e.g., highways, wetlands permits, HUD block grants) for potential impacts on historic places. In fact, every federal dollar spent goes through these reviews. State budget shortages and increased federal activity have escalated the workload on SHPOs leading to delays in the critical review process. This creates frustration with both the project sponsors and the SHPOs who are doing the best they can with extremely limited resources. Increased HPF funding will facilitate more timely review and also allow SHPOs to conduct site visits and provide training to agencies and applicants.

HPF ALLOCATIONS TO THE STATES—MONEY WELL SPENT

In fiscal year 2003 the Historic Preservation Fund programs underwent a review under the Program Assessment Rating Tool, the government-wide process to inform budget decisions. The Historic Preservation Programs received a first review score of 83 percent indicating exemplary performance of mandated activities.[3] The National Conference is disappointed that this success is not reflected in the Administration's budget request.

HPF INTENT UNDERMINED

Further, the National Conference of State Historic Preservation Officers is deeply concerned that the Historic Preservation Fund is being used to pay for federal staff salaries both in the administration of Save America's Treasures and in tribal grants especially as the National Park Service budget increases. The National Historic Preservation Act is specific (Section 101(e)). The Secretary may make matching grants to the States, Indian tribes, and the National Trust. The law allows the Secretary to use 10 percent of the annual HPF appropriation for direct, project grants, not for NPS salaries.

NATIONAL PRESERVATION NEED

The chart on page 4 outlines the national historic preservation need.

NATIONAL HISTORIC PRESERVATION NEED FROM THE HPF

	Fiscal year 2004 actual	The national need NCSHPO request	Administration budget request
State Historic Preservation Offices:			
National preservation program operations	$34,568,734	$50,000,000	$34,570,000
Expedite project review to complete the national inventory		10,000,000	
Preserve America/local grants		30,000,000	
Tribal grants	2,963,034	12,000,000	2,963,000
National Trust historic sites	493,839		
Federal Grant Programs:			
Save America's Treasures	32,593,378	30,000,000	30,000,000
Preserve America grants			10,000,000

[3] State LWCF grants, in contrast, received a review score of 25 percent.

NATIONAL HISTORIC PRESERVATION NEED FROM THE HPF—Continued

	Fiscal year 2004 actual	The national need NCSHPO request	Administration budget request
HBCU	2,963,034		
TOTALS	73,582,099	132,000,000	77,533,000
OFF SHORE OIL LEASE DEPOSITS INTO HPF	150,000,000	150,000,000	150,000,000

Thank you for your consideration of our request.

Prepared Statement of the National Council for Science and the Environment

SUMMARY

The National Council for Science and the Environment (NCSE) urges Congress to appropriate $1 billion for the U.S. Geological Survey (USGS) in fiscal year 2005, an increase of 6.6 percent over fiscal year 2004. USGS science helps every citizen in the nation by providing critical knowledge on natural hazards, freshwater, geological and biological resources, and mapping. The 6.6 percent increase we propose for the USGS would restore damaging cuts in the budget request, provide full funding for "uncontrollable" cost increases, and allow for modest investments in a few high priority areas that would pay dividends to homeland security, economic development, natural resources management, natural hazards mitigation, and other critical national needs.

NCSE is dedicated to improving the scientific basis for environmental decisionmaking. We are supported by over 500 organizations, including universities, scientific societies, government associations, businesses and chambers of commerce, and environmental and other civic organizations. NCSE promotes science and its relationship with decisionmaking but does not take positions on environmental issues themselves.

The National Council for Science and the Environment thanks the Senate Appropriations Subcommittee on Interior and Related Agencies for the opportunity to provide testimony in support of increased appropriations for the U.S. Geological Survey.

FEDERAL INVESTMENTS IN R&D

Federal investments in research, development, and science education are essential to the future well-being and prosperity of the nation and deserve the highest priority of Congress. The U.S. Geological Survey is a critical component of the nation's R&D portfolio. On the occasion of the 125th anniversary of the agency, USGS Director Charles Groat said, "For 125 years, the USGS has provided the Department of the Interior, the nation, and the world with the science needed to make important decisions and safeguard society. As an unbiased science organization, our scientists are dedicated to the timely, relevant, and impartial study of the landscape, our natural resources, and the natural hazards that threaten us."

The USGS supports a unique combination of biological, geological, hydrological and mapping programs that is of great value to decisionmakers. During the past eight years, total federal spending for non-defense research and development has risen by nearly 50 percent from $37 billion to almost $55 billion in constant dollars. By contrast, funding for the USGS has been nearly flat. Even this flat funding for the USGS reflects congressional restoration of proposed budget cuts.

NCSE greatly appreciates the sustained support of the Senate Appropriations Subcommittee on Interior and Related Agencies for the U.S. Geological Survey. We are especially grateful for the Subcommittee's bipartisan leadership in restoring past cuts and providing for growth in the USGS budget. We encourage your continued support in this difficult fiscal environment.

U.S. GEOLOGICAL SURVEY BUDGET REQUEST FOR FISCAL YEAR 2005

The National Council for Science and the Environment urges Congress to increase the budget of the U.S. Geological Survey to $1 billion in fiscal year 2005, an increase of 6.6 percent over the fiscal year 2004 enacted level. This increase would provide $8.1 million to fully fund uncontrollable cost increases, $26.2 million to restore proposed cuts to existing programs, $16.1 million to fund new programs in the

President's budget, and $11.6 million for modest investments in a few high priority areas. The additional investment would pay dividends to homeland security, economic development, natural resources management, natural hazards mitigation, and other critical national needs.

Under the fiscal year 2005 budget request, funding for the USGS would fall by $18.2 million or 1.9 percent to $919.8 million in fiscal year 2005. After accounting for transfers of existing funds to the agency's new Enterprise Information account, funding for Water Resources would decrease 4.2 percent, funding for Geology would decrease 3.9 percent, funding for Biological Research would decrease 2.3 percent, and funding for the Geography (formerly Mapping) would decrease 1.7 percent.

These proposed budget cuts would impair the ability of the USGS to achieve its important mission. In fiscal year 2005, $6.5 million would be cut from the Mineral Resources program, $6.4 million from the Water Resources Research Institutes, $2.8 million from fire ecology and biological fire science activities, and $1.9 million from partnership funding for the National Map. A variety of other programs would suffer losses as well.

In addition to explicit funding cuts, the fiscal year 2005 budget request would require the USGS to absorb $8.1 million in uncontrollable cost increases. As in past years, the failure to provide full funding for uncontrollable costs increases may force the USGS to curtail on-going science that is needed by the nation.

The fiscal year 2005 budget request would provide $16.1 million for the USGS to establish or expand several promising science initiatives that merit the support of Congress. The request would add $2.7 million for Klamath Basin-related science, $1.2 million for science on Department of the Interior landscape initiatives, $1.0 million for Water 2025, and $1.0 million for invasive species research.

The U.S. Commission on Ocean Policy cites USGS funding cuts as a factor in the inadequacy of the nation's water quality monitoring network. According to the Commission's draft report, "National [water] monitoring has been greatly reduced, particularly in coastal areas, due to funding cuts at USGS and many partner agencies. The USGS National Streamflow Information Program has eliminated a number of streamgages. . . . Funding cuts have also affected USGS's water quality monitoring programs, resulting in reductions in the number of sampling sites and sampling frequency."

We encourage Congress to provide the USGS with a budget that will allow for the modest growth necessary to address emerging needs for science. After years of stagnant funding and absorbing uncontrollable cost increases, the USGS has a large and growing backlog of monitoring and science needs. The National Council for Science and the Environment urges Congress to appropriate $1 billion for the USGS in fiscal year 2005. This investment will help the USGS improve monitoring networks, strengthen partnerships, produce high-quality data, and deliver impartial science that serves the needs of the nation. As a founding member and co-chair of the USGS Coalition, NCSE welcomes the opportunity to work with Congress and the Administration to achieve these objectives.

USGS SERVES THE NATION

The USGS has a truly national mission that extends beyond the boundaries of the nation's public lands to encompass the homes of all citizens through natural hazards monitoring, water resource studies, biological and geological resource assessments, and other activities.

The nation's policymakers—at the national, regional and local levels—are confronting increasing challenges in water management. They need the information provided by USGS streamgages and water quality studies. The USGS streamgage network also supplies the National Weather Service with the information it needs to issue flood warnings.

The USGS has tremendous strength in areas that are critical to homeland security, such as monitoring water resources and producing digital maps that are needed for assessing terrorist threats and responding to terrorist attacks.

The USGS helps protect people across the nation from potentially disastrous consequences of geologic hazards, including earthquakes, volcanic eruptions, landslides, erosion and floods. For example, USGS sensor systems provide information that can substantially reduce the impact of earthquakes, leading to reduced loss of human life and property.

USGS biologists study wildlife health issues like chronic wasting disease and West Nile virus, which also affects human health. USGS researchers also study the spread of invasive species, which have significant economic (billions of dollars per year), environmental, and public health impacts.

TABLE 1.—U.S. GEOLOGICAL SURVEY

[Dollars in millions]

USGS Activity/Subactivity	Budget Authority			Fiscal year 2004–05 changes[1]		Fiscal year 2004–05 changes adj. for transfes[2]	
	Fiscal year						
	2003 actual	2004 enacted	2005 request	Amount	Percent	Amount	Percent
Mapping, Remote Sensing, & Geog. Investigations:							
Cooperative Topographic Mapping	$81.1	$80.8	$71.0	−$9.8	−12.1	−$2.0	−2.5
Land Remote Sensing	35.7	33.7	33.1	−0.5	−1.6	....	0.1
Geographic Analysis & Monitoring	16.4	15.2	14.8	−0.5	−3.1	−0.2	−1.4
Subtotal	133.2	129.8	118.9	−10.8	−8.3	−2.2	−1.7
Geologic Hazards, Resources, and Processes:							
Geologic Hazard Assessment	75.0	75.3	73.0	−2.3	−3.0	−0.9	−1.2
Geologic Landsc. & Coast. Assess.	78.7	78.4	75.2	−3.1	−4.0	−1.7	−2.1
Geologic Resource Assessment	79.5	80.5	72.5	−8.0	−10.0	−6.6	−8.2
Subtotal	233.2	234.2	220.8	−13.4	−5.7	−9.1	−3.9
Water Resources Investigations:							
Hydrolog. Monit., Assess. & Rsch.	136.8	145.3	139.7	−5.6	−3.9	−2.7	−1.9
Cooperative Water Program	64.4	64.0	63.0	−1.0	−1.5	0.1	0.1
Water Resources Research Act	6.0	6.4	....	−6.4	−100.0	−6.4	−100.0
Subtotal	207.2	215.7	202.7	−13.0	−6.0	−9.0	−4.2
Biological Research:							
Biological Research & Monitoring	132.1	135.1	129.2	−5.9	−4.4	−3.7	−2.7
Biological Information	22.8	24.7	24.3	−0.4	−1.6	....	
Cooperative Research Units	14.9	14.8	14.1	−0.6	−4.4	−0.5	−3.1
Subtotal	169.8	174.5	167.6	−6.9	−4.0	−4.0	−2.3
Enterprise Information	....	....	45.1	45.1	100.0	45.1	100.0
Science Support	85.2	90.8	68.7	−22.1	−24.3	5.1	5.6
Facilities	90.8	93.0	95.9	3.0	3.2	3.0	3.2
TOTAL	919.3	938.0	919.8	−18.2	−1.9	−18.2	−1.9

Source: The Interior Budget in Brief: fiscal year 2005, USGS fiscal year 2005 Budget documents and NCSE analysis.

[1] Change from enacted fiscal year 2004 USGS appropriations to the President's fiscal year 2005 budget request for USGS.

[2] These columns include the change from the enacted fiscal year 2004 USGS appropriations to the President's fiscal year 2005 budget request for USGS, adjusted to compensate for transfers from disciplinary accounts and programs to the new Enterprise Information account.

PREPARED STATEMENT OF THE NATIONAL INSTITUTES FOR WATER RESOURCES

Mr. Chairman, I am James Moncur, President of the National Institutes for Water Resources and Director of the Hawaii Water Resources Research Center at the University of Hawaii. My statement requests the Subcommittee to provide $8,775,000 to the U.S. Geological Survey for the state Water Resources Research Institutes program.

First, I want to thank you and this Subcommittee for the strong support you have given to the state water resources research institutes program in past years. You have recognized the great value in having federal, state and local government agencies cooperating with a network of universities to produce new knowledge about water resources as well as train a new generation of talented and educated water professionals.

In addition, I want to acknowledge the leading role you and your colleagues have played to ensure that the U.S. Geological Survey continues to provide the science needed to manage the nation's natural resources.

Public Law 106–374, passed in 2000, reauthorized the Water Resources Research Act through fiscal year 2005. In passing this reauthorization, Congress recognized the enormous success of the state water resources research institutes in providing sound science and well educated professionals to the nation's water management programs, and doing so in a highly efficient manner.

The National Institutes for Water Resources respectfully request the addition of $8,775,000 to the U.S. Geological Survey's fiscal year 2005 budget for the state water resources research institutes program. This recommendation is based on the following components:

—$7,000,000 in grants for the 54 institutes as authorized by Section 104(b) of the Water Resources Research Act;

—$1,500,000 to support the national competitive grants program authorized by Section 104(g) of the Act, and

—$275,000 for program administration at USGS.

These amounts would provide each institute $125,000 under Section 104(b), to support state-based competitions for research and graduate education at the institutes, located at land-grant universities in each state, three territories and in Washington, D.C. Currently this grant is $92,524. It would also provide for an increase from about $1 million to $1.5 million for the national grants program under Section 104(g). Competition for the awards is extremely vigorous: in 2003, for example, 76 proposals were submitted to the 104(g) program; only 6 were funded.

This year, 2004, marks the 40th anniversary of the original Water Resources Research Act. In that time, the state institutes created by Congress have established a remarkable infrastructure of physical and human capital for studying water resource problems. The institutes link scientists and scholars from a wide array of disciplines, institutions and agencies to focus on the diverse characteristics and effects of water and related resources. The network composed of these institutes serves an invaluable function in sharing knowledge across state lines and addressing problems created by the stubborn refusal of rivers, aquifers, floods and droughts to restrict their effects within the boundaries of any given state.

In the past several decades, our nation has made great strides managing water resources. Our rivers no longer carry layers of pollution that catch on fire. Most wastewater is highly treated before disposal into receiving waters. Conservation efforts have allowed a growing population and economy to thrive despite flat water usage over the last two decades. We have wide controls on salinity and erosion and are very sensitive to potential contamination with pesticides or other toxic chemicals.

Unfortunately, few of these problems are anywhere near completely and finally "solved," and new issues continue to arise. Several areas of the country are rapidly approaching or have passed the sustainable limits of groundwater withdrawals. Control of non-point source pollutants is a vast undertaking, far from complete despite several years of earnest effort. Contention over river flows has spread from the dry west to some of the relatively rainy eastern states. Floods, forest fires, homeland security and newly discovered chemical contaminants all remain challenging issues. Water is widely thought to be the most scarce resource of the 21st century and more likely to be the cause of regional conflicts and war.

Not all these problems are equally important in all states or regions of the country. In my own state of Hawaii, we don't, for example, argue over access to flows of rivers in neighboring states, but we do face most other issues present in other states as well as some that are particular to tropical or subtropical climates. Our fading sugar-plantation legacy and rapid population growth have generated immense changes in water use. These changes have forced a thorough re-examination of the management of aquifers from which most of our water is drawn and have sparked new interest in alternative sources of supply—wastewater reuse, desalination and conservation. In other areas of country, pressures on water supplies of the Rio Grand Basin; acid rain in New England; water storage in Nebraska sand dunes; assessment of water quality in South San Francisco Bay; and regional water planning in the New York City watershed exemplify the diversity of problems approached by the institutes. Any such list illustrates the need for a network of research centers to look after problems in their own backyards as well as to collaborate with one another on problems of regional and national scope.

Here are some examples of the institutes' work in the past year:

—The Montana institute developed simple and inexpensive techniques for remediating mine wastes, based on a sophisticated understanding of indigenous microbiology.

—The West Virginia institute is studying biological and water quality criteria appropriate to mining-impacted watersheds.

—The North Dakota institute studied the potential risks of importing unwanted aquatic organisms along with interbasin water transfers, placing risks into perspective.

—The Nevada institute created a broad coalition of government, university and private sector groups to study water problems of developing countries.
—New Mexico Water Resources Research Institute's worked with Sandia National Labs and the Bureau of Reclamation to evaluate proposals for a major desalination research facility.
—The Maryland Water Resources Research Center developed methods to rejuvenate oyster habitat and populations in Chesapeake Bay, using genetic markers to test the effectiveness of restoration strategies.
—The Alaska Water and Environmental Research Center will determine environmental impact of winter pumping of water to build ice roads, airfields and drilling pads on the tundra.

This abbreviated list attests to the practicality and applicability of research performed by the institutes. To ensure the usefulness of supported research, each institute has a technical advisory committee, made up of representatives from faculty, local, state and federal agencies and the private sector. These panels identify the most pressing water problems facing their states, establish priorities and help with local reviews of proposals.

The National Institutes for Water Resources, in close collaboration with the USGS, has developed a highly effective and efficient online system for collecting data, reporting results, and review of competitive research proposals for the institutes program. The system accepts early drafts of proposals and allows local administrators to choose which to support. It then identifies experts from across the country to provide peer reviews, which they report online. The same system accommodates the institute evaluations required every five years under the Water Resources Research Act. This system is now serving as a model for management of other sponsored research by federal agencies.

Each year the Institute Program produces about 1,000 technical publications dealing with water resources. Roughly one-fourth of these are in refereed scientific journals. In fiscal year 2003, the institutes conducted more than 132 conferences, seminars and workshops with more than 22,500 participants. About two-thirds of the institutes publish newsletters detailing research projects and reporting on water events. The Internet has proven to be of great importance in technology transfer, with web sites at each institute and at USGS providing a "virtual library" of water information, to anyone who can type "Google."

Beyond research and service, the institutes also make an important contribution to education and training. In fiscal year 2003, 1,409 students (528 undergraduates, 526 master's 297 Ph.D.s and 58 post-doctoral) were supported by institute-generated projects. These projects provided invaluable hands-on application of classroom instruction for students from agriculture, engineering, economics, geology, geography and many other areas. Often, students have developed theses or dissertations and even found post-graduation employment as a direct result of their institute-supported work. Encouragement of education in water-related areas is increasingly important as the baby-boom cohort, representing a large fraction of the nation's human capital in water and other sciences, ages and retires in the next decade.

Section 104(b) provides grants oriented mainly to state-based issues, with priorities set by the individual state institutes. Section 104(g) sponsors a nation-wide competitive grants program dealing with issues of national or at least wide regional scope. For several years, priorities for this program have centered on water quality issues, particular non-point sources. Recently, in response to severe drought affecting a large area of the country, emphasis shifted to water supply matters.

The federal appropriation has fostered a network of truly national scope from a collection of individual researchers in universities and water professionals in government and the private sector. The institutes provide the driving force for collaboration between disciplines. The Institutes are the only entity that brings together managers, regulators, users, public-interest groups and researchers to articulate problems and develop the research needed to solve them. The Institutes all have, in some way, input from and contact with the many public and private entities affecting water in each of our states. Without an institute in each state, these extensive network benefits would wither away.

Federal funds invested in the institutes program have a remarkably high payoff. Each dollar of the 104(b) grant ($84,234 per institute in fiscal year 2003) requires $2 matching funds from other sources. The grants directly supported 235 projects nationwide, and led the way to an additional 917 projects funded from other sources. Altogether, the institutes generated an additional $19 in other funding for each dollar provided by the federal appropriation. Of this, $10 came from other federal sources and $9 from local and state governments, universities, private firms, foundations and other non-federal sources. It is crucial to realize that much of this extra $19 could not have been generated without the leverage provided by the Congressional appropriation. In the process, the grants serve as a catalyst for universities to invest in and maintain capacities to galvanize faculty, laboratories and equipment and to stimulate student interest in water resource issues.

The 1960s appropriations provided $100,000 per year to each institute. By fiscal year 2004, despite a small but most welcome increase over the previous several years, this had declined to $92,524 per institute. Worse yet, inflation has eroded the 2004 appropriation to just over $17,000 in 1965 dollars. Research needs for this money have not, unfortunately, diminished apace.

The U.S. Geological Survey Water Resources Research Institutes program generates a high return to the people of the United States by applying sound scientific methods in support of sound water policy and management. The National Institutes for Water Resources urges this Subcommittee to provide $8,775,000 for fiscal year 2005.

Finally, the National Institutes for Water Resources is a member of the USGS Coalition. NIWR strongly concurs in the Coalition's recommendation that Congress increase the budget of the U.S. Geological Survey to $1 billion in fiscal year 2005, an increase of 6.5 percent above the fiscal year 2004 enacted level. The increase, which is necessary for the Survey to continue providing critical information to decision makers at all levels of government, would enable the USGS to restore the science cuts proposed in the budget request, provide full funding for "uncontrollable" costs, and undertake a few exciting new science initiatives that would begin to reverse the cumulative effects of the long-term funding short fall.

Thank you very much for the opportunity to present these views.

PREPARED STATEMENT OF THE NATIONAL RECREATION AND PARK ASSOCIATION

The Association urge your support for a fiscal year 2005 appropriation of $200 million from the Land and Water Conservation Fund for assistance to state and local governments, and $50 million for the Urban Park and Recreation Recovery Program.

Recent revelations in the *Journal of the American Medical Association* (March 10, 2004) on the increasing rate of mortality attributable to physical inactivity and poor diet increase the imperative to invest in public park and recreation facilities that encourage active lifestyles. The 400,000 deaths annually due to physical inactivity and poor diet is the "largest increase among all causes of death," the report observes. Also, Kenneth H. Cooper, M.D., M.P.H. recently noted, "(Today) our kids are fatter and less fit than they have been in the history of this country." (Statement to National Governors' Association, Winter Meeting, Feb. 22, 2004.)

A report by the National Center for Chronic Disease Prevention and Health Promotion reinforces our recommendations. The Center observed, "(C)haracteristics of our communities such as the accessibility and location of parks, trails, sidewalks and recreation centers . . . may play an even greater (than social environments) role in promoting or discouraging an individual or family's level of physical activity."

Congressional support for increased public access through recreation development and resource conservation holds high potential for at least stabilizing costs over the long term. For example, the four diseases that may be prevented by appropriate active lifestyles, including active recreation—heart disease, cancer, stroke, and diabetes—are life-threatening and costly to treat. The Centers for Disease Control and Prevention has observed that if physically inactive people were to become sufficiently active, we could potentially reduce health care costs by over $75 billion a year. Active recreation also can promote mental health; it can reduce feelings of anxiety and depression.

Youth, especially, can benefit from active recreation. About 15 percent of all children are obese, a condition that increases the risk of high blood cholesterol, high blood pressure, and diabetes. By being physically active on a regular basis, often at public parks and recreation sites, youth may be able to avoid or delay health problems associated with obesity and related conditions.

With appropriate funds, thousands of public park and recreation facilities in American communities will be created, restored, and expanded, thus offering greater opportunity for active lifestyles. We urge your support for federal-state-local fiscal partnerships that will further these objectives.

PREPARED STATEMENT OF THE NATIONAL RECREATION AND PARK ASSOCIATION

This statement shares with the Subcommittee the views of the National Recreation and Park Association on fiscal year 2005 appropriations for selected programs within its jurisdiction. Referenced programs are administered principally by the National Park Service.

We recommend the following:

—$200,000,000 from the Land and Water Conservation Fund for state assistance to be invested by state and local governments on a 50/50 matching basis. Funds should be allocated to the states as authorized by current law.

—$50,000,000 to address the most distressed urban recreation resource conditions and deficiencies identified and aided through the Urban Park and Recreation Recovery Program. This program funds no land acquisition.

—$13,000,000 for the Rivers, Trails and Conservation Assistance (RTCA) program to support field-based technical assistance program that yields enormous conservation and recreation benefits to communities partnerships between federal, state, and local interests in creating blueway and greenway trail systems.

—Sufficient funds to enable the National Park Service, through Federal Lands to Parks and other programs to collaborate with state and local recreation and park agencies and others on the conservation and use of surplus federal real property, and conservation of rivers and trails and other resources.

These recommendations, if substantially adopted, will help address the national imperative to improve physical and mental health, sustain the environment, and stimulate economic growth.

LAND AND WATER CONSERVATION FUND STATE ASSISTANCE

Further, we are pleased to note that our recommendations relative to LWCF assistance and urban park restoration are also supported by Advocates for Health, Public Parks, and Recreation, a broad coalition of health and recreation related groups. Their statement has been submitted separately.

We commend the Subcommittee for its decisions to create and sustain fiscal partnerships with state and local recreation and park authorities. However, we share with many legislators and advocates the disappointment that the fiscal year 2003 and 2004 appropriations have fallen below previous years, especially the LWCF state assistance and the urban park programs. Our request for fiscal year 2005 equals the administration's LWCF state assistance request for fiscal year 2003—$200,000,000—absent proposed restrictions that would have been imposed by the Secretary of the Interior's "Cooperative Conservation Initiative."

We also commend the President for his commitment to appropriations from the Land and Water Conservation Fund. However, the administration's budget incorporates non-LWCF programs, thus creating the illusion that LWCF is "fully funded." If the Congress in its wisdom continues to fund these programs from LWCF, then jurisdictions and agencies presently eligible for LWCF assistance should be eligible for participation in programs that are drawn from the LWCF treasury account.

Recent local and state requests for LWCF assistance exceed $4 billion according to applications submitted to state officials. This reflects both the need for investment and program effectiveness, while suggesting that our request is very conservative. Our program priorities reflect a nationwide demand to increase the recreation capacity of public systems, especially those relatively close to home.

We continue to press our concern that the administration's proposed budget again recommends access to the Land and Water Conservation Fund for a number of other non-LWCF activities. The LWCF act, while broad in its application and diversity of projects, is very specific in its policy objectives—provision of recreational opportunities to improve human health through conservation of lands and waters and developments to enable public use and access.

Non-federal recreation and park resources are essential to quality recreation experiences for all people. Frankly, these systems provide the majority of public recreation destinations, services, and visitor experiences.

URBAN PARK AND RECREATION RECOVERY PROGRAM

The Urban Park and Recreation Recovery Program recognizes the recreation values associated with conservation of the built environment. Its use is restricted to restoration and, thus, renewed and expanded public use of local recreation facilities and sites that have essentially been worn out by use or age. These facilities and sites are no less important than conservation of other recreation spaces and places of high ecological and aesthetic value. Demand for Urban Park and Recreation Recovery Program assistance remains high. This interest is reflected in both the number of requests for assistance and the quality and objectives of projects. Based on demand for fiscal year 2001–2003 appropriations, we estimate that our recommendation would support between 115–125 projects. UPARR projects emphasize the national importance of bringing quality recreation resources and services to children and youth in more economically distressed cities and neighborhoods.

NATIONAL PARK SERVICE INTERGOVERNMENTAL ACTIVITIES

Rivers and Trails Conservation Assistance Program

We recommend $13,000,000 for the Rivers, Trails, and Conservation Assistance Program. The program illustrates the critical importance of federal contribution to public/public and public/private partnerships for conservation of natural and cultural resources, and public access for recreation. The program provides technical assistance to local governments, citizen and community organizations, and state agencies to consider recreation and conservation strategies. The results include planning, restoration, and development of water ways and trails, and conservation of open space and greenways, among other types of projects. In most cases, local governments continue to invest non-federal funds in projects stimulated by local public interests and technical assistance.

RTCA has been "flat-funded" for several years, which has resulted in a reported annual loss of program staff and project funding. This trend must be reversed for this invaluable program that does so much to bring local, state, and regional funding to the partnerships it creates.

Federal Lands to Parks Program

We recommend an appropriation of at least $1 million to support the Federal Lands to Parks program, also part of the NPS Recreation and Conservation Assistance area. The FLP program is an exemplary service. It guides state and local governments in the conversion of federal surplus properties to public recreation and park uses and conservation of historic or wildlife values. We understand that the amount of surplus property potentially available for state and local parks, and demands for assistance has increased beyond the present capacity of program staff. A large part of this demand was generated by the closure of a large number of military bases between 1988 and 1995. In recent years, program staff have assisted in the transfer of about 20–25 properties annually. There is a current backlog of some sixty pending transfers.

While there is today considerable attention and debate on the stewardship and priorities of the National Park System and National Park Service, we urge the Subcommittee to not let these situations and issues divert attention away from other congressional authorities in the Interior department's domain.

Local and state park systems are critical to the American people and others who work and reside among us. With sufficient funds, more recreation resources could become accessible. These resources address diverse public interests and our collective need for quality recreation and associated services for children of working parents. Local agencies in particular host programs that serve millions of nutritious breakfasts, lunches, snacks, and suppers to needy children. Public recreation and park sites and services help reduce crime and delinquency, especially during nonschool hours, days and seasons. Public recreation and park mangers recognize that at any given time perhaps 50 million people have a physical disability: They attempt to accommodate their needs for recreation.

In addition to providing public recreation experiences, state and local agencies contribute importantly to plant and wildlife diversity. Collectively, over 5,000 local park systems contain about 9 million acres. Hundreds of local systems contain more than 5,000 acres, with many systems in excess of 15,000 acres. An estimated 80 to 85 percent of larger systems are typically undeveloped and thus contribute to an array of conservation outcomes. Most systems also provide wide-spread public opportunities to create environmental awareness among the general public.

The National Recreation and Park Association appreciates the opportunity to submit this statement. NRPA public policy director Barry Tindall (202–887–0290) is available to provide additional perspectives and to respond to questions.

PREPARED STATEMENT OF THE NATURE CONSERVANCY

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to present The Nature Conservancy's recommendations for fiscal year 2005 appropriations. The Nature Conservancy is an international, non-profit organization dedicated to the conservation of biological diversity. Our mission is to preserve the plants, animals and natural communities that represent the diversity of life on Earth by protecting the lands and waters they need to survive. The Conservancy has more than 1,000,000 individual members and 1,900 corporate associates. We have programs in all 50 states and in 28 foreign countries. We have protected more than 15 million acres in the United States and Canada and more than 83 million acres with local partner organizations globally. The Conservancy owns and manages 1,400 preserves throughout the United States—the largest private system of nature sanctuaries in the world. Sound science and strong partnerships with public and private landowners to achieve tangible and lasting results characterize our conservation programs.

STEWARDSHIP OF PUBLIC LANDS

The nation's federal lands require enhanced stewardship funding. Many of our ecosystems are extremely degraded, particularly by invasive species and poor fire management, and require substantial investments to restore proper ecosystem function.

National Fire Plan.—In recent years, inadequate wildfire suppression funding has required agencies to transfer funds from other key resource programs to cover suppression costs. We urge Congress to find a solution to the suppression funding problem. Any solution should include cost containment measures, including increased emphasis on fire management planning and wildland fire use.

In addition to the increase in the President's budget for Hazardous Fuel Reduction to $476 million, we recommend $100 million for hazardous fuels reduction projects supported by local communities and consistent with long-term, ecologically-based, landscape-scale plans (within and beyond the WUI) with scientifically adequate monitoring protocols. Congress should also explore full funding of the Healthy Forest Restoration Act Title I ($760 million) consistent with the agencies' capacity.

The most cost-efficient way to address the threat of ecologically destructive fires is through long-term restoration. Without adequate post-emergency restoration following unnaturally severe fires, forest and grassland habitats are impaired and invasive species can invade the site, increasing the risk of fire. The President's budget does not provide funding for long-term post-fire restoration, and limits rehabilitation funding to $27 million. Congress should restore total Rehabilitation and Restoration programs to $82.7 million, the fiscal year 2002 level, including $10 million ($5 million, Forest Service and $5 million DOI) for development and production of additional native plant materials through private/public partnerships. The National Fire Plan fire research funding for the Forest Service should be increased to $25 million and should focus on long-term management and ecological restoration so that future suppression costs will be decreased.

Forest Health Management.—America's forests are under siege by numerous exotic insects and diseases, and the pace of introductions appears to be increasing. The Forest Service has a crucial role in containing or eradicating these devastating organisms and minimizing their impacts. which can cost hundreds of billions of dollars if they are not contained. We recommend that the Forest Health Management program (including National Fire Plan funding) be maintained at the fiscal year 2004 level of $123.261 million. We support the President's request for $10 million for an "Emerging Pest and Pathogen Fund" as long as these funds are in addition to the base and conditions for use of the money are sufficiently flexible. We also recommend funding as needed for the Accelerated Information Gathering section of the Insect Infestations and Related Diseases title of the Healthy Forests Restoration Act (Title IV).

State and Private Forestry.—We strongly support funding for programs that provide incentives for forest stewardship on state and private lands, and critical technical and financial assistance to communities and landonwers to improve forestry practices for conservation. We support: (1) full funding ($15 million) for the Watershed Forestry Assistance program of the Healthy Forests Restoration Act (Title III); (2) funding for demonstration projects ($5 million) under the Healthy Forest Reserve title of HFRA (Title V); (3) $20 million for the Forest Land Enhancement Program.

Invasive Species.—Next to habitat loss, invasion by non-native species is the most pervasive threat to native biodiversity on public land. The Conservancy supports the interagency National Invasive Species Budget as a step in accelerating prevention, early detection, rapid response, control and management and restoration. In addition to the President's requested funding of $58.3 million for BLM, BOR, NPS, FWS and USGS and $17.4 million for Forest Service for invasive species management, the Conservancy recommends $7 million for a new grant program for integrated tamarisk control within western watersheds.

Sage Grouse Habitat Conservation.—Declining sagebrush habitats have led to petitions to list sage grouse as threatened or endangered. We support the President's request of an increase $3.2 million for the BLM's Wildlife Management budget to address sage grouse conservation and restoration needs.

ACQUISITION OF FEDERAL LAND

The Nature Conservancy applauded action by the Appropriations Committees to establish and fully fund the Land Conservation, Preservation, and Infrastructure Improvement program established in fiscal year 2001 and fiscal year 2002. The Conservancy was disappointed that the fiscal year 2004 Interior appropriations bill did not continue the commitment to implementing this historic 6-year conservation achievement. We strongly urge the Subcommittee to fully fund this program at its fiscal year 2005 level of $1.68 billion.

Land and Water Conservation Fund.—We strongly support continued federal acquisition of high-priority biologically important land and urges the Congress to provide funding for the Land and Water Conservation Fund (LWCF) at a far more robust level than the President's request. The Conservancy specifically proposes funding of 39 biologically rich land acquisition projects totaling $81.2 million. Priorities include completing multi-year projects to transform Great Sand Dunes National Monument into the 57th National Park, a multi-agency project in Montana's Blackfoot River valley and protection of major inholdings at St. Marks NWR, Cache River NWR and the St. Francis NF. A number of projects, including the Northern Tallgrass Prairie NWR and BLM's Henry's Lake ACEC projects, rely upon conservation easements to achieve important conservation objectives while maintaining the integrity of working landscapes. We urge the subcommittee to provide at least the President's request of $93.8 million for the state-side of LWCF.

Forest Legacy.—This program is an increasing popular and successful model of a non-regulatory conservation approach based on partnerships between federal and state governments and private landowners. We strongly support the President's request for $100 million for this program and urge the Committee to fully fund this request to support priority projects from the Walls of Jericho in Tennessee, to the Blackfoot River in Montana, to St. Croix in the U.S. Virgin Islands.

PAYMENTS IN LIEU OF TAXES AND REFUGE REVENUE SHARING

Programs provide payments to counties where land has been taken off the local property tax roles and put into federal ownership. In some counties, protection of significant natural resources impacts the tax base necessary to fund local government services, including schools and public safety. We urge the Committee to provide full funding for these programs and honor the federal government's commitment to impacted communities.

SCIENTIFIC INFORMATION

Sound decisions on public and private land acquisition and management must be based on high-quality scientific information. The Conservancy's work on the ground has been guided by information from the non-profit organization NatureServe and its state natural heritage program members. We support the President's request for the National Biological Information Infrastructure (NBII, USGS) and recommend an increase of $6 million to establish the NBII State Grants Partnership program. We support an increase of $4.3 million for the NPS Natural Resource Challenge; an increase of $4 million in BLM's budget for long-term resource monitoring to measure the effects of increased energy development on other resources, and an increase for Forest Service (NFS) Inventory and Monitoring to $191,345,000.

ENDANGERED SPECIES PROGRAMS

The Conservancy supports $100 million for the FWS's Cooperative Endangered Species Fund, an effective and flexible tool for building cooperative, voluntary partnerships. The requested increase reflects the importance and unmet public funding needs of collaborative conservation strategies to protect critically rare species on non-federal land, and state and local acquisition of habitat necessary for the survival of listed and candidate species.

The Conservancy proposes significant increases for the FWS's ESA implementation programs. Funding increases would enhance the Service's ability to provide important incentive-based, non-regulatory programs that assist private landowners in protecting species. $12 million for Candidate Conservation would expand this innovative program and permit more effective monitoring and implementation of existing agreements. $17 million for Listing would enable the Service to expand its evaluation of imperiled species for listing, a critical action that guarantees certain protections under the law, including the authority to purchase habitat. $55 million for Consultation/Habitat Conservation Planning would permit the Service to respond to the dramatic increase in the use of HCPs. $75 million for Recovery would permit the development, monitoring, and implementation of recovery plans and actions for a rapidly increasing number of listed species. We support $1.75 million in planning funds to Southern California's Natural Community Conservation Planning program. We urge that targeted funding for Pacific Salmon Grants (a $1.975 million pass through) and the Upper Colorado River Recovery Program ($691,000) be restored, in addition to restoration of $1.4 million of general Recovery program funds.

STATE AND TRIBAL WILDLIFE GRANTS

The Conservancy strongly supports this program and recommends funding of $125 million. We believe the development of state comprehensive wildlife conservation plans will set the foundation to direct future resources for state conservation objectives and encourage the states to make full use of the best existing scientific information, including natural heritage data.

COOPERATIVE CONSERVATION INITIATIVE AND PRIVATE LANDOWNER PROGRAMS

Private lands provide a portion of the habitat for at least two-thirds of all federally listed species. The Administration's Cooperative Conservation Initiative supports innovative ways to support partnerships between private landowners, local communities, states and the federal government.

Challenge Cost Share.—We support the proposed funding for the BLM ($21 million), FWS ($12.0 million) and NPS ($21 million). These programs leverage appropriated dollars through 1:1 matches with State and private partners to implement important restoration and protection projects.

Partners for Fish and Wildlife.—We support the proposed increase to $50 million, including $5 million to the High Plains Partnership and $6.2 million for the Upper Klamath River Basin Restoration Initiative. The Partners program provides important technical and financial assistance to private landowners and other partners to protect, restore and enhance habitat for fish and wildlife species.

Landowner Incentive Program and Private Stewardship Grants.—We support the President's request of $50 million and $10 million for these programs, respectively.

PARTNERSHIP INITIATIVES

—*National Fish and Wildlife Foundation*.—Federal support to NFWF continues to yield a return of over two non-federal dollars for every single taxpayer dollar. We recommend appropriations of FWS ($9 million), BLM ($4 million) and Forest Service ($4 million).

—*North American Wetlands Conservation Fund and Joint Venture program*.—The Conservancy supports funding for NAWCA at the President's request of $54 million or more. More than $1.6 billion in partner contributions has been raised to match $573 million in federal funds in order to save 20.6 million acres of wetlands. The Conservancy supports the Presidents's request of $11.45 million for Joint Ventures..

—*Neotropical Migratory Bird Conservation Fund*.—We support funding for this important and increasingly popular program at its authorized level of $5 million. The Service should continue to administer this grant program through its Division of Bird Habitat Conservation.

—*Connecticut River Atlantic Salmon Commission (CRASC)*.—The Conservancy urges restoration of funding and an increase to $750,000 for the CRASC.

—*Great Lakes Fish and Wildlife Restoration Act (GLFWRA)*.—The Conservancy recommends $2 million in base funding and $2 million for grants for the Service's Great Lakes Fish and Wildlife Restoration Programs.

INTERNATIONAL PROGRAMS.

The Conservancy recommends a total of $14 million to the programs identified in the FWS' Multinational Species Conservation Fund. We propose, however, that the Committee appropriate $9 million to the Rhinoceros/tiger, Elephants and Great Ape funds and provide $5 million to the Neotropical Migratory Bird Conservation Fund. We support $10 million for the Forest Service's International Programs. The NPS Office of International Affairs should be funded at $2 million so that the National Park Service—global leaders in conservation—can expand its activities to assist international partners in creating and managing parks and other protected areas.

Thank you for the opportunity to present The Nature Conservancy's comments on the Interior budget.

FISCAL YEAR 2005 LAND AND WATER CONSERVATION FUND PROJECTS RECOMMENDED BY THE NATURE CONSERVANCY

LWCF project	TNC request	Administration request
Bureau of Land Management:		
Blackfoot River Watershed, MT	$5,000,000	....
Henry's Lake ACEC, ID	1,000,000	$1,000,000
Otay Mountain/Kuchamaa HCP, CA	2,000,000	....
Santa Rosa/San Jacinto Mountains NM, CA	1,000,000	1,000,000
Upper Snake/South Fork Snake River, ID	2,000,000	2,000,000
U.S. Fish and Wildlife Service:		
Baca NWR, CO	3,400,000	2,600,000
Big Muddy NWR, MO	750,000	750,000
Cache River NWR, AR	850,000	850,000
Cahaba River NWR, AL	1,500,000	....
Cape Romain NWR, SC	900,000	....
Cape May NWR, NJ	1,000,000	....
Cypress Creek, IL	127,000	127,000
Dakota Tallgrass Prairie WMA, ND/SD	1,000,000	650,000
Eastern Shore Virginia NWR, VA	3,000,000	....
Laguna Atascosa NWR, TX	1,000,000	1,000,000
Lower Hatchie NWR, TN	1,130,000	....
Lower Rio Grande Valley NWR, TX	650,000	600,000
Massasoit NWR, MA	575,000	....
Northern Tallgrass Prairie NWR, MN/IA	1,000,000	500,000
Red River NWR, LA	2,700,000	....
San Diego NWR, CA	3,000,000	1,000,000
Silvio Conte NWR, CT/MA/NH/VT	1,000,000	1,000,000
St. Marks NWR, FL	1,900,000	1,000,000
Upper Mississippi NWFR, MN/IA/IL/WI	500,000	500,000
National Park Service:		
Pinelands National Reserve, NJ	3,000,000	....
Pinnacles NM, CA	5,300,000	5,300,000
U.S. Forest Service:		
Chattahoochee NF (GA Mountains Riparian Project), GA	3,000,000	3,000,000
Cherokee NF (TN Mtns.), TN	3,260,000	3,000,000
Daniel Boone NF, KY	2,000,000	500,000
Francis Marion NF, SC	5,500,000	....
Helena-Lolo NFs (Blackfoot project), MT	10,000,000	300,000
Hoosier NF (Hoosier Unique Areas), IN	1,100,000	125,000
Huron-Manistee NF, MI	2,300,000	500,000
Mark Twain NF (Ozarks Mtn. Streams & Rivers), MO	500,000	500,000
National Forests in Alabama, AL	2,500,000	....
Shawnee NF, IL	1,000,000	125,000
Skagit River, WA	600,000	....
Sumter NF, SC	2,000,000	....
Wenatchee NF (Tieton River), WA	2,200,000	....
Total TNC Request for 39 LWCF Projects	81,242,000	....

Prepared Statement of the Enewetak/Ujelang Local Government Council

Mr. Chairman and distinguished members of this Subcommittee: Thank you for providing this opportunity to the people of Enewetak to describe issues that relate to our ability to live on Enewetak Atoll. Of immediate concern is the funding of the Enewetak Food and Agriculture Program. In the Compact of Free Association, as amended (hereinafter "Compact"), Congress provided an annual sum of "not less than $1.3 million" for the Enewetak Food and Agriculture Program. That funding in the Compact is much appreciated. However, Congress has funded the program at a level of $1.7 million these past several years and that is the minimum amount necessary to provide food, transportation, and the continuation of the soil rehabilitation and agriculture work. Accordingly, this statement includes a request to increase the Compact funded Enewetak Food and Agriculture Program by $400,000 from $1.3 million to $1.7 million.

Other issues that relate to our ability to live on Enewetak Atoll are: Funding of the health care program; funding of the just compensation award issued by the Nuclear Claims Tribunal; resettlement of the Enjebi people on their home island of Enjebi; monitoring of the our people for radiation exposure; continued monitoring of the environment to determine current radiation levels; and, monitoring of the Runit dome.

We would first like to address the continuing challenges that life on Enewetak presents. These challenges are the result of the severe damage inflicted on our atoll by the U.S. Nuclear Testing Program. This committee has helped us meet some of these challenges by funding the Enewetak Food and Agriculture Program.

INCREASED FUNDING OF THE ENEWETAK FOOD AND AGRICULTURE PROGRAM.

This program is necessary because over one-half of Enewetak remains contaminated by radiation. The remaining fifty percent of the land was turned into a desert-like wasteland in the course of the nuclear testing program. As a result of such activities, there is insufficient food and other resources on Enewetak atoll to support the people.

Congress has provided a sum of not less than $1.3 million annually for 20 years for the Enewetak Food and Agriculture Program in the Compact. The Enewetak people greatly appreciate such mandatory funding. However, the program has been funded at a level of $1.7 million for the past several years and such funding level needs to continue to maintain the minimum components of the program. The components of the program include a soil and agriculture rehabilitation program, the importation of food, and the operation of a vessel.

Much progress has occurred over the past several years with regard to the agriculture rehabilitation effort. In addition, we have become more and more involved with the soil rehabilitation effort and the planting and maintenance of food bearing plants. Funding of the program at the $1.7 million level these past several years has helped the program keep up with inflation and has created a momentum that we would like to maintain.

However, the growing population, much improved agriculture rehabilitation techniques, and transportation expenses have increased the costs of the program. These costs are the costs of the necessary food imports; transportation costs for food imports; transportation costs of equipment, material, supplies, and fuel for the agriculture rehabilitation program; and labor costs for the accelerated agriculture effort. To meet these costs, the program funding needs to be increased to the sum of $1.7 million in fiscal year 2005. The $1.7 million is broken down as follows: Food and cooking fuel costs, $550,000; agriculture costs (labor, equipment, material, supplies, fuel, operations and maintenance), $850,000; transportation costs (labor, fuel, operations and maintenance), $300,000. Included in the three foregoing categories is the cost of administration of the program. Due to the foregoing, we respectfully request that this committee increase the amount provided under the Compact for this program for fiscal year 2005 by the amount of $400,000, for a total of $1.7 million.

We would now like to describe the award of $386 million made to us by the Marshall Islands Nuclear Claims Tribunal for damages we suffered as a result of the U.S. Nuclear Testing Program.

FUNDING OF THE JUST COMPENSATION AWARD ISSUED BY THE NUCLEAR CLAIMS TRIBUNAL

The issue most important to us is the funding of the $386 million award for just compensation made to the Enewetak people by the Nuclear Claims Tribunal. Enewetak was the site for forty-three of the sixty-seven nuclear bombs detonated by the United States in the Marshall Islands. The damages of the U.S. Nuclear Testing Program affect us to this day. It is important to remember that in 1947, prior to the removal of our people from Enewetak, the United States promised us that we would have all constitutional rights accruing to U.S. citizens, that we would be taken care of during our exile to Ujelang, and that we would not be exposed to any greater danger than the people of the United States.

The constitutional rights to which we are entitled include the right to be justly compensated for the damages we suffered as a result of the U.S. nuclear testing program. In addition to the well documented promises made to us, the United States in the Compact (1) accepted responsibility for the just compensation owing for loss or damage resulting from its nuclear testing program and (2) agreed that the Marshall Islands Nuclear Claims Tribunal ("Tribunal") make a final determination of the amount that would satisfy the constitutional requirement of just compensation.

The Tribunal, following well established U.S. constitutional, legal, and regulatory principles, determined that the just compensation to be provided to us was an amount of $386 million in addition to what we received or will be receiving under the Compact. The funding of this amount by the United States would satisfy its constitutional obligation to us. This funding could be provided through the Changed Circumstances Petition process that has been presented to the U.S. Congress. Alternatively, the Congress could direct the U.S. Court of Appeal for the Federal Circuit to review and certify, or to reject in whole or in part, the award of the Tribunal similar to an existing Congressional provision that deals with judgments of the Marshall Islands courts against the United States arising from its administration of the Marshall Islands under the U.N. Trusteeship.

It is important to note that this funding would provide us with the resources to rid our land of radiological contamination, rehabilitate the soil, revegetate the land, resettle the Enjebi people on their home island, and provide the means by which we could establish a local economy in the fishing and tourism sectors. The foregoing would permit us to once again become self-reliant and self-sufficient. Until this funding materializes, we require continued and increased funding of the Enewetak Food and Agriculture Program.

RESETTLEMENT OF THE ENJEBI PEOPLE ON THEIR HOME ISLAND OF ENJEBI

We, the Enewetak people, consist of two groups: The people of the southern part of the atoll, the Enewetak group; and, the people of the northern part of the atoll, the Enjebi group. The Enjebi people have been exiled from their home island for a period of over 56 years. They have not been able to resettle their home island because it remains contaminated. As a result, the Enjebi people need to share the limited land and resources with the other Enewetak people on the islands of Enewetak, Medren and Japtan. As the populations grow, this is becoming an increasingly difficult situation. Yet Enjebi cannot be resettled in the near term because insufficient funding exists for the cleanup and resettlement.

The situation at Enjebi is difficult since Enjebi Island was ground zero for a number of tests. In addition, it underwent bulldozing, scrapping and soil removal during the 1977–80 partial cleanup activities. In order to make the island habitable again, radiological remediation and soil and plant rehabilitation are required. As determined by the experts, the cost for the radiological remediation and soil and plant rehabilitation is approximately $118 million, which includes the cleanup and rehabilitation of the other northern islands which are part of the Enjebi people's resources for food from land and marine areas. These costs are part of the just compensation award made to the Enewetak people by the Tribunal.

In addition, the people require the housing, infrastructure, and other buildings necessary to permit them to live on the island while the rehabilitation is ongoing. These costs are estimated at $30 million.

In short, the cleanup and resettlement of Enjebi is projected to cost $148 million. The best solution is to fund the Tribunal award which would provide the funding for the cleanup and rehabilitation of all the northern islands including Enjebi, and which would provide the funding for the housing and other necessary infrastructure at Enjebi.

RADIATION MONITORING OF THE PEOPLE, THE ENVIRONMENT, AND THE RUNIT DOME

Because of the residual radiation contamination at Enewetak Atoll, we and our environment need to be monitored. The U.S. Department of Energy (DOE) and the Enewetak/Ujelang Local Government Council have reached an agreement on an appropriate whole body counting and plutonium detection regime. The DOE responsibilities under such a regime need to continue until Enewetak is radiologically remediated. In addition, the Runit Dome (Cactus Crater Containment Site) contains over 110,000 cubic yards of material including plutonium and other radioactive debris. This site needs to be monitored to assure the integrity of the structure and to assure that no health risks from the radioactive waste site are suffered by us. To effect the foregoing, a long-term stewardship program of the Runit Dome needs to be implemented by the United States.

FUNDING OF THE HEALTH CARE PROGRAM

In Section 102 of Public Law 96–205, the U.S. Congress, authorized a program of medical care and treatment for the peoples of the atolls of Bikini, Enewetak, Rongelap, Utrik and other Marshallese determined to be affected as a result of the U.S. Nuclear Testing Program in the Marshall Islands. The funding for such program continued, in an amount of $2 million annually for 15 years, under the terms of the Compact. The funding for such medical care and treatment program expired as of October 21, 2001. The RMI has provided funding for the continuation of this program from the Section 177 trust fund. However, that fund is now so depleted that the RMI cannot fund the program as of September 30, 2004. The Congress in Section 104 of Public Law 96–205, intended such medical care and treatment program to continue unless terminated by the express approval of the Congress. Congress has not approved termination. The program needs to continue and the funding needs to be increased to $4 million annually to provide a medical safety net for the people of the 4 atolls and other Marshallese determined to have been affected by nuclear testing. Even at the $4 million level, the program will only be able to expend $28 per person per month for the program costs. The $4 million should include an inflation factor by being tied to the U.S. medical CPI.

ENEWETAK FOOD AND AGRICULTURE PROGRAM

The Enewetak Food and Agriculture Program enables us to live on Enewetak. It provides funding for imported food, continued agriculture rehabilitation, operation of a motor vessel that brings us the imported food, and an operation and maintenance component conducted out of a facility on Enewetak known as the field station.

1. *Efforts made to increase food production*.—The most significant aspects of the agriculture rehabilitation program are the infusion of nutrients into the soil and the planting of buffer plants along the island's shore to protect the interior plants from salt spray. The infusion of nutrients into the soil is accomplished by digging trenches and placing organic material in the trenches along with a compost mixture of copra cake and chicken manure. This activity is extremely labor intensive and requires the importation of copra cake and chicken manure. Although the work is progressing, additional funding is required to provide greater manpower and the necessary equipment, materials and supplies.

2. *Importation of food*.—Imported food is required because of the poor soil condition of the land available to us and the radiation contamination of other lands. Imported food is now approximately $550,000 of the program budget and is expected to increase because of the increase in food costs and because of our growing population. These issues further illustrate the need to increase the program to $1.7 million.

3. *Vessel*.—In 1999, we purchased, repaired, and refitted a 104-foot motor-vessel as a replacement vessel for our 54-foot motor-sailer, which sank. This replacement vessel, named the KAWEWA, has greater capacity for cargo and passengers than the previous vessel. The KAWEWA permits us to transport machinery, equipment, supplies and other necessary cargo. It also provides transportation to members of our community. Both the transport of cargo and people has become extremely difficult in the Marshall Islands because of the lack of transport vessels and aircraft. The KAWEWA provides the necessary lifeline for goods, materials, and transportation for our community.

4. *Field Station*.—Operation and maintenance of the entire program is conducted out of a facility referred to as the Field Station. Field Station personnel provide all the required agricultural work; maintain, service, and operate the equipment required by the various components of the program; make payments and maintain books of accounts; and coordinate the procurement of food, material and equipment.

CONCLUSION

We thank the Congress for its past support and its consideration of the items described above.

PREPARED STATEMENT OF THE NEBRASKA BOYER CHUTE NATIONAL WILDLIFE REFUGE

SITE DESCRIPTION & LOCATION

Boyer Chute National Wildlife Refuge was established on August 11, 1992, under the authority of the Fish & Wildlife Act and the Emergency Wetland Resource Act. It lies three miles east of the farming community of Fort Calhoun, Nebraska. The current refuge boundary is situated west and alongside the Missouri River in Washington County, ten miles north of Omaha, Nebraska. The authorized acquisition boundary also extends across the river into Pottawattamie County, Iowa.

This 3,200-acre refuge lies in the wide, fertile floodplain of the Missouri River valley on former river meanders. It will connect DeSoto NWR and Wilson Island State Park to the north with the Neale Woods Center (a privately owned Nature Center) to the South. The focal point of the refuge is Boyer Chute, a "first of its kind" restored side-channel of the Missouri River.

ECOLOGICAL VALUES

The purpose of the Refuge is to restore, preserve, and maintain fish and wildlife habitat, with special emphasis to threatened and endangered species, migratory birds, and preservation of the natural biodiversity of the Missouri River floodplain. It is not to be considered as another waterfowl refuge. However, it will serve as an important migration stopover for ducks and geese. As the mosaic of riparian forest and grasslands are restored, the refuge will attract a wide variety of neotropical migratory species. It also serves as an important habitat and nursery ground for riverine species of fish.

The Refuge is a joint federal and local conservation partnership designed to restore a portion of the Missouri River habitat that flows through the 2½ mile long chute and parallels the main flow of the river. Riparian woodland, tallgrass prairie, and palustrine and riverine wetlands are the major wildlife habitats that are being restored and protected. Approximately 400 acres are temporarily managed as croplands awaiting restoration. Over 1,500 acres of tallgrass prairie and wet meadows have been restored or preserved. These habitats benefit Missouri River fishes, migratory birds, endangered species and resident wildlife. This important habitat is a potential Important Bird Area in the state.

PUBLIC USE

Proactive outreach introduces more and more people to the Fish and Wildlife Service. The refuge promotes recreational activities including fishing, picnicking, hiking, interpretation, wildlife viewing, environmental education and photography. This affords the growing visiting public the chance to enjoy the wildlife and associated habitats of the restored floodplain forest and adjacent grasslands. Visitors can use four nature trails and two education pavilion shelters located along 2 miles of graveled roads along the Chute. Parking areas, rest rooms, and fishing piers are handicapped accessible.

THREATS

Threats to the integrity of the refuge come from several fronts. Urban sprawl from the Greater Omaha Metropolis is ever increasing. Land prices are acutely inflated due to the desire to move out of the big city. The clearing of land for trophy houses along the river is creating significant riparian habitat loss. Cottonwood regeneration is at an all-time low along the Missouri River corridor causing serious declines in use by bald eagles and innumerable other species. Invasive species such as purple loosestrife become more of a threat every day because landowners along the river are not controlling growing populations. Progeny from the invasives are then transported to the refuge where they become established. The physical incising of the Missouri River channel into itself is effectively "drying out" the river valley. Floodplain side-channels and associated wetlands have become non-functional as a result.

ACQUISITION STATUS

An LWCF appropriation of $1 million is needed to replenish the depleted funding for Boyer Chute NWR acquisition and acquire these tracts.

PUBLIC SUPPORT

Boyer Chute NWR Is a joint federal, state, and local partnership with Corps of Engineers, Papio-Missouri River Natural Resources District, the NE Game and Parks Commission, Natural Resources Conservation Services, Ducks Unlimited, Back to the River, Inc., Friends of Boyer Chute and DeSoto NWR, Midwest Interpretive Association, Fontenelle Nature Association, and the Upper Mississippi Joint Venture of the North American Waterfowl Management Plan.

HABITAT

River, Wetlands, Taligrass Prairie, and Wet Meadows.

SPECIES

The Refuge provides a home or seasonal resting are for 83 species of fish, 15 species of amphibians, 29 species of reptiles, 60 species of macroinvertebrates, 40 species of mammals, and at last count 259 species of birds. Habitat is also suitable to the endangered Pallid sturgeon, Interior Least Tern, Piping Plover and American Burying Beetle. Also, Wood Thrushes, Red-Headed Woodpeckers, Short eared Owls, Harris, Grasshopper and Henslow's Sparrows, Dickcissels, Bald Eagles, Lapland Longspurs, Common Snipe, Lesser and Greater Yellowlegs, Spotted and Upland

Sandpipers, Orange Crowned, Palm, Black & White, Tennessee and Nashville Warblers, Yellow-bellied Sapsuckers, Northern Goshawks, Merlins, Green, Yellow-Crowned Night and Great Blue Herons, Hooded and Common Mergansers.

Attachment.

AUDUBON SOCIETY OF OMAHA,
OMAHA, NEBRASKA,
March 22, 2004.

Hon. CONRAD BURNS, *Chairman,*
Senate Appropriations Committee, Subcommittee on Interior, Washington, DC.

DEAR CHAIRMAN BURNS: When you mark up your fiscal year 2005 Interior appropriations bill, I ask that you include $1 million under the Land and Water Conservation Fund for the Boyer Chute National Wildlife Refuge located a few miles north of the metropolitan city of Omaha, Nebraska. These funds will be used to purchase lands in the floodplain of the Missouri River valley on former river meanders, "the first of its kind" restored side-channel of the Missouri River. The addition of these lands will greatly increase the area's value as bird and wildlife habitat.

The 3,200 acre proposed refuge is a joint project of federal and local conservation partnership designed to restore a portion of the Missouri River habitat that flows through the 2½ mile long chute and parallels the main flow of the river. Partners include the Papio-Missouri River Natural Resources District, the Nebraska Game and Parks Commission, The Corps of Engineers, and the U.S. Fish & Wildlife Services. Riparian woodland, tallgrass prairie, palustrine and riverine wetlands are the major wildlife habitats that are being restored and protected. Approximately 400 acres are temporarily managed as croplands, awaiting restoration. Over 1,500 acres of tallgrass prairie and wet meadows have already been restored or preserved. These habitats benefit Missouri River fishes, migratory birds endangered species and resident wildlife. This grant would greatly help the U.S. Fish & Wildlife Service work to bring this Refuge to fruitation.

The Refuge affords the growing, visiting public the chance to enjoy the wildlife and associated habitats of the restored floodplain forest and adjacent grasslands. It promotes recreational activities including, fishing, picnicking, hiking, interpretation, wildlife viewing, environmental education and photography.

On the other hand, the integrity of the refuge is being threatened by the increase of urban sprawl from the Greater Omaha Metropolis by the desire of its citizens to move "out of the big city." Land prices are becoming acutely inflated because of this desire of the citizens. It is imperative to complete a conservation project of this scope and importance before the land no longer becomes available.

We respectfully request that you include LWCF funding of $1 million for the Boyer Chute National Wildlife Refuge in the Interior Appropriations Bill. Thank you for your attention to this request and for your assistance in years past. I look forward to working with you this year to make this conservation project a reality.

Sincerely,

IONE WERTHMAN, *Conservation Chair,*
Audubon Society of Omaha.

PREPARED STATEMENT OF THE NEBRASKA GAME AND PARKS COMMISSION

The Nebraska Game and Parks Commission is the agency responsible for stewardship of Nebraska's wildlife resources in the best long-term interest of Nebraskan's and those resources. The Commission supports the President's fiscal year 2005 budget for the National Biological Information Infrastructure (NBII, U.S. Geological Survey, Department of Interior) and recommends an increase of $6 million to establish the NBII State Grants Partnership program. This grant program will further the development, dissemination and use of sound scientific information about the nation's natural heritage and wildlife. The program will provide base funding to every state for natural heritage resources and wildlife information management and a national competitive grant pool.

Each year millions of dollars are spent by states and the federal government to grapple with land and water use issues. Countless hours of staff time are devoted to managing conflicts over changes to the environment caused by society's need to develop natural resources. The lack of reliable information about vulnerable species and habitats increases the uncertainty, risks, and costs for developers, energy companies, and other private landowners due to project delays. Ready access to this kind of information will reduce uncertainty, risks, and costs, and enhance conservation opportunities.

States are clearly in a position to provide leadership in the management, sharing and use of data essential to making sound decisions for the conservation and management of our nation's natural resources. However, resources are needed at the state level to computerize this information, document and publicize its uses, and make it easily accessible to a broad range of stakeholders.

A NBII State Grants Partnership program to further the development and dissemination of sound, scientific natural resource information will have numerous benefits including:

—Strengthen the state's ability to evaluate proposed land and water uses by improving accessibility of essential biological information.
—Lower costs of state planning efforts (transportation, economic development, etc.) by improving the efficiency with which managers can access detailed information about biological resources in project areas.
—Reduce conflicts associated with biological resource management (e.g., declining species, habitat loss) by increasing the amount and improving the quality of scientific information available to both state staff and the public.
—Strengthen cooperation among states in the management of species and ecosystems throughout their ranges by increasing interoperability among information systems.
—Eliminate duplication of effort by ensuring that information about the state's biological resources does not have to be collected in the field more than once because it is captured in data systems where it can easily be used to address future resource management issues.

The NBII State Grants Partnership program would provide much needed support for our ability to develop and disseminate natural resource information and would allow the Game and Parks Commission to better manage the state's wildlife resources. We encourage you to support funding for this program.

PREPARED STATEMENT OF THE OCEAN CONSERVANCY

The Ocean Conservancy (TOC) is pleased to share its views regarding the programs in the Department of the Interior's budget that affect marine resources and requests that this statement be included in the record for the fiscal year 2005 Interior and Related Agencies Appropriations bill.

The Ocean Conservancy strives to be the world's foremost advocate for the oceans. With over 80 staff serving 150,000 members, we work to inform, inspire and empower people to speak and act for the oceans through science-based advocacy, research and public education. Headquartered in Washington, D.C., The Ocean Conservancy has additional offices in Alaska, California, Washington, Florida, Maine, Virginia and the U.S. Virgin Islands.

The following testimony summarizes TOC's priority funding requests for the Departments of Interior, including the Conservation Trust Fund and agency-specific requests for the Fish and Wildlife Service, the National Park Service, the U.S. Geological Service, the Minerals Management Service and the Office of Insular Affairs.

DEPARTMENT OF THE INTERIOR

Conservation Trust Fund

The Conservation Trust Fund supports a wide variety of programs including the Land and Water Conservation Fund, State Wildlife Grants, the Cooperative Endangered Species Fund; it finances the maintenance of parks, refuges and other sites, and supports critical marine and coastal protection needs. TOC is deeply concerned that the Administration's budget request significantly cuts the Conservation Trust Fund and urges the Subcommittee to fully fund the Interior portion at $1.68 billion in fiscal year 2005.

FISH AND WILDLIFE SERVICE (FWS)

Endangered Species Act (ESA) Requirements

Listing and Critical Habitat.—The FWS continues to face a backlog of listing and critical habitat designations required by the ESA. TOC is pleased that the Administration is seeking a $5 million increase in fiscal year 2005 and urges that the Subcommittee to provide an additional increase for endangered species listing and critical habitat programs in fiscal year 2005.

Section 7 Consultations.—Each year, the FWS performs interagency consultations on more than 62,000 federal actions under Section 7 of the ESA. TOC urges the Subcommittee to reject the Administration's proposed cut and support $67.9 million in fiscal year 2005 to ensure timely completion of these required biological reviews.

Recovery Program.—TOC is extremely concerned about the Administration's proposed $9.7 million cut to the endangered species recovery program. We appreciate the Subcommittee's rejection of the Administration's proposed cut in fiscal year 2004 and urge substantially increased funding be provided in fiscal year 2005.

Southern Sea Otter.—The southern sea otter was listed as threatened under the ESA in 1977. The current population has suffered significant declines in six out of the last eight years. Necropsy data indicates that nearly 40 percent of otters examined suffered an infection at the time of death. TOC respectfully requests that the Subcommittee provide $1,500,000 in fiscal year 2005 to undertake the health-related research proposed in the Southern Sea Otter Recovery Plan, which was finalized last year. With a mortality of 262 southern sea otters in 2003, which represents over 10 percent of the population, this research is both timely and necessary to recover this population.

Manatee Recovery and Enforcement

Heightened law enforcement is necessary to protect the endangered Florida manatee and curtail motorboat caused fatalities. Past funding has assisted in increasing compliance with manatee protection speed zones. In fact, watercraft-related manatee deaths in 2003 were at their lowest level since the 1999, suggesting that manatee protection strategies, including law enforcement, are having a positive impact. TOC thanks the Subcommittee for its support in fiscal year 2004, and respectfully requests continued funding at $1 million for fiscal year 2005.

Marine Mammals

The FWS is badly in need of revised stock assessments for manatees, walrus, and polar bears, ongoing trend data for declining northern sea otters, and a comprehensive health assessment of southern sea otters. TOC urges the Subcommittee to reject the Administration's proposed $2.2 million cut and appropriate $11.8 million in fiscal year 2005 to improve research and conservation efforts for these species.

Multinational Species Conservation Fund

TOC appreciates the Subcommittee's continued support for the Multinational Species Conservation Funds and requests $2 million each for the Asian Elephant and African Elephant Conservation Funds, $3 million each for the Great Ape and the Rhinoceros and Tiger Conservation Funds, and $5 million for the Neotropical Migratory Bird Conservation Fund in fiscal year 2005.

Since the early 1990s, the Multinational Species Conservation Fund has helped to produce some notable successes in protecting these species and has been especially effective in encouraging local and international matching contributions from private organizations and foreign governments. The program's $31 million in grants over the past thirteen years has leveraged over $107 million in additional funding. The result has been an important contribution to the survival of these species and we respectfully request that the Subcommittee continue its support for these funds in fiscal year 2005.

NATIONAL PARK SERVICE (NPS)

Channel Islands National Park

TOC supports the Administration's request of $326,000 to enhance law enforcement within the Channel Islands National Park. While the park includes 125,000 acres of marine waters, only seasonal local patrols are currently conducted around three islands. With the dramatic decline in the heath of the ecosystem, the new marine protected areas within the park, and the high levels of visitors, this funding is critical to provide a consistent marine patrol presence to better protect the resource.

Buck Island Reef National Monument, St. Croix, U.S. Virgin Islands

The Buck Island Monument has expanded in size from 880 acres to 18,135 marine acres, a twenty-fold growth. As a result, TOC respectfully requests an additional $1.0 million in funding in fiscal year 2005 for the Park Service to administer this ocean park; scientifically assess, monitor and protect its marine resources; and conduct outreach and education programs for its increased number of visitors.

Virgin Islands Coral Reef National Monument, St. John, U.S. Virgin Islands

TOC respectfully requests an additional $500,000 in funding in fiscal year 2005 to administer this monument; scientifically assess, monitor, and protect its marine resources; and conduct outreach and education programs.

Coral Reef Protection in Dry Tortugas and Biscayne National Parks

TOC requests an additional $1.0 million to improve the management and protection of special coral reef areas in Florida's Dry Tortugas National Park and Biscayne National Park; the later is currently undergoing an extensive public management review process.

U.S. GEOLOGICAL SERVICE (USGS)

Coral Reef Conservation

TOC urges the Subcommittee to provide a $1.0 million increase above the Administration's request for USGS coral reef programs in fiscal year 2005. This $4.5 million would help the agency conduct basic research on coral reef decline, provide more valuable data to local partners, and better coordinate those efforts with mapping and monitoring findings to produce regional assessments.

MINERALS MANAGEMENT SERVICE

Offshore Oil and Gas Leasing Moratoria

Since 1981, Congress has included bill language in the Interior Appropriations legislation to protect sensitive coastal and marine regions from new offshore oil and gas leasing. Today the moratorium protects the east and west coasts of the United States and parts of the Eastern Gulf of Mexico off Florida. TOC applauds the Subcommittee's historic support of this language and urges its continued inclusion in fiscal year 2005.

INSULAR AFFAIRS

Coral Reef Conservation

TOC respectfully requests $2.0 million in fiscal year 2005 for grants to the Marshall Islands, Micronesia, and Palau. These grants, which would be awarded based on partnerships, would go directly to local communities and assist them with building the capacity to manage their natural resources, cracking down on illegal foreign fishing through remote monitoring and patrols, and implementing their local action strategies, such as increasing public education and field work, to improve coral reef conservation.

ANTI-ENVIRONMENTAL RIDERS

TOC urges the Subcommittee to not attach any anti-environmental rider to this or any other appropriations bill. In the past, riders have been used by Members of Congress to roll back environmental protections and prevent Interior from advancing conservation.

Thank you for considering the funding needs of these programs. They are of the utmost importance to the stewardship of the nation's living marine resources. TOC appreciates the difficult budget constraints under which spending decisions must be made this year. We appreciate your past support for these programs and your consideration of our fiscal year 2005 requests.

PREPARED STATEMENT OF PARTNERSHIP FOR THE NATIONAL TRAILS SYSTEM

Mr. Chairman and members of the subcommittee: The Partnership for the National Trails System appreciates your support over the past several years, through operations funding and earmarked Challenge Cost Share funds, for the national scenic and historic trails administered by the National Park Service. We also appreciate your increased allocation of funds to support the trails administered and managed by the Forest Service and your support for the trails in the Bureau of Land Management's National Landscape Conservation System. To continue the progress that you have fostered, the Partnership requests that you provide annual operations funding for each of the 23 national scenic and historic trails for fiscal year 2005 through these appropriations:

—*National Park Service*.—$9.553 million for the administration of 18 trails and for coordination of the long-distance trails program by the Washington Park Service office.

—*USDA Forest Service*.—$3.2 million to administer 4 trails and $750,000 to manage parts of 13 trails administered by the Park Service or Bureau of Land Management; Construction: $1 million for the Continental Divide Trail, $500,000 for the Florida Trail and $1,765,000 for the Pacific Crest Trail.

—*Bureau of Land Management*.—To administer the Iditarod National Historic Trail: $250,000, the Camino Real de Tierra Adentro National Historic Trail:

$250,000, the Old Spanish National Historic Trail: $100,000 and $2.715 million to manage portions of 9 trails administered by the Park Service or the Forest Service; $407,000 for operating the Casper NH Trail interpretive center.

—We ask that you appropriate $9 million for the National Park Service Challenge Cost Share Program and continue to earmark $5 million for Lewis & Clark Bicentennial projects and one-third of the remaining $4 million (approximately $1,326,000) for the other 17 national scenic and historic trails it administers or create a separate $1 million National Trails System Challenge Cost Share Program.

—We ask that you appropriate $1.253 million to the National Park Service National Center for Recreation and Conservation to support the second year of a five-year interagency pilot project to develop a consistent system-wide Geographic Information System (GIS) for the National Trails System.

We ask that you appropriate from the Land and Water Conservation Fund:

—to the Forest Service: $10 million to acquire land for the Pacific Crest Trail, $10 million to acquire land for the Florida Trail, $5 million to acquire land for the Appalachian Trail in Tennessee and Virginia, $150,000 to acquire land for the Overmountain Victory Trail in North Carolina;

—to the Bureau of Land Management: $1.5 million to acquire land for the Oregon Trail in Oregon, $3.5 million to acquire land for the Lewis & Clark Trail in Montana;

—to the Park Service: $4 million to grant to the State of Wisconsin to match state funds to acquire land for the Ice Age Trail; $1 million to grant to the States of Wisconsin, Michigan and Ohio to match state funds to acquire land for the North Country Trail; $6.25 million to acquire land at Fort Clatsop, Oregon for the Lewis & Clark Trail.

NATIONAL PARK SERVICE

We request $1.253 million to fund the second year of a 5 year interagency effort to develop a consistent GIS for all 23 national scenic and historic trails. This initiative is described in the August 2001 report (requested by Congress in the fiscal year 2001 appropriation) "GIS For The National Trails System" and is built upon work already underway on the Ice Age, Appalachian, Florida, Oregon, California, Mormon Pioneer and Pony Express Trails to develop consistent information and procedures that can be applied across the National Trails System. The requested funding will be shared with the Bureau of Land Management and the Forest Service.

The $9.553 million we request for Park Service operations includes increases for many of the trails to continue the progress and new initiatives made possible by the $975,000 funding increase provided for nine of the trails in fiscal year 2001 and the $500,000 increase provided in fiscal year 2004. $74,000 of our requested increase will finally provide significant operational support for the Natchez Trace Trail, which currently receives only $26,000 in annual operations funding. Another $916,000 will enable the Park Service to begin managing the three new national historic trails—Ala Kahakai, El Camino Real de Tierra Adentro, and Old Spanish—the latter two administered with the Bureau of Land Management. These funds will provide full-time management, support projects for these trails and development of a Comprehensive Management Plan for the Old Spanish Trail.

We request an increase of $25,000 for the Overmountain Victory Trail to fund a feasibility study of the best place to locate the Park Service headquarters and principal public contact site for the trail. An increase of $34,000 will fund interpretive projects and the trail corridor study along the Potomac Heritage Trail in Washington, D.C.

We request an increase of $276,000 to continue and expand Park Service efforts to protect cultural landscapes at more than 200 significant sites along the Santa Fe Trail and to fund public outreach and educational programs of the Santa Fe Trail Association. An increase of $185,000 for the Trail of Tears will enable the Park Service to work cooperatively with the Trail of Tears Association to develop a GIS to map the Trail's critical historical and cultural heritage sites so they can be protected and interpreted for visitors.

The $100,000 increase we request for the interagency Salt Lake City Trails office will enable the Park Service to develop a comprehensive interpretation plan for the Oregon, California, Mormon Pioneer and Pony Express Trails with a library of images derived from the GIS map database of the trails.

We request $500,000 to help fund the operation of "Corps II," a major component of the Federal government's commemoration of the Bicentennial of the Lewis & Clark Expedition. This interagency mobile interpretive exhibit is designed to follow the route of the Lewis & Clark Trail, stopping in communities along the way to provide state-of-the art, interactive interpretation of the Lewis & Clark "Corps of Discovery."

All of these trails are complicated undertakings, none more so than the 4,000 mile North Country Trail. With more than 650 miles of Trail across 7 national forests in 5 states there is good reason for close collaboration between the Park Service and Forest Service to ensure consistent management that provides high quality experiences for hikers. Limited budgets for both agencies have severely hampered their ability to practice this effective management procedure. The $846,000 we request will give them that ability for the first time while also providing greater support for the regional and local trail building and management led by the North Country Trail Association, hastening the day when our nation's longest national scenic trail will be fully opened for use.

The $935,000 we request will enable the Park Service to help WDNR and other partners to accelerate acquisition of land for the Ice Age Trail and more efficiently plan resource protection, trail construction and maintenance to correct unsafe conditions and better mark the Trail for users. The funds will also provide assistance to the Ice Age Park & Trail Foundation to better equip, train and support the volunteers who build and maintain the Ice Age Trail and manage its resources.

The Challenge Cost Share program is one of the most effective and efficient ways for Federal agencies to accomplish a wide array of projects for public benefit while also sustaining partnerships involving countless private citizens in doing public service work. The Partnership requests that you appropriate $9 million in Challenge Cost Share funding to the Park Service for fiscal year 2005 as a wise investment of public money that will generate public benefits many times greater than its sum. We ask you to continue to direct $5 million for Lewis & Clark Bicentennial projects and one-third of the other $4 million for the national scenic and historic trails to continue the steady progress toward making these trails fully available for public enjoyment. We suggest, as an alternative to the annual earmarking of funds from the Regular Challenge Cost Share program, that you establish a separate National Trails System Challenge Cost Share program with $1 million funding.

USDA-FOREST SERVICE

As you have done for several years, we ask that you provide additional operations funding to the Forest Service for administering three national scenic trails and one national historic trail, and managing parts of 13 other trails. We ask you to appropriate $3.203 million as a separate budgetary item specifically for the Continental Divide, Florida and Pacific Crest National Scenic Trails and the Nez Perce National Historic Trail. Full-time managers have been assigned for each of these trails by the Forest Service. Recognizing the on-the-ground management responsibility the Forest Service has for 838 miles of the Appalachian Trail, more than 650 miles of the North Country Trail, and sections of the Ice Age, Anza, Lewis & Clark, California, Iditarod, Mormon Pioneer, Oregon, Overmountain Victory, Pony Express, Trail of Tears and Santa Fe Trails, we ask you to appropriate $750,000 specifically for these trails.

Work is underway, supported by funds you provided for the past five years, to close several major gaps in the Florida National Scenic Trail. The Florida Trail Association has built 100 miles of new Trail across Eglin Air Force Base, in the Ocala National Forest, Big Cypress National Preserve and along Lake Kissimmee and the Choctawahatchee River. The Partnership requests an additional $500,000 for trail construction in fiscal year 2005 to enable the Forest Service and FTA to build 90 more miles on these and other segments of the Florida Trail.

The Continental Divide Trail Alliance, with Forest Service assistance and funding from the outdoor recreation industry, surveyed the entire 3200 mile route of the Continental Divide Trail documenting $10.3 million of construction projects needed to complete the Trail. To continue new trail construction, begun with fiscal year 1998 funding, we ask that you appropriate $572,500 to plan 382 miles of new trail and $1 million to build or reconstruct 267 miles of the Continental Divide Trail in fiscal year 2005.

A Forest Service lands team is working with the Pacific Crest Trail Association (PCTA) and the Park Service National Trail Land Resources Program Center to map and acquire better routes for the 300 miles of the Pacific Crest Trail located on 227 narrow easements across private land or on the edge of dangerous highways. We request $200,000 to continue the work of the fulltime Trail Manager and the lands team and $100,000 for Optimal Location route planning. We also request $1,765,000 for new trail construction and reconstruction of fire and flood damaged bridges along the PCT in California and Washington by the Forest Service and the PCTA.

BUREAU OF LAND MANAGEMENT

While the Bureau of Land Management has administrative authority only for the Iditarod, El Camino Real de Tierra Adentro, and the Old Spanish National Historic Trails, it has on-the-ground management responsibility for 641 miles of two scenic trails and 3,115 miles of seven historic trails administered by the National Park Service and U.S. Forest Service. The significance of these trails was recognized by their inclusion in the National Landscape Conservation System and, for the first time, in fiscal year 2002, by provision of specific funding for each of them. The Partnership applauds the decision of the Bureau of Land Management to include the national scenic and historic trails in the NLCS and to budget specific funding for each of them. We ask that you continue to support the funding for the National Landscape Conservation System and that you appropriate for fiscal year 2005 $250,000 for the Iditarod National Historic Trail, $250,000 for El Camino Real de Tierra Adentro National Historic Trail, $100,000 for the Old Spanish National Historic Trail and $2,615,000, as requested by the Administration, for management of the portions of the nine other trails under the care of the Bureau of Land Management. We also request $1 million for construction of the California Trail Interpretive Center in Elko, Nevada, $100,000 for maintenance of the Pacific Crest Trail, and $407,000 to operate the Historic Trails interpretive center in Casper, Wyoming.

LAND AND WATER CONSERVATION FUND

The Partnership requests that you fully appropriate the $900 million annual authorized appropriation from the Land and Water Conservation Fund and that you make the specific appropriations for national scenic and historic trails detailed at the beginning of this statement and in Attachment No. 2. The funding we request for the Florida and Pacific Crest National Scenic Trails will continue acquisition underway by the Forest Service and Park Service. The first 5 tracts to help close gaps in the Florida Trail have been acquired and 11 other acquisitions are underway with LWCF money provided in previous years. Optimal Location Planning and appraisal work have been completed and acquisition has begun in earnest along the Pacific Crest Trail. The requested funding for the Appalachian National Scenic Trail will help complete its protection in Tennessee and Virginia. The requested funding for the Overmountain National Historic Victory Trail will protect a key link and access to a 7-mile section of the trail in the Pisgah National Forest in North Carolina.

The $5 million requested for the Bureau of Land Management will protect important historical sites along the Lewis & Clark National Historic Trail in Montana and the Oregon National Historic Trail in Oregon.

The National Trails System Act encourages states to assist in the conservation of the resources and development of the national scenic and historic trails. Wisconsin has committed more than $10 million to help conserve the resources of the Ice Age National Scenic Trail. With fiscal year 2000–04 LWCF funding, matched 2:1 by State funds, Wisconsin has purchased 18 parcels and now has another 12 parcels under appraisal or option to purchase. The requested $4 Million Land and Water Conservation Fund grant to Wisconsin will continue this very successful Federal/State/local partnership for protecting land for the Ice Age Trail.

The essential funding requests to support the trails are detailed in Attachment No. 2.

PRIVATE SECTOR SUPPORT FOR THE NATIONAL TRAILS SYSTEM

Public-spirited partnerships between private citizens and public agencies have been a hallmark of the National Trails System since its inception. These partnerships create the enduring strength of the Trails System and the trail communities that sustain it by combining the local, grass-roots energy and responsiveness of volunteers with the responsible continuity of public agencies. They also provide a way to enlist private financial support for public projects, usually resulting in a greater than equal match of funds.

The private trail organizations commitment to the success of these trail-sustaining partnerships grows even as Congress' support for the trails has grown. In 2003 the trail organizations channeled 648,548 hours of documented volunteer labor valued at $10,726,994 to help sustain the national scenic and historic trails. The organizations also applied private sector contributions of $6,997,803 to benefit the trails. These contributions are documented in Attachment No. 1.

ATTACHMENT NO. 1.—CONTRIBUTIONS MADE IN 2003 TO SUPPORT THE NATIONAL TRAILS SYSTEM BY NATIONAL SCENIC AND HISTORIC TRAIL ORGANIZATIONS

Organization	Volunteer hours	Estimated value of volunteer labor	Financial contributions
Appalachian Trail Conference	185,018	$3,060,198	$3,700,000
Continental Divide Trail Society	[1] 1,500	24,810	....
Continental Divide Trail Alliance	19,600	324,184	906,000
Florida Trail Association	[1] 59,400	982,476	170,200
Ice Age Park & Trail Foundation	81,755	1,352,228	699,920
Iditarod National Historic Trail, Inc.	[1] 17,900	296,066	[1] 75,000
Heritage Trails/Amigos De Anza & others	3,967	65,614	....
Anza Trail Coalition of Arizona	3,255	53,838	....
Lewis & Clark Trail Heritage Foundation	[1] 55,000	909,700	315,000
Mormon Trails Association	350	5,789	3,032
Iowa Mormon Trails Association	[1] 750	12,405	[1] 2080
Nebraska Mormon Trails Association	[1] 125	2,067	[1] 2,635
Natchez Trace Trail Conference	....	....	....
National Pony Express Association	1,526	25,240	4,108
Pony Express Trail Association	5,706	94,377	38,176
Nez Perce Trail Foundation	1,700	28,118	8,000
North Country Trail Association	39,192	648,236	180,847
Old Spanish Trail Association	7,629	126,184	27,833
Oregon-California Trails Association	75,635	1,251,003	312,172
Overmountain Victory Trail Association	5,789	95,750	14,000
Pacific Crest Trail Association	31,900	527,626	395,600
Potomac Trail Council	[1] 1,670	27,622	....
Santa Fe Trail Association	[1] 19,200	317,568	86,000
Trail of Tears Association	29,981	495,886	57,200
Totals	648,548	10,726,994	6,997,803

[1] Estimate.

ATTACHMENT NO. 2.—PARTNERSHIP FOR THE NATIONAL TRAILS SYSTEM REQUESTED FISCAL YEAR 2005 APPROPRIATIONS FOR THE NATIONAL TRAILS SYSTEM

Agency/Trail	Fiscal year			Project/Programs possible with increased funding
	2004 Cong. approp.	2005 Admin. request	Partners request	
PARK SERVICE:				
Ala Kahakai	$179,000	$179,000	$181,000	Continue preparation of Comprehensive Management Plan for new trail;
Appalachian	1,024,000	1,024,000	1,052,000	Operations of NPS A.T. Park Office; $350,000 of the total supports volunteer-based trail and land management guided by ATC; Park ranger to deal with trail encroachments;
Natchez Trace	26,000	26,000	100,000	Planning & building new trail & bridges; backlog maintenance with NTTC & SCA;
El Camino Real	70,000	70,000	100,000	Begin collaborative management of new trail with Bureau of Land Management.
California	246,000	246,000	271,000	Develop comprehensive interpretation plan with images library database for 4 trails;
Ice Age	530,000	530,000	935,000	Accelerate Trail corridor planning and land acquisition by agency partners; Increase Trail development, maintenance and resource management by IAP&TF volunteers;
Juan Bautista de Anza	225,000	225,000	225,000	Coordination of Trail site protection, interpretation & development projects with local agencies & organizations; Outreach to schools and Latino communities;
Lewis & Clark	1,681,000	1,681,000	2,181,000	Planning, coordination & support for local Bicentennial projects and ''Corps II'';
Mormon Pioneer	125,000	125,000	150,000	Develop comprehensive interpretation plan with images library database for 4 trails;
North Country	596,000	596,000	846,000	Advance Trail construction, route planning, protection and public awareness by providing regional services and technical assistance for volunteers and partners;
Old Spanish	70,000	70,000	635,000	Shared administration with Bureau of Land Management; begin preparation of CMP;
Oregon	213,000	213,000	238,000	Develop comprehensive interpretation plan with images library database for 4 trails;
Overmountain Victory	163,000	163,000	188,000	New route signs & interpretive exhibits; mapping Trail sites for protection inventory, feasibility study for location of Trail headquarters and visitor contact site;
Pony Express	177,000	177,000	202,000	Develop comprehensive interpretation plan with images library database for 4 trails;
Potomac Heritage	216,000	216,000	250,000	Assistance to local agencies & organizations for planning & educational projects;
Santa Fe	[1] 631,000	[1] 631,000	907,000	Preserve SFNHT Cultural resources, design & distribute interpretive media with SFTA;
Selma to Montgomery	256,000	256,000	261,000	Comprehensive management plan developed and trail interpretation begun in collaboration with citizen support organizations & local agencies;
Trail of Tears	296,000	296,000	481,000	Develop GIS, interpret critical Trail sites & provide new visitor facilities with TOTA;
NTS-Washington Office	238,000	238,000	350,000	Program coordination and funding for special projects and training for staff & partners;
National Trails System	6,962,000	6,962,000	9,553,000	Total National Trails System operations funding
Challenge Cost Share	[2] 6,852,000	[3] 8,974,000	9,000,000	$5 M for Lewis & Clark; One-third of remaining $4 M for rest of National Trails System.
Interagency GIS Project	....	....	[4] 1,253,000	Development of GIS for National Trails System.
BLM:				
Iditarod Trail	165,000	165,000	250,000	Coordination and support for collaborative management with other Federal agencies, Iditarod Trail organizations and State of Alaska; bridges and cabins;

El Camino Real	250,000	250,000	250,000	Collaborative administration and management with National Park Service;
Old Spanish	87,000	87,000	100,000	Collaborative administration and management with National Park Service; Begin preparation of Comprehensive Management Plan;
Continental Divide	115,000	115,000	115,000	Marking 230 miles of CDT in Wyoming and work in Idaho, Montana and New Mexico; Interagency management collaboration;
Pacific Crest	90,000	90,000	190,000	PCT maintenance in California; Interagency management collaboration;
Juan Bautista de Anza	56,000	56,000	56,000	Interpretive exhibits for Anza Trail in Arizona and California;
California	163,000	163,000	163,000	California Trail resource inventories in Utah, Nevada and California;
Lewis & Clark	1,754,000	1,754,000	1,754,000	Lewis & Clark Bicentennial preparations and activities in Idaho and Montana;
Mormon Pioneer	129,000	129,000	129,000	
Nez Perce	43,000	43,000	$43,000	Lewis & Clark Bicentennial preparations in Idaho and Montana;
Oregon	144,000	144,000	144,000	Interagency management collaboration;
Pony Express	121,000	121,000	121,000	Marking Pony Express Trail in Utah and Nevada;
National Trails System	3,117,000	3,117,000	3,315,000	Total National Trails System operations funding.
Casper NHT Center	407,000	407,000	407,000	Operating Oregon, California, Mormon Pioneer, and Pony Express National Historic Trails interpretive center;
Construction of California Trail Interpretive Center—NV	1,000,000	....	1,000,000	Continued funding for construction of California National Historic Trail interpretive center in Elko, Nevada.
FOREST SERVICE:				
Continental Divide	653,000	....	967,500	Continued support for full administrative responsibility and leadership for consistent interagency collaboration for each trail; support for consistent management with trail organization and local agency partners; trail brochures, signs, project planning etc.; Also $572,500 to plan 382 new miles of CDT; $200,000 to support work of full-time Trail administrator and $100,000 for Optimal Location Planning for PCT and $100,000 to increase Trail maintenance by volunteers coordinated by PCTA; $750,000 to continue collaborative work with Florida Trail Association to inventory 430 miles of the Florida Trail and continue development of Trail GIS; $49,000 to support education and public outreach activities of Nez Perce Trail Foundation;
Florida	554,000	....	750,000	
Pacific Crest	733,000	....	900,000	
Nez Perce Trails	537,000	....	586,000	
Total	2,477,000	1,000,000	3,203,500	
Appalachian, North Country, Ice Age, Iditarod, California, Juan Bautista de Anza, Lewis & Clark, Oregon, Mormon Pioneer, Overmountain Victory, Pony Express, Santa Fe, Trail of Tears.	745,000	350,000	750,000	Improved trail maintenance, marking, interpretation, archaeological studies, historic site protection and trailhead facilities for trail segments in National Forests; $200,000 to address deferred maintenance, remove blowdown trees on 30 miles of trail, make improvements and provide liaison for collaborative management of the North Country Trail with National Park Service; Re-location and reconstruction of sections of the Appalachian Trail, replacement of major bridges and installation of toilets at shelters;
Continental Divide Trail	988,000	....	1,000,000	Trail construction projects along the Continental Divide Trail: reconstructing or building 267 miles of trail in Montana, Idaho, Wyoming, Colorado and New Mexico;
Florida Trail	494,000	....	500,000	Trail construction projects totaling 90 miles in Seminole State Forest, Aucilla Wildlife Refuge and along the Choctawahatchee, Kissimmee, Yellow, and Suwannee Rivers;

ATTACHMENT NO. 2.—PARTNERSHIP FOR THE NATIONAL TRAILS SYSTEM REQUESTED FISCAL YEAR 2005 APPROPRIATIONS FOR THE NATIONAL TRAILS SYSTEM—Continued

Agency/Trail	Fiscal year			Project/Programs possible with increased funding
	2004 Cong. approp.	2005 Admin. request	Partners request	
Pacific Crest Trail	840,000	....	1,765,000	Trail construction projects along the Pacific Crest Trail, including reconstruction of fire and storm damaged bridges and structures in California and Washington; Fabrication and installation of roadside interpretive signs at Trail highway crossings;
National Trails System	4,719,000	1,350,000	7,218,500	Total: National Trails System funding
Nat. Forest System Trail Maintenance	37,750,000	....	....	Trail maintenance throughout the National Forest System.
Nat. Forest System Trail Construction	37,900,000	....	....	New trail construction and trail re-construction throughout the National Forest System.
Nat. Forest System Capital Improvement & Maintenance—Trails	75,650,000	71,791,000	85,000,000	Trail maintenance and new trail construction throughout the National Forest System.
LWCF FOR TRAILS:				
LWCF grant—FS Pacific Crest	....	....	10,000,000	USDA-Forest Service acquisition of lands in southern California, Oregon and southern Washington to preserve the scenic integrity of the Pacific Crest Trail.
LWCF grant—FS Florida	3,000,000	....	10,000,000	USDA-Forest Service acquisition of lands to protect 62 miles of threatened Florida Trail corridor and connect trail segments across private land between the National Forests, St. Marks Wildlife Refuge, Eglin Air Base, along the Suwannee River and in central and south Florida.
LWCF grant—FS Appalachian	3,800,000	3,000,000	5,000,000	The total supports three USDA-Forest Service acquisition projects in the Tennessee Mountains and Virginia Mountains. Of the total, about $2 million would acquire 16 Appalachian Trail-related tracts; the balance would acquire other significant inholdings within the affected forests.
LWCF grant Ice Age—Wisconsin [6]	2,000,000	....	4,000,000	Assistance provided to State of Wisconsin to protect threatened Ice Age Trail corridor and connect trail segments across private land in Dane, Chippewa, Columbia, Marathon, Polk, Portage, Walworth, Washington, Waupaca and Waushara Counties.
LWCF grant—NPS North Country—WI, MI [7]	....	....	1,000,000	Assistance provided to States of Wisconsin, Michigan and Ohio to acquire critical links in the North Country Trail;
LWCF grant—FS Overmountain Victory	....	....	150,000	USDA-Forest Service acquisition of land to protect key link in the Overmountain Victory Trail in North Carolina.
LWCF grant—BLM Oregon	1,000,000	1,500,000	1,500,000	BLM acquisition of land along the Sandy River in Oregon.
LWCF grant—BLM Lewis & Clark	....	3,500,000	3,500,000	BLM acquisition of land along Missouri River at Chain-of-Lakes RMA in Montana.

LWCF grant—NPS Lewis & Clark	1,250,000	6,250,000	6,250,000	Park Service acquisition of land at Fort Clatsop National Memorial in Oregon.
Total	11,050,000	14,250,000	41,400,000	

[1] Includes $261,000 for operations of Santa Fe Park Service office, not related to the Santa Fe Trail.
[2] Includes $4.902 million earmarked for Lewis & Clark Bicentennial projects. One-third of the remaining funds (about $650,000 of $1.950 million) are earmarked for National Trails System projects.
[3] Administration request does not allocate any funds for the National Trails System. The Congressional earmark is needed to accomplish this.
[4] Funding request reflects budget detailed in Park Service GIS report delivered to Congress in January 2002.
[5] Appropriation includes: $2.477 million for administration of the Continental Divide, Florida, and Pacific Crest National Scenic Trails and the Nez Perce National Historic Trail, funding for full-time administrators for each trail and land acquisition teams for the Florida and Pacific Crest Trails.
[6] This would be a grant to the State of Wisconsin to be matched at least 1:1.
[7] These would be grants to the States of Wisconsin, Michigan and Ohio to be matched at least 1:1.

PREPARED STATEMENT OF THE RIVERS AND TRAILS COALITION

Mr. Chairman and members of the Subcommittee, the Rivers and Trails Coalition, composed of local, regional, statewide, and national organizations representing hundreds of thousands of Americans nationwide committed to conservation and recreation, respectfully asks that you fund the National Park Service Rivers, Trails and Conservation Assistance (RTCA) program at $13 million in fiscal year 2005.

The RTCA coalition formed many years ago to support an invaluable field-based technical assistance program of the National Park Service that yields enormous conservation and recreation benefits to communities by fostering partnerships between federal, state, and local interests. The resulting cooperative efforts restore rivers and wildlife habitat, develop trail and greenway networks, preserve open space, and revitalize communities—all contributing to improved quality of life and close-to-home recreation. RTCA staff provide on-the-ground assistance solely at the request and invitation of communities in coordinating projects, facilitating public meetings, serving as a liaison and convener of government and non-profit groups, assessing and mapping resources, developing promotional materials and events, and identifying sources of funding.

RTCA is a highly effective and popular program but continues to lack adequate funding. Current demand for RTCA services greatly exceeds the program's capacity. Despite RTCA's successes in coordinating upwards of 300 projects annually, RTCA funding has remained relatively stagnant during the last decade, virtually flat for the last four years, and has lagged well behind the rate of inflation, resulting in real cuts to the program. The program's declining real budget and funding shortages have resulted in limiting staff positions in several regions, office closures, and reduced staff participation within communities and on-the-ground projects, diminishing essential services of this field-based program. RTCA currently has 82 staff in 33 field offices, compared to 90 staff in 2002. Flat funding results in an annual loss of approximately 4 positions, as personnel costs continue to rise through inflation and cost-of-living increases, while project costs must be cut back. The program faces further reductions in service and the loss of another 4–5 staff in fiscal year 2005 if RTCA receives flat funding.

RTCA is an extremely cost-efficient program. Through RTCA partnerships, NPS helps conserve more than 750 miles of river corridor, develops nearly 1,500 miles of trails, and protects more than 65,000 acres of park, habitat, and open space annually, at no long-term cost to NPS. Projects also include regional trail systems and greenway development, transportation alternatives, brownfield redevelopment, youth conservation projects, floodplain planning, among numerous other conservation and recreation initiatives. RTCA receives less than one-half of 1 percent of the total funding for the National Park Service, yet by building local partnerships it succeeds in attracting substantial local funding. Every year, RTCA funding has helped leverage millions of dollars from other sources for its projects. This program is an excellent value for the American taxpayer and merits increased funding to accomplish its mission as a community-based National Park Service technical assistance and outreach program.

Last year, RTCA experienced a strong showing of support from both the Administration and many legislators. The President's fiscal year 2004 budget request proposed a $1.5 million increase for RTCA (to approximately $9.6 million), recognizing the critical role the program plays in creating a nationwide, seamless network of parks and open spaces, supporting conservation partnerships, promoting volunteerism, and encouraging physical activity. The Administration's *HealthierUS* Initiative explicitly highlights RTCA for its efforts in promoting physical activity through the development of local trails, greenways, and parks.

The Senate Interior Appropriations bill included a $1.5 million increase for the RTCA program for fiscal year 2004, representing a modest increase equal to the President's proposal. In addition, twenty-two Senators signed a Dear Colleague letter requesting increased funding for RTCA in fiscal year 2004. The House Interior Appropriations bill, however did not include increased funding for RTCA in their mark-up. The final fiscal year 2004 Interior budget provided flat funding for RTCA in the NPS budget at approximately $8.2 million

Our requested funding level would allow this extremely beneficial program to continue current projects without interruption, restore recent cuts, put staff closer to the people they serve, and meet the outstanding requests from communities around the nation. We strongly believe it makes sense to strengthen programs such as RTCA that support communities through partnerships and capacity-building, enabling local stakeholders to better manage and conserve their recreational and natural resources from the bottom-up.

We urge you to fund the Rivers, Trails and Conservation Assistance program at $13 million in the fiscal year 2005 Interior Appropriations bill to remedy the program's continued erosion, compensate for losses due to inflation, and enable the program to respond to growing needs and opportunities in communities throughout the country. Thank you for your consideration.

Respectfully submitted by the Rivers and Trails Coalition, comprised of the following organizations:

The Accokeek Foundation; American Canoe Association; American Hiking Society; American Rivers; American Society of Landscape Architects; American Trails; American Whitewater; Appalachian Mountain Club; Association of State Floodplain Managers; Bay Circuit Alliance; Bikes Belong Coalition; Conservation District of Southern Nevada; East Coast Greenway Alliance; International Mountain Bicycling Association; National Association of Service & Conservation Corps; National Audubon Society National Parks Conservation Association; National Recreation and Park Association; New York-New Jersey Trail Conference; New York Parks and Conservation Association; North American Water Trails; Rails to Trails Conservancy Scenic America; Trout Unlimited; Washington Area Bicyclist Association; and Washington Trails Association.

Prepared Statement of the San Diego County Water Authority

Re: Support for fiscal year 2005 Federal Funding of $5.2 Million for the Department of the Interior—Bureau of Land Management to assist in the Colorado River Basin Salinity Control Program, with $800,000 to be designated specifically for salinity control efforts.

The San Diego County Water Authority appreciates your support and leadership in securing fiscal year 2005 funding for the Department of the Interior—Bureau of Land Management (BLM) with respect to the federal/state Colorado River Basin Salinity Control Program. This program is carried out pursuant to the Colorado River Basin Salinity Control Act and the Clean Water Act.

Locally, salinity has been one of San Diego County's biggest water quality issues. The Colorado River is the primary source of water for the San Diego region, providing in recent years about 75 percent of the water imported by the Water Authority. Compared with water imported from the State Water Project, which comprises the remaining 25 percent of the Authority's supply, Colorado River water is relatively high in dissolved salts. While this is not a concern from a public health perspective, impacts of excessive salinity in San Diego County include damages to residential and business water-using appliances, reduced agricultural yields, plus increased water use for leaching agricultural crops.

The Authority is working with members of the Colorado River Board, the state agency charged with protecting California's interests and rights in the water and power resources of the Colorado River System, to support activities that further control the concentrations of salinity of the Colorado River.

Because of the importance of the Colorado River to the San Diego region the San Diego County Water Authority is requesting that Congress appropriate $5,200,000 and the administration allocate these funds to support BLM's portion of the Colorado River Basin Salinity Control Program.

Further, the San Diego County Water Authority urges the Subcommittee to specifically mark $800,000 from this line-item for the Colorado River Basin Salinity Control Program, as has been the direction to BLM from the Subcommittee in past years.

The Colorado River Basin Salinity Control Forum (Forum), on behalf of the seven Colorado River Basin states, has submitted testimony to your Subcommittee. The San Diego County Water Authority concurs in the fiscal year 2005 funding request and justification statements for BLM as set forth in the Forum's testimony.

The Colorado River is, and will continue to be, a significant and vital water resource to the millions of San Diego County residents. The Water Authority greatly appreciates your support of the federal/state Colorado River Basin Salinity Control Program and your assistance and leadership in securing adequate funding for this important program.

Prepared Statement of the Society for Animal Protective Legislation

The Society for Animal Protective Legislation (SAPL) respectfully requests the House Appropriations Committee's Subcommittee on Interior and Related Agencies appropriate an additional $7 million for the United States Fish and Wildlife Service Division of Law Enforcement for Special Agents, an additional $1.4 million to establish two new wildlife ports of entry, $12 million for certain funds under the Multinational Species Conservation Fund (including a specific $500 thousand for the Great Ape Survival Partnership of the United Nations Environment Programme), $7 million for the Clark R. Bavin National Fish and Wildlife Forensics Laboratory, and $1 million to enforce the recently-enacted Captive Wildlife Safety Act.

UNITED STATES FISH AND WILDLIFE SERVICE DIVISION OF LAW ENFORCEMENT

SAPL urges significant increased funding to enable the Law Enforcement Division of the U.S. Fish and Wildlife Service (FWS) to undertake its important, expanding work. These agents are responsible for enforcement of over a dozen conservation laws including the Lacey Act, Migratory Bird Treaty Act, Endangered Species Act, Marine Mammal Protection Act, African Elephant Conservation Act, the Wild Bird Conservation Act, and implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Special agents undertake a variety of wildlife trade cases involving illegal shipments of caviar, elephant ivory, shahtoosh, reptiles, primates, African finches, bear viscera, turtle eggs, coral, exotic big cats, and many other species. It is well-known that the trade in wildlife is rivaled only by the trade in drugs in terms of its magnitude in global commerce.

Special Agents

The FWS Division of Law Enforcement undertook nearly 10,000 investigations during fiscal year 2003 for cases involving vital wildlife protection statutes that are important to millions of Americans. Special agents also conduct vital anti-poaching and wildlife law enforcement training for officials in numerous countries across the globe. This training is essential to protect threatened and endangered wildlife from being poached in these range states. In 2003 cases uncovered more than 7,700 violations resulting in some $13,000,000 in fines and civil penalties.

The proposed budget for law enforcement operations and maintenance would not meet even the most basic needs of the Division, which is currently undergoing a rebuilding effort to get back to its number of authorized Special Agents—253. Quite frankly, SAPL feels that 253 Special Agents is insufficient to investigate all cases of illegal wildlife smuggling. However, given current funding restraints, SAPL urges an additional $7 million appropriation to enable the Service to hire 38 additional law enforcement special agents to raise its number from 215 to 253. This money will not only enable the new hires, but it will also provide the $186,000 of funding per agent that is optimal for the agents to carry out their work (this includes salary and operations expenses).

Port Inspectors

Approximately 100,000 shipments worth more than $1 billion are processed by FWS inspectors at the 14 existing designated ports of entry each year. As wildlife smugglers become increasingly sophisticated, they try new ways to get their wildlife contraband into the United States—including via United Parcel Service (UPS) and Federal Express (FedEx). SAPL, therefore, requests an additional $1.4 million to establish Memphis (a FedEx hub) and Louisville (a UPS hub) as Designated Ports of Entry. $700,000 for each of these entry points would enable three wildlife inspectors, one special agent, and clerical support and other basic start-up costs. Annual appropriation needs for each of these ports, once established, will decrease to approximately $450,000.

MULTINATIONAL SPECIES CONSERVATION FUND

Since 1988, the United States has shown its steadfast commitment to global conservation efforts by legislatively creating a series of funds to assist in wildlife protection in all regions of the globe. The African Elephant Conservation Fund, the Asian Elephant Conservation Fund, the Rhinoceros and Tiger Conservation Fund, and recently, the Great Ape Conservation Fund, are vital tools to prevent these species from declining further and, in some cases, going extinct. SAPL respectfully requests that $2.5 million be appropriated for the Asian Elephant Conservation Fund, $2.5 million for the African Elephant Conservation Fund, $3 million for the Great Ape Conservation Fund and $4 million for the Rhinoceros and Tiger Conservation Fund.

The African Elephant Conservation Fund and the Asian Elephant Conservation Fund have provided important funding for elephant conservation projects. For decades, poachers and smugglers exploiting the global ivory trade have targeted elephants. Today, elephants are at great risk not only for ivory, but also for their meat, which is consumed as "bushmeat," particularly in Africa. Vital conservation projects that have received funding under these Funds include: anti-poaching assistance, acoustic monitoring of forest elephants, immunocontraception research as a means of non-lethal population control, and programs exploring the interrelationships of elephants, people, and the protection of their crops.

The Rhinoceros and Tiger Conservation Fund provides essential financial assistance to protect the world's remaining five rhino species and tiger subspecies. Rhinos have been poached historically for their horns, which are used in traditional Asian medicines, while tigers have been exploited for their valuable skins, bones and other body parts. In the last century, it is estimated that the total number of all wild tigers scattered across their range has plummeted to 5,000 animals. Recent U.S. funding has contributed to the equipping and operating of anti-poaching patrols, studies of population dynamics using DNA technology, establishing conservation education programs in rhino and tiger range states to increase awareness about these species, and rhino translocations.

The Great Ape Conservation Fund makes funds available to address the growing threat of the trade in bushmeat and the habitat decimation perpetrated on great apes by timber companies and other extractive industries. Chimpanzee, bonobo, gorilla, orangutan and gibbon populations have declined substantially, and there is a serious threat to their long-term survival. Grants from this fund enable conservation and anti-poaching projects to be established and effectively implemented to the benefit of these endangered ape species.

A specific earmark for the Great Ape Survival Partnership (GRASP) is needed under the Great Ape Conservation Fund. The United Nations Environment Programme has undertaken a significant, ambitious endeavor to examine all of the relevant parameters concerning great ape decline and survival in range states. A modest additional $500,000 from the United States Congress, administered through the Great Ape Conservation Fund, would provide support for GRASP's continuing work to undertake stakeholder workshops and technical missions in range states. This will assist dramatically in the development of long-term national planning projects to conserve all remaining great apes.

THE CLARK R. BAVIN NATIONAL FISH AND WILDLIFE FORENSICS LABORATORY

The Service's forensics lab is uniquely capable of providing assistance in the prosecution of wildlife crimes and is the world's only forensic laboratory devoted specifically to wildlife crime. The lab analyzes teeth, claws, hairs, feathers, tissues, blood, and other wildlife samples to determine species of origin and connect wildlife and suspects to the scene of the crime. This lab has always been on the cutting edge of wildlife prosecutions and must be funded adequately to fulfill its vital roles. Further, the lab is an internationally well-respected icon, and the Secretariat of CITES has, for instance, entered into Memorandums of Understanding with the lab to, among other things, assist in the analysis of ballistic evidence. At the CITES Standing Committee meeting in Geneva, Switzerland in March 2004, the CITES Secretariat specifically recommended that Parties contact the Bavin lab to assist in the identification of bear parts and derivatives during investigations.

The laboratory has begun an important and significant rehabilitation and expansion project, which had included plans to enlarge lab capabilities with a 37,000 square foot addition, including a training and conference room, a new pathology lab with a bio-level 3+ containment capability, and a new evidence control area. Sadly, funding constraints are apparently preventing the Bavin lab from meeting its planned development goals fully. We respectfully urge this Subcommittee to appropriate a minimum of $7 million to enable completion of the renovation of the demonstration colony, and morphology and firearms facilities, as well as new additions for pathology, an atrium that would include a 60-seat training and conference room for agent and inspector training and scientific conferences. This $7 million appropriation would be extremely modest given the importance of the Clark R. Bavin National Fish & Wildlife Forensics Laboratory and the actual expansion and renovation needs for the lab.

THE CAPTIVE WILDLIFE SAFETY ACT

On December 19, 2003 the President signed into law the Captive Wildlife Safety Act to prevent the interstate and foreign commerce in big cats—lions, tigers, leopards, cheetah, jaguars, or cougars or any hybrid of such species—for personal possession as "exotic" pets. In recent years, the United States has seen a dramatic increase in the number of these dangerous animals being kept in private hands, with a concomitantly dramatic rise in the number of unfortunate attacks by these inherently wild animals. It is imperative that the FWS be given the tools it needs to enforce this important law, for the benefit of the animals themselves and the humans who are at risk because of the big cats who are being kept in captivity.

While the legislation authorized an appropriation of up to $3 million each year for implementation and enforcement of the Act, SAPL appreciates the difficult financial situation confronting Congressional Appropriators this year. As a result, SAPL urges an appropriation of $1 million toward specific enforcement of the Captive Wildlife Safety Act.

WILD HORSE AND BURRO ACT

Another issue the Society for Animal Protective Legislation would like to address is the Wild Horse and Burro Program. In 1971, Congress charged the Bureau of Land Management (Bureau) with preserving America's wild horses. The Wild Horse and Burro Act states that "wild free-roaming horses and burros are living symbols of the historic and pioneer spirit of the West . . . [and] shall be protected from capture, branding, harassment or death."

We are concerned that the Bureau is failing to fulfill this mandate, and instead is engaging in scientifically, ecologically and economically unsound practices under the guise of range protection, resulting in a program which favors the interests of the livestock industry over those of wild horses and burros. In fact, the Bureau has presented a funding proposal to Congress where thousands more horses than can be adopted out to the public will be removed from the range, despite the fact that the Act specifically states that roundups are subject to the availability of homes to which the animals may be adopted.

Domestic livestock so dramatically outnumber wild horses on the range (the ratio is at least 50:1) that the removal of these wild horses will not make a dramatic difference in range vitality. As a GAO report from 1990 states, ". . . the primary cause of degradation in rangeland resources is poorly managed domestic livestock (primarily cattle and sheep) grazing . . . wild horses are vastly outnumbered on federal rangelands . . . Even substantial reductions in wild horse populations will, therefore, not substantially reduce total forage consumption" (Rangeland Management: Improvements Needed in Federal Wild Horse Program, GAO, 1990). It should be noted that less than 3 percent of American beef is produced on federal lands and contributes less than 1 percent to annual incomes in Western states.

During this Congress, Representative John Sweeney, Co-chair of the Congressional Horse Caucus introduced the American Horse Slaughter Prevention Act to ban the slaughter of America's horses. To date this bill has the strong support of Congress, the horse and humane community, veterinarians and the American public. Each year thousands of federally protected wild horses, stolen horses, foals and abused horses are being slaughtered in a brutal industry to meet consumer demand abroad.

Congress must act quickly to ensure that our wild horses do not quietly disappear at the hands of a few self-serving individuals.

In closing we, support the President's language included in the fiscal year 2005 Department of Interior Appropriations Act:

"That appropriations herein made shall not be available for the destruction of healthy, unadopted, wild horses and burros in the care of the Bureau or its contractors."

HONOR THE U.S. OBLIGATION TO PHASE OUT STEEL JAW LEGHOLD TRAPS

Approximately 140 of 517 national refuges currently permit use of steel jaw leghold traps. These traps slam with a vice-like grip on the limbs of their victims, breaking bones, tearing ligaments and tendons, severing toes and causing excruciating pain. Alternative traps, which reduce the suffering of trapped animals are available and can be used instead.

The American Veterinary Medical Association, the American Animal Hospital Association, the World Veterinary Association and the National Animal Control Association have condemned leghold traps as "inhumane". The vast majority of Americans oppose use of these traps as evidenced by numerous public opinion polls. In addition, the states of Massachusetts, Arizona, Colorado, Washington and California have prohibited use of these cruel devices by public referendum. New Jersey, Florida and Rhode Island prohibit use of steel jaw traps too.

In response to the widespread international concern with steel jaw leghold traps, the U.S. Trade Representative signed an "Understanding" with the European Union on December 11, 1997 in which the United States committed to phase out use of "conventional steel jawed leghold restraining traps." The U.S. Department of Interior is responsible for honoring this U.S. obligation on lands under its jurisdiction and needs to begin implementing a phase out on use of these devices. So far, no action has been taken by the Department of Interior to comply with this official agreement. We respectfully request this distinguished Subcommittee urge the Secretary to take action this year.

LETTER FROM THE STATE OF UTAH

STATE OF UTAH,
OFFICE OF THE GOVERNOR,
Salt Lake City, UT, February 16, 2004.

Hon. CONRAD BURNS, *Chair,*
Hon. Robert C. Byrd, *Ranking Minority Member,*
Subcommittee on Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BURNS AND SENATOR BYRD: I am writing to request your support and assistance in ensuring continued funding for the Recovery Implementation Program for Endangered Fish Species in the Upper Colorado River Basin (Upper Colorado River Endangered Fish Recovery Program) and the San Juan River Basin Recovery Implementation Program. These cooperative programs involving the states of Colorado, New Mexico, Utah and Wyoming, Indian tribes, federal agencies and water, power and environmental interests are ongoing in the Upper Colorado River Basin and have as their objective recovering four species of endangered fish while water development proceeds in compliance with the Endangered Species Act of 1973, state law and interstate compacts. Utah respectfully requests support and action by the Subcommittee that will provide the following:

1. The appropriation of $700,000 in "recovery" funds (Ecological Services Activity; Endangered Species Subactivity; Recovery Element; Colorado Fish Project) to the U.S. Fish and Wildlife Service (FWS) for fiscal year 2005 to allow FWS' Region 6 to meet its funding commitment to the Upper Colorado River Endangered Fish Recovery Program. This is the level of funding appropriated in fiscal years 2003 and 2004 for this program. Funding will be used for FWS' program and data management costs, estimating the abundance of fish populations, evaluating stocking and monitoring fish and habitat response to recovery actions.

2. The allocation of $444,000 in appropriated base operation and maintenance funds ("Fisheries Activity; Hatchery O&M Subactivity") to support the current operation of the FWS' Ouray National Fish Hatchery in Utah for fiscal year 2005.

3. The allocation of $165,000 in "recovery" funds for the San Juan River Basin Recovery Implementation Program to the FWS for fiscal year 2005 to meet FWS's Region 2 expenses associated with program management and implementing the San Juan Program's actions.

The enactment of Public Law 106–392, as amended by Public Law 107–375, authorized the Federal Government to provide up to $46 million of cost sharing for these two ongoing recovery programs' remaining capital construction projects. Additional hatchery facilities to produce endangered fish for stocking, restoring floodplain habitat and fish passage, regulating and supplying instream habitat flows, installing diversion canal screens to prevent fish entrapment and controlling nonnative fish populations are key components of the capital construction efforts. The four participating states are contributing $17 million, and $17 million is being contributed from revenues derived from the sale of Colorado River Storage Project (CRSP) hydroelectric power. Subsection 3(c) of Public Law 106–392 authorizes the Secretary of the Interior to accept up to $17 million of contributed funds from Colorado, Wyoming, Utah and New Mexico, and to expend such contributed funds as if appropriated for that purpose. These facts demonstrate the strong commitment and effective partnerships that are present in both of these successful programs.

The above line item funding requests for the FWS are supported by the state of Utah and each of the participating states engaged in these programs. The requested federal appropriations are critically important and will be used in concert with other federal and non-federal cost-sharing funding. The support of your Subcommittee in past years is gratefully acknowledged and appreciated, and it has been a major factor in the success of these multi-state, multi-agency programs in progressing towards endangered fish species recovery in the Upper Colorado and San Juan River basins while necessary water use and development activities are occurring. We again request the Subcommittee's assistance to ensure that the FWS is provided with adequate funding for these vitally important programs.

Sincerely,

OLENE S. WALKER,
Governor.

LETTER FROM THE STATE OF WYOMING

STATE OF WYOMING,
OFFICE OF THE GOVERNOR,
Cheyenne, WY, February 25, 2004.

Hon. CONRAD BURNS, *Chairman,*
Hon, BYRON DORGAN, *Ranking Member,*
Subcommittee on the Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BURNS AND SENATOR DORGAN: I am writing to request your support and assistance in insuring continued funding for the Recovery Implementation Program for Endangered Fish Species in the Upper Colorado River Basin (Upper Colorado River Endangered Fish Recovery Program) and the San Juan River Basin Recovery Implementation Program. These cooperative programs involving the States of Colorado, New Mexico, Utah and Wyoming, Indian tribes, federal agencies and water, power and environmental interests are ongoing in the Upper Colorado River Basin and have as their objective recovering four species of endangered fish while water development proceeds in compliance with the Endangered Species Act of 1973, state law, and interstate compacts. Wyoming respectfully requests support and action by the Subcommittee that will provide the following:

1. The appropriation of $691,000 in "recovery" funds (Ecological Services Activity; Endangered Species Subactivity; Recovery Element; Colorado Fish Project) to the U.S. Fish and Wildlife Service (FWS) for fiscal year 2005 to allow FWS' Region 6 to meet its funding commitment to the Upper Colorado River Endangered Fish Recovery Program. This is the level of funding appropriated in fiscal years 2003 and 2004 for this program. Funding will be used for FWS' program and data management costs, estimating the abundance of fish populations, evaluating stocking and monitoring fish and habitat response to recovery actions.

2. The allocation of $444,000 in appropriated base operation and maintenance funds ("Fisheries Activity; Hatchery O&M Subactivity") to support the current operation of the FWS' Ouray National Fish Hatchery in Utah for fiscal year 2005.

3. The allocation of $167,000 in "recovery" funds for the San Juan River Basin Recovery Implementation Program to the FWS for fiscal year 2005 to meet FWS' Region 2 expenses associated with program management and implementing the San Juan Program's actions.

The enactment of Public Law 106–392, as amended by Public Law 107–375, authorized the Federal Government to provide up to $46 Million of cost sharing for these two ongoing recovery programs' remaining capital construction projects. Additional hatchery facilities, restoring floodplain habitat and fish passage, regulating and supplying instream habitat flows, installing diversion canal screens and controlling nonnative fish populations are key components of the capital construction efforts. The four participating states are contributing $17 Million and $17 Million is being contributed from revenues derived from the sale of Colorado River Storage Project (CRSP) hydroelectric power. Subsection 3(c) of Public Law 106–392 authorizes the Secretary of the Interior to accept up to $17 Million of contributed funds from Colorado, Wyoming, Utah and New Mexico, and to expend such contributed funds as if appropriated for that purpose. These facts demonstrate the strong commitment and effective partnerships that are present in both of these successful programs.

The above line item funding requests for the FWS are supported by the State of Wyoming and each of the participating States engaged in these Programs. The requested federal appropriations are critically important and will be used in concert with other federal and non-federal cost-sharing finding. The support of your Subcommittee in past years is acknowledged and appreciated and has been a major factor in the success of these multi-state, multi-agency programs in progressing towards endangered fish species recovery in the Upper Colorado and San Juan River Basins while necessary water use and development activities are occurring. We again request the Subcommittee's assistance to ensure that the FWS is provided with adequate funding for these vitally important programs.

Best regards,

DAVE FREUDENTHAL,
Governor.

LETTER FROM THE STATE OF WYOMING

STATE OF WYOMING,
OFFICE OF THE GOVERNOR,
Cheyenne, WY, February 25, 2004.

Hon. CONRAD BURNS, *Chairman,*
Hon. Byron Dorgan, *Ranking member,*
Subcommittee on the Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BURNS AND SENATOR DORGAN: I am writing to request your support and assistance in insuring continued funding for the U.S. Fish and Wildlife Service's (FWS) participation in the development of a Federal/State basin-wide recovery implementation program (Program) for endangered species in central Nebraska. Wyoming respectfully requests support and action by the Subcommittee to provide the appropriation of $982,000 in "recovery" funds (Ecological Services Activity; Endangered Species Subactivity; Recovery Element; Platte River Recovery Project) to the U.S. Fish and Wildlife Service (FWS) for fiscal year 2005 to allow FWS to continue its necessary participation. This is the same level of funding appropriated to the FWS in fiscal year 2004 for this project and insures that the Platte River is not de-emphasized in the FWS budget at a critical time in the Program's development. Congress has appropriated funding in this FWS line item each year since 1998.

In 1997, the States of Nebraska, Wyoming and Colorado and the U.S. Department of the Interior signed a Cooperative Agreement for Platte River Research and Other Efforts Relating to Endangered Species Along the Central Platte River, Nebraska (Cooperative Agreement). The signatories agreed to pursue a basin-wide, cooperative approach to address habitat needs of four threatened and endangered species—the whooping crane, piping plover, least tern and pallid sturgeon. The signatories to the Cooperative Agreement realize a comprehensive, cooperative approach for addressing the Endangered Species Act (ESA) issues in the Central and Lower Platte River Basin region is the most equitable and effective means to resolving endangered species conflicts. This cooperative approach also provides greater certainty that the Platte River will continue as a water source for irrigators, wildlife, and for the many people who reside in the Basin.

The Department of the Interior has prepared a draft environmental impact statement (DEIS) dated December 2003 to analyze the impacts of the proposed Program. The National Academies of Science (NAS) is currently conducting a review of the scientific aspects of the processes and methods used by the FWS in determining the habitat needs for the target species in central Nebraska. It is anticipated that the required EIS and ESA reviews of the proposed Program, as well as the NAS review of the scientific foundation of the proposed program, will be completed during calendar year 2005. With adequate funding secured to complete the required reviews, the first increment of the Program may be implemented in 2005. Once approved by the States and the Congress, program costs will be shared equally between the States and the Federal government. Any specific authorization that may be sought from the Wyoming Legislature or the Congress for Program implementation will be addressed prior to proceeding with implementation of the Program.

The State of Wyoming and each of its partners participating in developing the proposed Program for the Platte River Basin support the $982,000 funding request for the FWS. The requested Federal appropriation is critically important and will be used in concert with other federal and non-federal cost-sharing funding. The support of your Subcommittee in past years is gratefully acknowledged and appreciated. We also appreciate the fact that the Bureau of Reclamation Budget for 2005 is adequate to cover their participation in financing the Program. We again request the Subcommittee's assistance to ensure that the FWS is provided with adequate funding to assure progress and success in implementing the proposed recovery implementation program.

Best regards,

DAVE FREUDENTHAL,
Governor.

LETTER FROM THE WYOMING STATE ENGINEER'S OFFICE

WYOMING STATE ENGINEER'S OFFICE,
HERSCHLER BUILDING,
Cheyenne, WY, May 12, 2004.

Hon. CONRAD BURNS, *Chairman,*
Hon. BYRON L. DORGAN, *Ranking Member,*
Subcommittee on the Interior, Committee on Appropriations, U.S. Senate, Dirksen Senate Office Building, Washington, DC.

Re: Support for Funding of $5,200,000 in fiscal year 2005 to the Bureau of Land Management for Implementing the Colorado River Salinity Control Program; Support for the President's Request for the Land Resources Subactivity—Soil, Water and Air Account in the amount of $34,238,000; Requesting the Specific Designation of $800,000 for Colorado River Basin Salinity Control

DEAR CHAIRMAN BURNS AND RANKING MEMBER DORGAN: This letter is sent in support of fiscal year 2005 funding for the Bureau of Land Management (BLM) for activities directly benefiting the Colorado River Salinity Control Program. The activities needed to control salts reaching the Colorado River system from lands managed by the BLM fall within that agency's Land Resources Subactivity—Soil Water and Air Account. We write to request $5,200,000 be directed to enhancing Colorado River water quality and accomplish salt loading reduction in the Basin. We support the appropriation of $34,238,000 for the Soil Water and Air Account, Land Resources Subactivity, as requested in the President's recommended fiscal year 2005 budget.

The State of Wyoming is a member state of the seven-state Colorado River Basin Salinity Control Forum, established in 1973 to coordinate with the Federal Government on the maintenance of the basin-wide Water Quality Standards for Salinity. The Forum is composed of gubernatorial representatives and serves as a liaison between the seven States and the Secretaries of the Interior and Agriculture and the Administrator of the Environmental Protection Agency (EPA). The Forum advises the Federal agencies on the progress of efforts to control the salinity of the Colorado River and annually makes funding recommendations, including the amount believed necessary to be expended by the Bureau of Land Management for its Colorado River Basin Salinity Control Program. Overall, the combined efforts of the Basin States, the Bureau of Reclamation, the Bureau of Land Management and the Department of Agriculture have resulted in one of the nation's most successful non-point source control programs.

The basin-wide water quality standards for salinity consists of numeric water quality criteria set for three Lower Colorado River points and a Plan of Implementation that describes the overall Program and the specific salinity control projects that are being implemented to remove sufficient salt from the River system to assure the salinity concentrations of the River's waters arriving at the three locations do not exceed the numeric criteria values. Pursuant to the Clean Water Act, these water quality standards for salinity are reviewed at least once each three years and the Plan of Implementations is jointly adjusted and revised by the States and involved Federal agencies, including representatives of the Bureau of Land Management, to ensure continuing compliance with the numeric criteria for salinity.

Successful implementation of land management practices by the Bureau of Land Management to control soil erosion and the resultant salt contributions to the Colorado River system is essential to the success of the Colorado River Basin Salinity Control Program and compliance with the water quality standards adopted by each of the seven Colorado River Basin States and approved by the Environmental Protection Agency. Inadequate BLM control efforts will result in significant additional economic damages to downstream water users.

At its recent October 2003 meeting, the Forum, in consultation with BLM officials, recommended that the U.S. Bureau of Land Management should expend $5,200,000 in fiscal year 2005 for salinity control. The Forum requests, joined herein by the State of Wyoming, that the Land Resources Subactivity—Soil, Water and Air Account line item be adequately funded. Based on analyses conducted by the Forum, our testimony specifically requests that BLM be directed to target the expenditure of $5,200,000 for activities to reduce salt loading from BLM-managed lands in the Colorado River Basin in fiscal year 2005.

The State of Wyoming appreciates the Subcommittee's funding support of the Bureau of Land Management's statutorial responsibility to participate in the basin wide Colorado River Salinity Control Program in past years. We continue to believe this important basin-wide water quality improvement program merits funding and support by your Subcommittee.

With best regards,

JOHN W. SHIELDS, *Interstate Streams Engineer,* for
PATRICK T. TYRRELL, *Wyoming State Engineer,*
Member, Colorado River Basin Salinity Control Forum.

PREPARED STATMENT OF THE TEAMING WITH WILDLIFE STEERING COMMITTEE

On behalf of the Teaming with Wildlife Steering Committee, we request your support for the State Wildlife Grants program in fiscal year 2005 Interior and Related Agencies Appropriations. Teaming with Wildlife is a broad coalition of more than 3,000 groups who have united to enhance America's wildlife resources. We are dedicated to achieving increased federal funding for state-level fish and wildlife conservation, education, and recreation, to ensure a bright future for all fish and wildlife and the habitat on which they depend. We strongly urge you to appropriate $125 million for State Wildlife Grants in fiscal year 2005.

The State Wildlife Grants program is the nation's core program for preventing wildlife from becoming endangered in every state. The program leverages federal funds to assist state fish and wildlife agencies in conserving wildlife and habitat. The federal government and states have had a strong partnership for decades in the conservation of wildlife species that are hunted and fished—this program extends the same support to all wildlife.

State Wildlife Grants provide essential resources to state agencies to conserve fish, wildlife, and habitat, and to prevent further declines in at-risk fish and wildlife populations. More than 1,000 species are imperiled, or listed as federally threatened or endangered, with many more under consideration for listing. While we understand that Congress must make difficult programmatic decisions during this time of fiscal constraints, it is critical to recognize that State Wildlife Grants ultimately save federal taxpayer dollars. Experience shows that efforts to restore imperiled wildlife are difficult and costly. State Wildlife Grants enable states to be proactive and avert such conservation catastrophes, saving wildlife and taxpayer dollars, and improving our quality of life by conserving wildlife for the benefit of millions of Americans. Further, in difficult budget times, the State Wildlife Grants program is even more effective, as it leverages federal dollars with state and private funds furthering national goals at less federal expense.

We are very pleased that the President has recognized the significance of this program and supported $80 million for State Wildlife Grants in fiscal year 2005, an increase above fiscal year 2004's enacted level. However, funding has been variable over the last few years and we hope to see this funding restored to the Conservation Trust Fund's anticipated higher level. A funding level of $125 million will ensure that every state receives at least $1 million to maintain the critical on-the-ground conservation work that they are doing. Reliable funding is essential for these activities to succeed over the long term.

Because the State Wildlife Grants program is so effective, it enjoys consistent, bipartisan support in Congress. Even in a tight budget year, Members of Congress are asking for additional funding for this effective program. As you know, 52 Senators from both parties and every part of the nation recently signed a letter supporting a funding level of $100 million for State Wildlife Grants. A second letter, supporting full funding for the Conservation Trust Fund and, therefore, an effective funding level of $165 million for State Wildlife Grants, recently attracted the support of 50 Senators. The State Wildlife Grants program also enjoys strong support in the House of Representatives, where 111 Representatives recently signed on to a letter of support for a funding level of $100 million.

We understand the many pressing needs of the nation at this time, but we stress that a nation strong in its international role must be strong in its support for and conservation of its natural resources, including fish and wildlife. We need and sincerely appreciate your help with annual funding, and are hopeful that we can work together to bring dependability to these funds, which will be necessary to achieve long-term fish and wildlife conservation objectives for all citizens.

Prepared Statement of the USGS Coalition

SUMMARY

The USGS Coalition urges Congress to increase the budget of the U.S. Geological Survey to $1 billion in fiscal year 2005—the 125th anniversary of this vitally important federal agency.

The USGS plays a central role in protecting the public from natural hazards such as floods and earthquakes, assessing water quality, providing emergency responders with geospatial data to improve homeland security, analyzing the strategic and economic implications of mineral supply and demand, and providing the science needed to manage our natural resources and combat invasive species that can threaten agriculture and public health. The USGS has nearly 400 offices, located in every state. To aid in its interdisciplinary investigations, the USGS works with over 2,000 federal, state, local, tribal and private organizations.

The USGS Coalition is an alliance of 58 organizations united by a commitment to the continued vitality of the unique combination of biological, geographical, geological, and hydrological programs of the United States Geological Survey.

FUNDING SHORTFALL

During the past eight years, total federal spending for non-defense research and development has risen by nearly 50 percent from $37 billion to almost $55 billion in constant dollars. By contrast, funding for the USGS has been nearly flat, as shown in the accompanying chart (Figure 1). Even this flat funding for the USGS reflects congressional restoration of proposed budget cuts.

In language accompanying last year's spending bill, the House Appropriations Committee strongly urged the Administration "to continue to fund these critical science programs in the base budget in future years." For its part, the Senate Appropriations Committee urged the Administration "to bear in mind the expressed public support across the United States for the Survey's programs."

The need for science in support of public policy decisionmaking has never been greater. USGS scientists and engineers produce knowledge and data that support water, energy and mineral resource management, wildlife and ecosystem management, and protection and prevention measures for natural disasters.

In order to meet the tremendous needs of the future, more investment is needed. That investment should be used to strengthen USGS partnerships, improve monitoring networks, produce high-quality digital geospatial data and deliver the best possible science to address societal problems and inform decision makers.

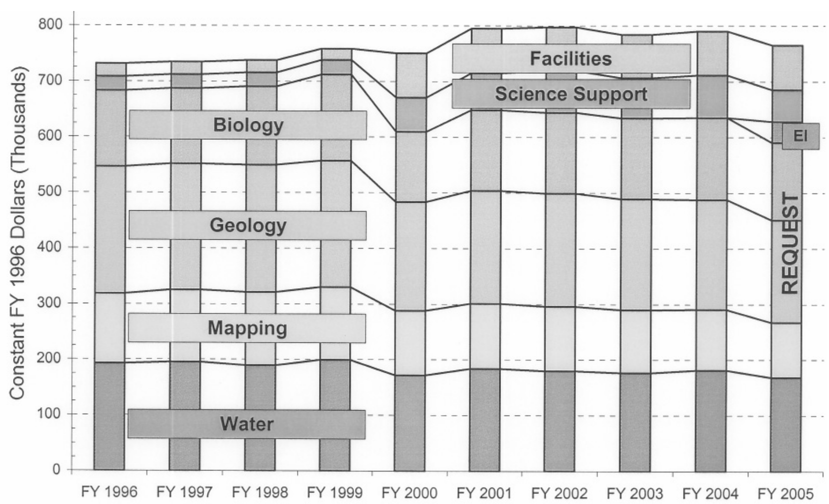


Figure 1. USGS funding in constant dollars, FY 1996 – FY 2005. EI represents the new Enterprise Information account established in the FY 2005 USGS budget request. Source: USGS budget documents.

USGS BUDGET REQUEST

The USGS Coalition urges Congress to increase the budget of the U.S. Geological Survey to $1 billion in fiscal year 2005, an increase of 6.5 percent above the fiscal year 2004 enacted level, which is necessary for the agency to continue providing critical information to decisionmakers at all levels of government. The increase would enable the USGS to restore the science cuts proposed in the budget request, provide full funding for "uncontrollable" costs, and undertake a few exciting new science initiatives that would begin to reverse the cumulative effects of the long-term funding short fall discussed above (Figure 1).

The fiscal year 2005 budget request would cut funding for the USGS by $18.2 million or 1.9 percent to $920.6 million. The budget request would cut $6.5 million from the Mineral Resources program, $6.4 million that funds the Water Resources Research Institutes, $2.8 million for USGS fire ecology and biological fire science activities, and $1.9 million in partnership funding for the National Map, as well as cutting other programs. The proposed budget cuts would adversely affect the ability of the USGS to achieve its mission.

The budget request also contains $17.2 million in uncontrollable cost increases, of which $9.1 million would be funded in the budget and $8.1 million would be "absorbed" by various programs. Without full funding of uncontrollable cost increases, USGS program managers may be forced to curtail on-going research, hindering or preventing the delivery of data needed by natural resource managers and others.

The budget request would add $16.1 million for new or expanded programs, including $1.2 million for science on Department of the Interior landscape initiatives, $2.7 million for Klamath Basin-related science, $1.0 million for Water 2025, and $1.0 million for invasive species research. These initiatives deserve the support of Congress.

We encourage Congress to consider additional increases that would enable the USGS to meet the tremendous need for science in support of public policy decision-making. We appreciate the fiscal year 2003 and fiscal year 2004 report language emphasizing the importance of USGS programs and recognizing the need to support cooperative initiatives. More investment is needed to strengthen USGS partnerships, improve monitoring networks, produce high-quality digital geospatial data and deliver the best possible science to address societally important problems.

A SAMPLING OF ESSENTIAL SERVICES FOR THE NATION

The USGS has a truly national mission that extends beyond the boundaries of the nation's public lands to encompass the homes of all citizens through natural hazards monitoring, drinking water studies, biological and geological resource assessments, and other activities.

—USGS water-quality studies help to protect the nation's drinking water and fresh water resources by assessing how environmental and human factors affect the condition of our streams and ground water over time. The National Weather Service uses data from the USGS streamgage network to issue flood warnings. Other agencies use the data for assessing flood risk and drought impacts. Still other scientists use streamgage data to study fish populations and behavior or to create models that improve our understanding of how ecosystems function.

—Not only does USGS produce the topographic maps familiar to many, but it also works with partners to provide a whole new generation of high-quality, digital geospatial data products that help inform decisions by resource managers, state and local officials, and the public.

—Invasive species are a major economic, environmental and public health problem. USGS researchers track the pathways of these species and study their effects on other organisms and ecosystems.

—Nearly 80 million people in 39 states are at risk from destructive earthquakes. New USGS sensor arrays can produce real-time groundshaking maps and other products to help vulnerable urban areas reduce the human and economic effects of future quakes. The Advanced National Seismic System (ANSS)—a nationwide monitoring network, when complete, will provide emergency response personnel with real-time information on the intensity and distribution of ground shaking that can be used to guide emergency response efforts.

—USGS assessments of energy and mineral resources provide crucial information for environmentally prudent development and conservation, contributing to the nation's economic security.

—USGS biologists are studying wildlife health issues like chronic wasting disease and West Nile virus. Because such diseases can also affect human populations, this research has important medical value as well.

—With elevated homeland security concerns, the USGS and its federal partners are developing and deploying advanced sensors to monitor vulnerable water bodies and natural resources. As the nation's mapper, USGS provides geospatial data for an array of homeland security needs.

CELEBRATE THE 125TH ANNIVERSARY OF THE USGS

Congress has repeatedly recognized the value of the USGS since it established the agency in 1879. In March 2004, a bipartisan group of Representatives demonstrated their appreciation for the USGS by co-sponsoring a resolution (H. Res. 556) that recognizes the agency's important work on the occasion of its 125th anniversary. As he introduced the resolution, Rep. Jim Moran said, "For 125 years, the United States Geological Survey has provided the science that serves as the basis for our most important decisions." The resolution states:

"Resolved, that the House of Representatives congratulates the United States Geological Survey on its 125th anniversary and expresses strong support for the United States Geological Survey as it serves the Nation by providing timely, relevant, and objective scientific information which helps to describe and understand the Earth, minimize the loss of life and property from natural disasters, manage water, biological, energy, and mineral resources, and enhance and protect the quality of life of all Americans."

Recognizing that the USGS is a federal agency ". . . with no regulatory or land management responsibilities and is thus a trusted entity to provide impartial science that serves the needs of the Nation" (H. Res. 556), the USGS Coalition urges Congress to appropriate $1 billion to support USGS programs that underpin responsible natural resource stewardship, improve resilience to natural and human-induced hazards, and contribute to the long-term health, security and prosperity of the nation.

Thank you for your thoughtful consideration of our request. If you would like additional information or to learn more about the USGS Coalition, please contact Robert Gropp of the American Institute of Biological Sciences (rgropp@aibs.org), Emily M. Lehr of the American Geological Institute (eml@agiweb.org), or Craig Schiffries of the National Council for Science and the Environment (schiffries@NCSEonline.org) or visit www.USGScoalition.org.

PREPARED STATEMENT OF THE WILDLIFE MANAGEMENT INSTITUTE

The Wildlife Management Institute (WMI), established in 1911, is a national scientific and educational organization that is committed to the conservation, enhancement and professional management of North America's wildlife and other natural resources. We are longstanding partners of the Bureau of Land Management (BLM), U.S. Fish and Wildlife Service (FWS), U.S. Geological Survey (USGS), and U.S. Forest Service (USFS). In general we support the natural resource management and biological research requests the Administration has made for these agencies but there are specific programs for which WMI seeks increased funding. Compared to the fiscal year 2004 estimate, we are asking your subcommittee to support the following increases: $22 million for the BLM, $139 million for the FWS, $2 million for the USGS, and $3.9 million for the USFS.

BUREAU OF LAND MANAGEMENT

Within the wildlife and fisheries program, the Institute greatly supports the proposed increase of $3,235,000 to protect sagebrush and sagebrush steppe communities from further degradation and fragmentation. As you know, the populations of sage grouse are alarmingly low and there is public pressure to list the species as federally threatened or endangered (T/E). But through the cooperative efforts of the BLM and its 11 western State fish and wildlife partners, hope remains for restoring sage grouse populations without the help of the Endangered Species Act (ESA).

WMI asks additional consideration for management of T/E species on BLM lands. Under the fiscal year 2001 Interior Appropriations Act, the Bureau was directed to study how listings under the ESA affected the agency's mission and to identify resources for reversing those impacts. The BLM concluded that it must rely more on multi-species conservation efforts to prevent the need for listing and that it must hire additional biologists, the latter of which would require a $48 million baseline by fiscal year 2007. The T/E program has hovered around $21 million since fiscal year 2001, and the Administration has proposed level spending for fiscal year 2005.

WMI urges your subcommittee to increase the Bureau's T/E funding level by at least $10 million so that the agency can start implementing its 3-year old T/E strategy.

Last year, the Office of Management and Budget used its Program Assessment Rating Tool to review the Bureau's restoration programs. OMB concluded that the BLM does not conduct enough monitoring when making land management decisions or when assessing the effectiveness of its restoration programs. In light of the above conclusion, the Institute believes a $12 million increase for monitoring activities is reasonable and justified.

Lastly, WMI understands that the mustang and burro population on BLM lands is exceedingly large and must be reduced substantially. However, when so many other fish and wildlife programs also merit immediate attention, like the ones described above, and continue to be funded at the same level year after year, the Institute opposes any redirection of land and resource management dollars to adopt a more aggressive management strategy for the wild horse and burro program. We urge your subcommittee to withhold support for the Administration's $10.5 million increase for the wild horse and burro program until new dollars are available.

U.S. FISH AND WILDLIFE SERVICE

The Fish and Wildlife Service's Cooperative Conservation Initiative contains many proposed spending increases for the next fiscal year, all of which WMI supports. One program in particular that we ask your subcommittee to endorse is the High Plains Partnership Program (HPP). Recognized as a subset of the Partners for Fish and Wildlife Program, HPP is designed to help private landowners address habitat needs for species of concern and to reduce the need for listing any of those species as federally endangered or threatened. Landowners in the Central Plain states have demonstrated high interest and participation in the program and the Institute supports the $5 million set aside for HPP in fiscal year 2005.

Another program of keen interest to WMI is the State Wildlife Grants Program (SWG). For the first time, this Administration has requested $80 million to help State fish and wildlife agencies leverage state, local and private funds to keep common species common. Indeed, SWG is now widely recognized as the nation's core program for preventing the listing of endangered species in every state. Before October 2005, each State agency will have finalized its Comprehensive Wildlife Conservation Plan, but each State also needs financial help to complete those plans. Moreover, the States collectively have a fish and wildlife conservation need that totals at least $350 million each year. For these reasons, WMI requests a $56 million increase for SWG in fiscal year 2005.

The Institute appreciates the Administration's $54 million request for the North American Wetlands Conservation Act (NAWCA), but WMI seeks full funding for the statute in fiscal year 2005 (a $27 million increase). For 14 years the wildlife conservation community has used NAWCA dollars to protect and restore over 16 million acres of wetlands and associated habitat in the United States, Canada, and Mexico. By funding NAWCA at its authorized amount of $65 million, the Administration will enhance the populations of countless birds, ranging from waterfowl to neotropical migrants, while achieving its goal of no net loss of wetlands.

As mentioned during the BLM discussion, survey and monitoring work is a critical component of migratory bird management. Without quality survey and monitoring results, the FWS and its State partners cannot confidently carryout the hunting regulatory process. Moreover, without quality survey and monitoring data, the FWS cannot conduct strategic planning and conservation efforts for webless migratory birds, shorebirds, waterbirds and neotropical migrants. Thus, the Institute urges you to increase the Administration's spending request for migratory bird management by $16 million.

In fiscal year 2002, the operations and maintenance backlog for the National Wildlife Refuge System (NWRS) was $294 million. Thanks to the support of the White House and Congress, the baseline for that program has grown to $391 million in fiscal year 2004. According to the Cooperative Alliance for Refuge Enhancement, however, the NWRS must receive an annual appropriation of $700 million so it can reduce its operations and maintenance backlog in ten years. And because over 39 million recreationists visit national refuges each year, it is critical that the FWS reaches its $700 million baseline sooner than later. Thus, WMI recommends a $40 million increase for the NWRS deferred operations and maintenance account in fiscal year 2005.

U.S. GEOLOGICAL SURVEY

As a partner in the Cooperative Fish and Wildlife Research Units (CRU) Program, the Institute finds it extremely troubling that the Administration continues to ignore the program's mounting financial needs. Established nearly 70 years ago, the CRU Program represents a true Federal-State-university-private partnership that maintains an unparalleled record of collaboration and cost-sharing.

Presently there are 40 CRUs within 38 states. A university is the host for each unit, and as the host, the university is responsible for providing each CRU scientist with office space, research equipment and money to hire and to advise graduate student researchers. Hence, the USGS is only responsible for providing the salary and federal benefits for each CRU scientist. Meanwhile, State fish and wildlife biologists are working closely with CRU scientists to identify and to conduct timely research projects. Because of this time intensive relationship, the research products for each CRU are promptly translated into a land management action. As the program's fourth partner, the Institute maintains a supervisory role to insure all CRU projects uphold the principles of science-based management. In short, the CRU Program represents the quintessential model for how biological researchers and land managers should work together to solve America's conservation issues.

Lest the integrity of the CRU Program is lost, it is imperative that the USGS receive an additional $2 million to keep the program running properly in fiscal year 2005 and beyond. Approximately 1 out of every 8 Unit scientist positions (i.e., 15 total) is currently vacant and there are 25 scientists within 16 CRUs who are eligible to retire in 2004. If the CRU Program is denied its modest $16.1 million funding need in fiscal year 2005, USGS will not be able to fill any of the presently vacated scientist positions while even more positions become vacant. WMI urges your subcommittee to not let this happen.

U.S. FOREST SERVICE

The Institute supports the Administration's requests for the National Forest System's wildlife and fisheries habitat program and for the State and Private Forestry's Forest Stewardship Grants and Forest Legacy Program. But, as in previous years, we request a revision in the Forest Service's budget structure. Without detailed information of how the agency uses its wildlife and fisheries habitat money, it is difficult for WMI and our partners to track individual habitat conservation projects and to determine whether we think those projects are receiving sufficient funding.

Under Wildland Fire Management, WMI recommends a $3,914,000 increase for the restoration and rehabilitation program. This program must receive stable funding for multiple years to maintain desirable soil, plant, wildlife, and water conditions for forests and rangelands that have experienced a catastrophic burn. Stable funding is also needed to protect previously burned sites from future, unwanted wildfires. The Institute also recommends that the USFS use the restoration and rehabilitation dollars to minimize human-wildlife conflicts in the Wildland-Urban Interface. As nutritious grasses, forbs and saplings emerge in previously burned areas, prey animals, such as deer and elk, will appear in larger numbers, subsequently attracting cougars, coyotes and other predators. Hence, the protection of human safety is not restricted to fire preparedness and suppression programs.

Thank you for this opportunity to submit comments on the fiscal year 2005 Interior and Related Appropriations Bill. Please contact Kathryn Reis at (202) 371–1808 if you have any questions.

INDIAN AFFAIRS

PREPARED STATEMENT OF THE AMERICAN INDIAN HIGHER EDUCATION CONSORTIUM

On behalf of the nation's 34 Tribal Colleges and Universities (TCUs), which comprise the American Indian Higher Education Consortium (AIHEC), thank you for this opportunity to present our fiscal year 2005 Appropriations requests for the 27 colleges funded under the Tribally Controlled College or University Assistance Act (Tribal College Act), and for our tribally controlled postsecondary vocational institutions. The U.S. Department of the Interior, Bureau of Indian Affairs, administers these programs. While AIHEC ultimately seeks full funding for all programs authorized under the Tribal College Act, we recognize that a focused approach with incremental increases is a way to best meet that goal over time. In fiscal year 2005, we seek a total of $64.2 million for Tribal College Act programs. Our first priority within this request is to increase funding for the day-to-day operations of institutions funded under Titles I & II of the Act, for this we specifically request $54.5 million; of which, $43,619,000 would be for Title I grants and $10,881,000 would be allocated for Title II. This request is an increase of $6.7 million over the fiscal year 2004 level, the same percentage increase enacted in fiscal year 2004, and $12.2 million over the President's fiscal year 2005 budget recommendation. Additionally, we seek:

$500,000 for technical assistance, an increase of $386,000 over fiscal year 2004 and the President's request. These funds will help address continually emerging technical assistance needs and to gather and analyze data necessary to comply with the Congressional request to provide added information on TCUs; and $2 million for endowments under Title III of the Act. Also, we support $4 million for United Tribes Technical College; and a minimum of $1.325 million for Crownpoint Institute of Technology; the fiscal year 2005 budget recommendation once again eliminates funding for these two tribally controlled vocational institutions.

AIHEC's Membership also includes three other TCUs funded under separate authorities within the Interior Appropriations Act, namely: Haskell Indian Nations University; Southwestern Indian Polytechnic Institute; and The Institute for American Indian Arts. AIHEC supports the independently submitted requests for funding the institutional operations of these institutions.

BACKGROUND AND FUNDING DISPARITIES

In 1972, six tribally controlled colleges established AIHEC to provide a support network for member institutions. Today, AIHEC represents 34 Tribal Colleges and Universities in 12 states, created specifically to serve the higher education needs of American Indians. Annually, they serve approximately 30,000 full- and part-time students from over 250 federally recognized tribes.

The vast majority of TCUs is accredited by independent, regional accreditation agencies and like all institutions of higher education, must undergo stringent performance reviews on a periodic basis to retain their accreditation status. In addition to college level programming, TCUs provide much-needed high school completion (GED), basic remediation, job training, college preparatory courses, and adult education. Tribal colleges fulfill additional roles within their respective communities functioning as community centers, libraries, tribal archives, career and business centers, economic development centers, public meeting places, and childcare centers. An underlying goal of TCUs is to improve the lives of students through higher education and to move American Indians toward self sufficiency.

Title I of the Tribal College Act authorizes funding for the basic institutional operating budget of one qualifying institution per federally recognized tribe based on a full-time American Indian student enrollment formula. The Tribal College Act was first funded in 1981. Today, 23 years later and notwithstanding an increase of $6 million in fiscal year 2004, these colleges are operating at $4,230 per full-time Indian student count (ISC), just 70 percent of their authorized level of $6,000 per ISC. This is not simply a matter of appropriations falling short of an authorization; it effectively impedes our institutions from having the necessary resources to expand so as to provide the educational services afforded students at mainstream institutions.

JUSTIFICATIONS

Tribal colleges provide critical access to vital postsecondary education opportunities.—TCU reservations are located in remote areas, and their populations are among the poorest in the nation. On average, median household income levels are only about half of the level for the U.S. population as a whole. As a result, the cost of attending a mainstream institution, which for many reservation communities is several hours away, is prohibitively high, especially when tuition, travel, housing, textbooks, and other expenses are considered.

Tribal colleges are producing a new generation of highly trained American Indians as teachers, tribal government leaders, engineers, nurses, computer programmers, and other much-needed professionals.—By teaching the job skills most in demand on their reservations, TCUs are laying a solid foundation for tribal economic growth, with benefits for surrounding communities. In contrast to the high rates of unemployment of reservations, 74 percent of recent tribal college graduates are employed and using the skills gained through their educational experiences. Many of these graduates are employed in "high need" occupational areas such as Head Start, and elementary and secondary school teachers, and nurses/health care providers. Just as important, the overwhelming majority of tribal college graduates remain in their tribal communities, applying their newly acquired skills and knowledge where they are most needed. Nearly one-half of the faculty and staff of Little Big Horn College in Crow Agency, Montana are graduates of the college.

Tribal colleges meet the strict standards of mainstream accreditation boards and offer top quality academic programs.—Several TCUs have attained a ten-year accreditation term, the longest term granted to any higher education institution. The quality of the colleges' programs is reflected in the high rates of satisfaction reported by their graduates: 91 percent of TCU graduates surveyed reported being very satisfied or satisfied with courses in their major field of study and with overall instruction.

Tribal colleges serve as highly effective bridges to four-year postsecondary institutions.—While most TCUs are two-year institutions offering certificates and associate degrees, their transfer function is significant. A survey of TCU graduates indicated that almost 50 percent continued their education during the year after graduation, with more than 80 percent of those seeking a bachelor's degree. The overwhelming majority of the continuing TCU graduates felt that the programs at TCUs had prepared them well for further education and greatly enhanced their success rates.

SOME ADDITIONAL FACTS

Enrollment Gains & New TCUs.—Compounding existing funding disparities is the fact that although the numbers of TCUs and students enrolled have dramatically increased since 1981, appropriations have increased at a disproportionately low rate. Since 1981, the number of colleges has increased from 6 to 26 and enrollments have risen a remarkable 332 percent. In fiscal year 2005, the two newest TCUs, Saginaw Chippewa Tribal College (Michigan) and Tohono O'odham Community College (Arizona) will be eligible to receive funds under the Tribal College Act. TCUs are in many ways victims of their own successes. The dramatic enrollment increases, coupled with a growing number of tribally chartered colleges, have forced TCUs to slice an already inadequate pie into even smaller pieces. Our fiscal year 2005 request would fund operations at Title I colleges at about $4,700 per ISC, after 23 years, still far short of the $6,000 per ISC authorized by Congress.

The Absence of State Funds for Institutional Operations.—While mainstream institutions have enjoyed a foundation of stable state support, TCUs must rely on the Federal government for their operating funds. Because TCUs are located on Federal trust lands, states have no obligation to fund them even for the non-Indian state-resident students who account for approximately 20 percent of TCU enrollments. Yet, if these same students attended any other public institution in the state, the state would provide basic operating funds to the institution.

Local Tax and Revenue Bases.—TCUs cannot rely on local tax base revenue. Although tribes have the sovereign authority to tax, high reservation poverty rates, the trust status of reservation lands, and the lack of strong reservation economies hinder the creation of a reservation tax base. In Indian Country, according to the Bureau of Indian Affairs, 50 percent of the eligible workforce is unemployed. In comparison, the current national unemployment rate is 5.6 percent.

Trust Responsibility.—The emergence of tribal colleges is a direct result of the special relationship between American Indian tribes and the Federal government. TCUs are founded and chartered by their respective American Indian tribes, which hold a special legal relationship with the Federal government, actualized by more than 400 treaties, several Supreme Court decisions, prior Congressional action, and the ceding of more than one billion acres of land to the Federal government. Beyond the trust responsibility, the fact remains that TCUs are providing a public service that no other institutions of higher education are willing to, or can, provide, by helping the Federal government fulfill its responsibility to the American people, particularly in rural America. Despite the fact that only Indian students are counted when determining the level of operating funds, TCUs have open enrollment policies and do not discriminate based on race or ethnicity. They are simply and effectively removing barriers that have long prevented equal access to higher education for reservation community residents.

THE PRESIDENT'S BUDGET REQUEST FOR FISCAL YEAR 2005

Although the President's fiscal year 2005 budget does acknowledge that there are two new colleges now eligible for funding, it recommends a $5.5 million cut to current funding, which is already inadequate to operate our tribally chartered reservation based colleges, and once again eliminates funding for the two vocational colleges. Despite a $6 million increase in the fiscal year 2004 Appropriation, the 24 colleges currently funded under Title I of the Act are receiving $4,230 per full time Indian student (ISC), just 70 percent of the authorized level of $6,000 per ISC. The $5.5 million cut proposed in the President's fiscal year 2005 budget, if enacted, would result in a loss of $844 per ISC for Title I colleges, assuming Title II funding were to revert to the fiscal year 2003 funding level of $6,212 per ISC. This slashing of basic operating funds would cause some TCUs to no longer be able to meet minimum requirements for stable funding needed to pay overhead and the salaries of faculty and staff. This would not only jeopardize their accreditation status but would most likely force some of the colleges close their doors.

AIHEC'S APPROPRIATIONS REQUEST FOR FISCAL YEAR 2005

We respectfully request a total appropriation of $64.2 million for our Tribal College Act authorized programs. Of that amount our first priority is to increase funding for our institutions' basic operations under Titles I & II of the Act, we specifically request $54.5 million for Titles I and II of the Tribal College Act; of which, $43,619,000 would be for Title I grants and $10,881,000 would be allocated for Title II. This request is an increase of $6.7 million over the fiscal year 2004 appropriated level, and represents the same percentage increase as was enacted in fiscal year 2004 and $12.2 million over the President's fiscal year 2005 budget request. This increase would bring funding for the basic operations of our Title I colleges, including our two new colleges, Saginaw Chippewa Tribal College (Michigan) and Tohono O'odham Community College (Arizona), to $4,700 per ISC, which is still far short of the $6,000 per ISC authorized. Additionally, we seek $500,000 for technical assistance, an increase of $386,000 over fiscal year 2004 and the President's request. These funds will help address ever emerging technical assistance needs and to fund data collection and analysis necessary to comply with the Congressional requests for additional information on TCU operations, and $2 million for endowments under Title III of the Act.

For our two tribally controlled vocational institutions, we support $4,000,000 for United Tribes Technical College; and a minimum of $1,325,000 for Crownpoint Institute of Technology, to restore and expand the funding for these programs that the fiscal year 2005 budget once again recommends eliminating.

CONCLUSION

Tribal colleges are bringing education to thousands of American Indians. The modest Federal investment in the TCUs has paid great dividends in terms of employment, education, and economic development, and continuation of this investment makes sound moral and fiscal sense. We very much need your help to sustain and grow our programs and achieve our missions.

Thank you for your past and continued support of the nation's Tribal Colleges and Universities and your consideration of our fiscal year 2005 appropriations requests.

PREPARED STATEMENT OF THE CHIPPEWA OTTAWA RESOURCE AUTHORITY

The Chippewa Ottawa Resource Authority (CORA,) on behalf of its five member Indian tribes, requests an increase of $523,108 in CORA base funding from the Department of Interior's fiscal year 2005 Appropriations Bill. This increase is imperative as CORA continues to face a very real and serious funding shortfall.

CORA is the management and regulatory body for the five Michigan tribes with recognized fishing rights in the 1836 treaty-ceded waters of the upper three Great Lakes. These rights were adjudicated and affirmed under *U.S.* v. *Michigan.* The five federally recognized member tribes that comprise CORA are; the Bay Mills Indian Community, the Grand Traverse Band of Ottawa and Chippewa Indians, the Little River Band of Ottawa Indians, the Little Traverse Bay Bands of Odawa Indians, and the Sault Ste. Marie Tribe of Chippewa Indians. The Bay Mills Indian Community, Grand Traverse Band, and Sault Ste Marie Tribe have operated joint management programs since 1981, while the Little River Band, and Little Traverse Bay Bands recently joined the inter-tribal management structure in 1998 and 2000 respectively. Other parties to *U.S.* v. *Michigan* are the State of Michigan and the United States government.

The parties to *U.S.* v. *Michigan* strongly desired to settle resource allocation and management issues through a joint agreement, rather than contentious and costly litigation. A landmark agreement was achieved in August 2000, and entered into federal court as a Consent Decree. The Consent Decree will govern allocation, management, and enforcement of Great Lakes fisheries through the year 2020.

In order to achieve an agreement of this scope and magnitude, the CORA tribes made many concessions, assumptions, sub-agreements and politically difficult changes in their fishery and associated management structures. These changes require increases in all phases of management activities, and form the basis for this appropriations request.

SUMMARY OF FUNDING NEEDS FOR FISCAL YEAR 2005

In fiscal year 2005, CORA is seeking a total of $3,443,547 for the following purposes:

(1) Maintain current fiscal year 2004 base funding for CORA tribes ($2,920,439).

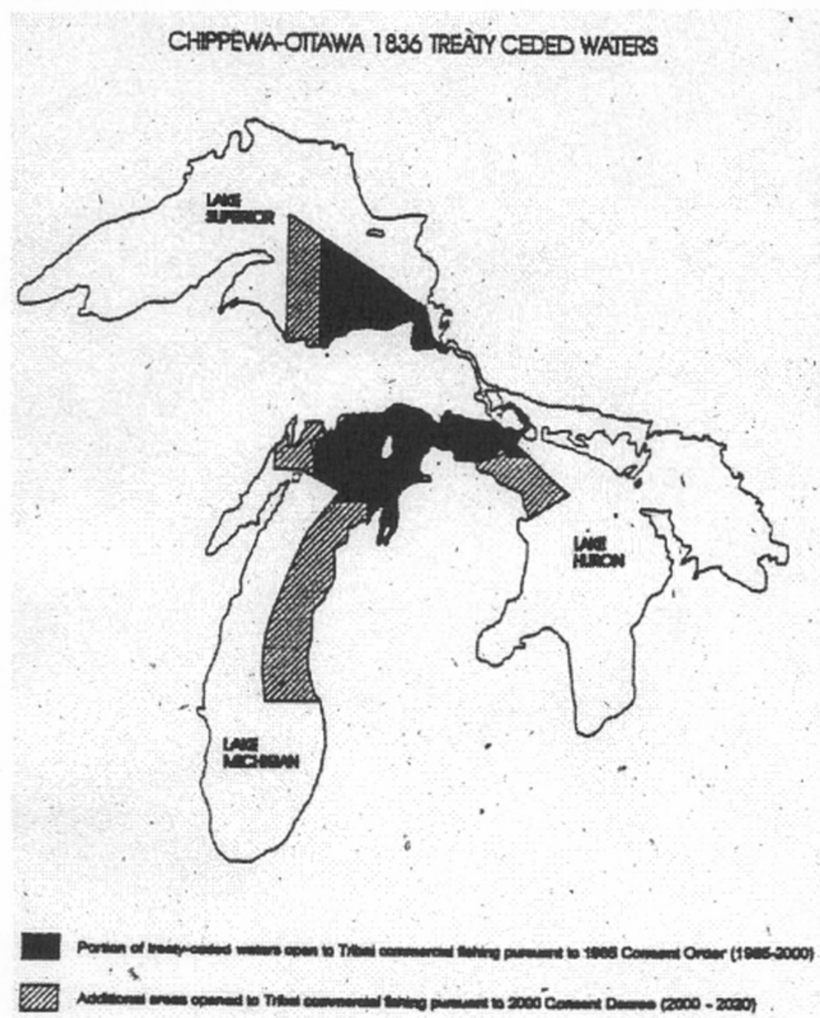
(2) Provide increased base funding to allow the CORA tribes to meet the increased obligations mandated by 2000 Consent Decree ($523,108).

JUSTIFICATION FOR INCREASED FUNDING REQUEST

Illustration 1 shows the extent of the treaty-ceded waters of the Great Lakes, and the expanded water territory resulting from the 2000 Consent Decree. Expanding the area within the treaty-ceded waters for tribal fishing was essential to achieving an agreement among the parties. However, securing this expanded area has created many burdens on already understaffed and under-equipped tribal enforcement and biological departments. In addition, the Consent Decree instituted numerous intergovernmental bodies and processes that require extensive participation by tribal biological and enforcement personnel.

Consent Decree directly hinges on the ability for each of the tribal, State, and federal parties to meet their obligations, and provide effective resource management programs.

Over the past decade, inflation has eroded the amount of funds available to the tribes for operation and management of the treaty fishery. In addition to the mandates of the Consent Decree, the costs associated with tribal management programs have increased over the past decade, and the tribes are now facing a serious threat to their ability to effectively manage and self-regulate their treaty-based fishery.



We wish to stress that the Consent Decree imposed many new court-ordered mandates and responsibilities on all tribal biological and law enforcement programs, including those of the "new" tribes, that current (fiscal year 2004) funding levels will not support. The geographic area where the tribes can fish was substantially expanded, thereby creating an increased responsibility to biologically assess and monitor those fish stocks and enforce fishing regulations. The Consent Decree increased requirements for on-lake assessments, which often must be completed before tribal commercial fishing can commence. The Decree also created an inter-agency biological modeling group to assist in the development of harvest limits (quotas) and fishing effort limits for important commercial and sport fish species. The modeling process requires additional staff to conduct the actual modeling work as well as increased field data collection required to make the modeling task scientifically valid. The Decree further mandated numerous new law enforcement processes or tasks that require increased staff, travel, and equipment well beyond the current scope of activity or funding support.

It is imperative, that after making such landmark and long-term commitments, the tribes must not be placed in a position where inadequate funding inhibits them from meeting their obligations, responsibilities and opportunities under the Decree. Failure to meet such obligations risks "re-opening" the Decree, or at a minimum, modifying certain terms of the Decree in a manner detrimental to the tribes, and the other parties.

FUNDING HISTORY AND PREVIOUS APPROPRIATIONS REQUEST

CORA has historically been under-funded when compared with similar inter-tribal fishery organizations, especially considering the scope and magnitude of the inter-governmental activities established by the 2000 Consent Decree. Therefore, it is imperative that the CORA tribes are appropriated funding adequate to protect their management capability, and protect their treaty-based fishery rights.

Prior to fiscal year 2004, base funding for CORA programs was $1,915,000, a level that has remained virtually constant for the previous 11 years. Consequently, tribal management programs were under financial stress even prior to the Consent Decree! In fiscal year 2004, CORA requested $1,515,108 of which only $992,000 was appropriated (balance = $523,108). This appropriation was earmarked as base funding for the two tribes that recently joined the CORA structure, but had previously received no funding for Great Lakes treaty activities. However, the fiscal year 2004 appropriation was not adequate to establish management programs for the two new tribes, nor did it provide the original three CORA tribes with any additional funding to allow their programs to meet obligations and responsibilities of the Consent Decree. Accordingly, for fiscal year 2005 we are requesting that our fiscal year 2004 request be funded in full as recurring operational dollars.

PROPOSED USE OF FISCAL YEAR 2005 FUNDING REQUEST

Our fiscal year 2005 funding request will be used for the Great Lakes fishery management programs consisting of the biological services, conservation enforcement, conservation court and CORA Administration—joint programs. The additional funds will be distributed to the member tribes as follows:

Tribe	Amount
Bay Mills Indian Community fiscal year 2005 DOI Appropriation Request	$95,333
Little River Band fiscal year 2005 DOI Appropriation Request	118,998
Little Traverse Bay Bands fiscal year 2005 DOI Appropriation Request	118,110
Grand Traverse Band Self-Governance fiscal year 2005 DOI Appropriation Request	95,333
Sault Tribe Self-Governance fiscal year 2005 DOI Appropriation Request	95,334
Total 2005 Funding Request	523,108

On behalf of CORA and its five member tribes, I would like to thank you for your support in fiscal year 2004, and request your continued support in obtaining base funding for CORA in fiscal year 2005.

PREPARED STATEMENT OF THE NATIONAL AMERICAN INDIAN COURT JUDGES ASSOCIATION

On behalf of the National American Indian Court Judges Association (NAICJA), I am pleased to submit this testimony on the proposed fiscal year 2005 budget for the Justice Department's Indian Country Law Enforcement Initiative and the Indian Tribal Justice Technical and Legal Assistance Act of 2000 (Public Law 106–559). We request $73.4 million for Tribal Courts including $15 million for Indian Country Law Enforcement Initiative and $58.4 million in funding for the Indian Tribal Justice Technical and Legal Assistance Act of 2000 (Public Law 106–559). In addition, we request full funding for the following areas or, at minimum, proportional increases in keeping with economic growth. Specifically, this includes:

1. Increase by $4.74 million Administration proposed cuts in Law Enforcement under the COPS program in DOJ.
2. Increase by $7.59 million Administration proposed cuts in Tribal Courts under DOJ.
3. Increase by $2 million Administration proposed cuts in BIA for "contract support costs" to $135,314,000.
4. Increase by $2.46 million Administration proposed cuts in DOJ for Indian Country Prison grants.

The National American Indian Court Judges Association (NAICJA), www.naicja.com, was incorporated in 1969. NAICJA is the largest organization representing Tribal Judges and Tribal Courts in the United States. The mission of NAICJA is to strengthen and enhance all Tribal justice systems through improvement and development of Tribal Courts and Tribal Court Judges.

JUSTICE DEPARTMENT FUNDING

Indian Country Law Enforcement Initiative and Indian Tribal Justice Technical and Legal Assistance Act of 2000 (Public Law 106–559)

(1) *$15 million for Indian Country Law Enforcement Initiative*.—NAICJA strongly supports full funding for the Indian Country Law Enforcement Initiative. NAICJA would like to specifically emphasize our support for the funding of the Indian Tribal Court Fund at a level of at least $15 million (Please note that this fund was formally authorized by the 106th Congress—see Public Law 106–559, section 201). Through the increased funding for law enforcement under the Indian Country Law Enforcement Initiative, more police officers have been added throughout Indian Country. Without substantial additional funding, tribal courts will be unable to handle the increased caseloads generated by this increased law enforcement.

(2) *$58.4 million in funding for the Indian Tribal Justice Technical and Legal Assistance Act of 2000 (Public Law 106–559)*.—When the 106th Congress enacted Public Law 106–559 in December 2000, it recognized the vital legal and technical assistance needs of tribal justice systems—finding in part that "there is both inadequate funding and inadequate coordinating mechanism to meet the technical and legal assistance needs of tribal justice systems and this lack of adequate technical and legal assistance funding impairs their operation" and promised three grant programs to address these Congressional recognized needs. It is vital that Congress provide adequate funding for Public Law 106–559 (see the Act itself for more specific information). NAICJA strongly supports funding of Public Law 106–559 at the level of at least $58.4 million. Failure to provide this funding level would make the Indian Tribal Justice Technical and Legal Assistance Act of 2000 (Public Law 106–559) a hollow recognition of tribal justice systems needs without providing needed resources.

We further express our concern with the Administrations fiscal year 2005 Budget proposals regarding Tribal Courts. Decreases in these areas will severely hinder effective law enforcement and Tribal Courts in Indian Country.

We request full funding for the following areas or, at minimum, proportional increases in keeping with economic growth. Specifically, this includes:

5. Cuts in Law Enforcement under the COPS program by $4.74 million in DOJ.
6. Cuts in Tribal Courts under DOJ by $7.59 million.
7. Cuts in BIA for "contract support costs" by $2 million down to $133,314,000.
8. Cuts in DOJ for Indian Country Prison grants by $2.46 million.

IMPORTANCE OF TRIBAL COURTS

Tribal justice systems are the primary and most appropriate institutions for maintaining order in Tribal communities.

"Tribal courts constitute the frontline tribal institutions that most often confront issues of self-determination and sovereignty, while at the same time they are charged with providing reliable and equitable adjudication in the many and increasingly diverse matters that come before them. In addition, they constitute a key tribal entity for advancing and protecting the rights of self-government. . . . Tribal courts are of growing significance in Indian Country."——(Frank Pommersheim, Braid of Feathers: American Indian Law and Contemporary Tribal Law 57 (1995)).

Tribal Courts must deal with the very same issues state and Federal courts confront in the criminal context, including, child sexual abuse, alcohol and substance abuse, gang violence and violence against women. Tribal Courts, however, must address these complex issues with far fewer financial resources than their Federal and state counterparts. Judicial training that addresses the existing problems in Indian Country, while also being culturally sensitive, is essential for Tribal Courts to be effective in deterring and solving crime in Indian communities.

INADEQUATE FUNDING OF TRIBAL JUSTICE SYSTEMS

There is no question that Tribal justice systems are, and historically have been, under-funded. The 1991 United States Civil Rights Commission found that "the failure of the United States Government to provide proper funding for the operation of tribal judicial systems . . . has continued for more than 20 years." The Indian

Civil Rights Act: A Report of the United States Civil Rights Commission, June 1991, p. 71. The Commission also noted that "[f]unding for tribal judicial systems may be further hampered in some instances by the pressures of competing priorities within a tribe." Moreover, they opined that "If the United States Government is to live up to its trust obligations, it must assist tribal governments in their development . . ." More than ten years ago, the Commission "strongly support[ed] the pending and proposed congressional initiatives to authorize funding of tribal courts in an amount equal to that of an equivalent State court" and was "hopeful that this increased funding [would] allow for much needed increases in salaries for judges, the retention of law clerks for tribal judges, the funding of public defenders/defense counsel, and increased access to legal authorities."

With the passage of the Indian Tribal Justice Act, 25 U.S.C. § 3601 et. seq. (the "Act"), Congress found that "[T]ribal justice systems are an essential part of tribal governments and serve as important forums for ensuring public health, safety and the political integrity of tribal governments." 25 U.S.C. § 3601(5). Congress found that "tribal justice systems are inadequately funded, and the lack of adequate funding impairs their operation." 25 U.S.C. § 3601(8). In order to remedy this lack of funding, the Act authorized appropriation of base funding support for tribal justice systems in the amount of $50,000,000 for each of the fiscal years 1994 through 2000. 25 U.S.C. § 3621(b). An additional $500,000 for each of the same fiscal years was authorized to be appropriated for the administration of Tribal Judicial Conferences for the "development, enhancement and continuing operation of tribal justice systems . . ." 25 U.S.C. § 3614.

Nine years after the Act was enacted into law, and even after reauthorization, no funding has been appropriated. Only minimal funds, at best, have been requested. Yet, even these minimal requests were deleted prior to passage. Even more appalling is the fact that BIA funding for Tribal Courts has actually substantially decreased following the enactment of the Indian Tribal Justice Act in 1993.

BIA-DOJ INDIAN COUNTRY LAW ENFORCEMENT INITIATIVE

Full funding is requested for the Joint BIA-DOJ Law Enforcement Initiative proposal to improve law enforcement in Indian Country. The Final Report of the Executive Committee for Indian Country Law Enforcement Improvements documents the "stark contrast between public safety in Indian Country and the rest of the United States."——(Final Report, p. 4.) "While law enforcement resources have been increased and deployed throughout the United States, BIA resources actually have been reduced in Indian Country during the past few years." It is axiomatic that "as a consequence of improvements to law enforcement services, a corresponding increase in funds is needed for judicial services, especially tribal courts."——(Final Report, p. 8).

The Initiative includes funding to continue the Department of Justice Indian Tribal Court Program. We urge the Committee to support full funding of the Tribal Court Program to assist in the development, enhancement and continued operation of tribal judicial systems. While funding has fallen far short of the $58 million in annual funding promised by the Indian Tribal Justice Act, the Initiative will fail without it. Without well-staffed, competent Tribal judiciaries to handle the influx of the new criminal prosecutions flowing from the Law Enforcement Initiative, the goal of providing service to 1.4 million Native Americans who live on or near Indian lands the same "protection of their basic rights, a sense of justice, and freedom from fear" enjoyed by Americans at large, will not be attained.——(Final Report, p. 4).

CONCLUSION

Tribal justice systems are the primary and most appropriate institutions for maintaining order in tribal communities. They are key to Tribal economic development and self-sufficiency. Any serious attempt to fulfill the federal government's trust responsibility to Indian nations, must include increased funding and enhancement of Tribal justice systems.

We welcome the opportunity to comment on the Justice Department's Budget Request for the fiscal year 2004 funding of the Indian Country Law Enforcement Initiative and the Indian Tribal Justice Technical and Legal Assistance Act of 2000 (Public Law 106–559).

Please contact me at (715) 478–7255, or NAICJA Executive Director Chuck Robertson, at (605) 342–4804 or naicja@rushmore.com with questions or comments. Thank you.

PREPARED STATEMENT OF THE CHUGACH REGIONAL RESOURCES COMMISSION

We appreciate the opportunity to provide this written testimony to the Senate Appropriations Subcommittee on Interior and Related Agencies. The Chugach Regional Resources Commission (CRRC), a non-profit Alaska Native coalition for managing Tribal natural resources, with its seven member Tribes located in the Prince William Sound and Lower Cook Inlet, respectfully requests restoration of its base funding of $350,000 to the fiscal year 2005 Bureau of Indian Affairs budget, Fish, Wildlife and Parks Program.

The Tribes of the Chugach Region, who make up CRRC, appreciate the support of the Subcommittee in reinstating our fiscal year 2004 funding which was zeroed out by the Bureau of Indian Affairs. Unfortunately, the Administration has once again zeroed out our funding of the President's proposed BIA fiscal year 2005 budget. Therefore, we are respectfully requesting the support of the House Appropriations Subcommittee on Interior and Related Agencies to restore the $350,000 to the Bureau of Indian Affairs fiscal year 2005 Fish, Wildlife and Parks budget for for CRRC and add it to the base budget as permanent funding.

Until fiscal year 2002, this funding had been included in the BIA's Fish, Wildlife and Parks budget for the previous 12 years. The mission of CRRC is to work with our seven member Tribes to promote and develop sound economic resource based-projects and to work collectively to address any natural resource and environmentally related issues that affect the Native people of the Chugach Region.

This funding, over the past 14 years, has supported the development and operation of many programs that have assisted communities in providing meaningful employment opportunities as well as valuable services and products to the people of the State of Alaska. If this funding is not restored, 35 Native people in the Chugach Region will lose their jobs. With the scarcity of employment opportunities in rural Alaska, the impact of approximately six families per village losing this income in a village with an average population of 100, strikes a devastating blow to the local community economy. In addition, these 20 families will create a much larger burden on state and federal financial resources as they will be forced to depend upon state and federal welfare programs to provide funding for necessary living expenses. This funding also supports the base operating expenses of CRRC, and without it, our work will not be able to continue. A summary of some of these programs supported by this funding is provided to give you a better understanding of the integral role this funding plays in Tribal community development.

The Port Graham Salmon Hatchery has been in operation since 1990, and raises sockeye, pink, and coho salmon. CRRC provided Port Graham with the technical and administrative assistance necessary to build the hatchery program. The hatchery's goal is to rebuild local salmon runs and provide economic opportunities for village residents. CRRC has funded the hatchery operations for many years and employed the hatchery staff consisting of 5–7 full time and seasonal employees.

The original hatchery was located in the net loft of the salmon cannery building. This building was completely destroyed by a fire in January of 1998. CRRC worked closely with the Port Graham Village Council to obtain funding and help to build a new hatchery. The new hatchery was completed in 2000 and is now in the process of bringing salmon production to full capacity, which is 110 million pink salmon eggs, 5 million sockeye salmon eggs and 2 million coho salmon eggs. The hatchery currently produces local stock pink and coho salmon and incubates sockeye salmon eggs for the nearby Native Village of Nanwalek. The hatchery is expecting about 300,000 adult pink salmon to return this year, which will be enough to fill it to capacity. Annual adult returns are expected to increase to about 3 million pink salmon beginning in 2004 and 100,000 to 200,000 sockeye salmon beginning in 2006. Reinstatement of the fiscal year 2005 funding will allow to continue with its needed investment in the hatchery program and to help develop a value added processing component to the local processing plant which is owned and operated by the Port Graham Corporation.

The *Nanwalek Sockeye Enhancement* Program (NSEP) was also initiated in 1990. CRRC provided funding and technical and administrative assistance to develop a sockeye smolt stocking program that would supplement wild production and help rebuild the depleted English Bay sockeye run. The Nanwalek IRA Council operates the project with administration and support coming from CRRC. It is the only program of its kind currently permitted in the State of Alaska and employs one full time and ten seasonal workers. The heart of the project consists of rearing Port Graham hatchery produced fry to smolt size in English Bay Lakes and releasing them in the lakes to migrate out to sea and return as adults. Rearing operations commenced in 1991 and have occurred annually since that time. Over two and a half million sockeye smolts have been released into the English Bay Lakes since project inception. This has produced over 220,000 adult sockeye salmon that have returned to the English Bay River and associated fisheries. Fish from this project allowed for the reopening of the subsistence fishery in 1996 and a limited commercial fishery in 1997.

This important program is expected to reach a peak production of about 150,000 adult sockeye salmon returning every year beginning in 2007. English Bay River sockeye salmon are a principal source of subsistence food and commercial fishing income for the Nanwalek and the nearby Port Graham villages. CRRC continues to provide consulting and technical assistance for this project that will help provide a sustainable economic base for the village of Nanwalek.

The Qutekcak Shellfish Hatchery in Seward has been a major accomplishment for both the Qutekcak Native Tribe and CRRC. The operation began in a small pilot hatchery with funding provided from CRRC BIA funds, and is now operating out of a new state-of-the-art facility, spawning, hatching, and rearing littleneck clams, Pacific oysters and geoducks for sale to shellfish farms in Alaska and elsewhere. This hatchery is now operated by the Tribe under a contract with the City of Seward, and employs 4 full time employees. This is the only shellfish hatchery in the State of Alaska, and has the capacity to serve all shellfish farms in the state. The Tribal hatchery staff is currently conducting research on the culture techniques of Purple-hinged Rock Scallops and Cockles. CRRC has helped fund hatchery research and development, which would be sharply curtailed without this support. This would devastate not only the Tribal hatchery, but the shellfish farmers in Alaska as well who depend upon seed for their own operations. One condition of the hatchery operating contract stipulated that the Tribe put up $100,000 bond to cover the cost of mothballing the hatchery should the Tribe pull out and no one else found to take its place. Operating costs are approximately $340,000 per year for the hatchery. Without the BIA funding, hatchery operations would have to be cut back. This would reduce seed production that, in turn, would reduce income. This likely would force the Tribe to back out of its operating contract. This would mean that some or all of its $100,000 bond would be forfeited if no one else could be found to take over hatchery operations. Closing the hatchery would also doom the state's mariculture industry; reducing it to a very small number of farmers supplying oysters to the tourists.

The Tatitlek IRA Council has operated the Alutiiq Pride Oyster Farm since 1992 and is one of those farms that depend upon seed from the Qutekcak Shellfish Hatchery for their operation. The oyster farm has produced some of the best oysters in the country and is well known throughout Alaska. The operation sells their product primarily in Anchorage at this time, marketing approximately 200–300 dozen per week. Funding for this project is slowly being phased out as their profit margin increases. Sales currently account for about $80,000 of its $145,000 budget. About $35,000 of the remainder comes from the CRRC's BIA natural resources program and the rest from village funding sources. This is one of the bigger mariculture operations in the state, providing 3 full time and several part time employment opportunities for Tribal members. The Tribe recently completed construction of a processing facility to process the oysters and prepare them for shipping. Losing the BIA funding would likely result in a reduction in employment and production, and possibly the end of the program. This in turn would hurt the Qutekcak shellfish hatchery since Tatitlek is one of the hatchery's bigger customers.

In a related project, the Chenega IRA Council operates the Chenega Floating Nursery System for oysters and other shellfish in Chenega Bay. With this nursery system, they are able to raise shellfish to a size larger than what can legally be imported into Alaska. The ability to purchase larger seed means shorter grow-out time, and higher profitability for the shellfish farms. So, this program fills a niche in the shellfish market that did not exist anywhere in the state prior to its inception. This program employs one full time community member.

In addition to these projects, this funding has also supported the development of Tribal Natural Resource Programs in the region in an effort to be more meaningfully involved in the natural resource management projects and decisions that affect the Tribes' traditional subsistence lifestyle. Active participation by the Tribes in such current initiatives as the Exxon Valdez Trustee Council's Gulf Ecosystem Monitoring Program, the federal subsistence fisheries management projects occurring in traditional use areas, and the potential co-management of the Outer Continental Shelf fisheries is vital to the overall success of each of these programs. We have also been able to start new projects with this funding, such as providing much needed training in natural resource management so that the communities are better prepared to participate in state and federal agency management efforts. Funding from this initial appropriation also supports the base operations of the organization, such as salaries, travel, telephone, office space, office supplies, and professional biological assistance, which are vital to the CRRC's very existence. We have been very successful at utilizing these funds to use as match for other grants as well, oftentimes doubling or even tripling the initial investment.

As you can see, this funding has played an integral role in allowing CRRC to develop and implement important community-based programs such as those described above. The over 35 Native people employed under this funding, the majority of which are located in the villages, will lose their jobs if this funding is not restored; CRRC will be without operating funds, thus unable to facilitate the development of local community economies, and Tribes will no longer have a collective voice to address the environmental and resource issues that affect their lives.

We are respectfully requesting the Committee's support to restore the original amount of $350,000 to the BIA Fish, Wildlife and Parks Budget for the Chugach Regional Resources Commission and make it part of the recurring base budget. Due to the magnitude of this program to the people of the Chugach, as well as its far reaching impacts and high cost to benefit ratio, we are also requesting that this funding be included in the budget as part of the permanent base. We believe that making our funding a part of the permanent base will alleviate the need for us to spend what little funding we have on getting our BIA funding restored rather than on meaningful projects that will benefit the communities.

In a related matter, we also support the restoration of funds to other Tribal fish and wildlife programs that were cut from the BIA budget, including $98,000 to the Alaska Sea Otter and Stellar Sea Lion Commission, $1,087,000 to the Bison Restoration Program, and $592,000 in Wetlands/Waterfowl Management.

Once again, we ask the Committee to restore these funds in behalf of the Native people of the Chugach Region and thank you for your support of our programs, as well as this opportunity to provide our written testimony. If you have any questions, please feel free to contact me at 907/284–2212 or Patty Brown-Schwalenberg, Executive Director, at 907/562–6647.

Prepared Statement of the Metlakatla Indian Community

The Metlakatla Indian Community submits this statement with regard the fiscal year 2005 Interior and Related Agencies Appropriations bill. In summary, our requests are:

—$3.3 million for economic development

—$3.2 million in IHS funds for staffing and equipment for our health clinic (same as the Administration's request)

—Increased funding for the Alaska Community Health Aide/Practitioner Program ($11.7 million increase) and the Medevac and Patient Travel ($2 million increase each)

—$14.5 million to continue work on the Walden Point Road/Ferry Project

Economic Development

Metlakatla needs $3.3 million to avoid economic collapse and to transition to a better future. Funds will be used to provide government services, develop tourism and start the Bald Ridge mine. The mine will provide 70 jobs and revenues that may reach millions. By making its fishery a tourist attraction, Metlakatla can restore profits to its enterprise and a living wage to its fisherman.

In 1998, Ketchikan Pulp Company terminated operations in Metlakatla, resulting in the immediate loss of 175 fulltime jobs. The shutdown resulted from the Clinton Administration's determination to stop timber harvest on the Tongass National Forest. The consequences now are being felt fully. The Tongass closure was coupled with a sharp decline in the fishing industry, resulting in the closure of Metlakatla's cannery and continuing losses for its cold storage.

Unemployment has risen from 40 percent to a catastrophic 80 percent plus. The percentage does not even give a true picture because dozens of households moved in search of employment. Metlakatla's population decreased to 1,200 from 1,600. School enrollment is down over 100 students. Over 450 jobs have been lost. This loss of jobs has had tragic consequences—there has been a 37 percent increase in alcohol and drug abuse in Metlakatla which has, in turn, increased the incidence of domestic violence. Emergency calls—primarily alcohol and drug related—have increased significantly and are putting great stress on our already overworked medical transportation system. We need additional qualified medical staff to deal with substance abuse problems, domestic violence, and emergency medical transportation.

Average prices for salmon are less than half of what they were. A glut of pink salmon keeps prices down and forces processors to limit to what they buy. A few years ago the average skipper in Metlakatla grossed about $100,000, enough to maintain and operate a vessel and feed a family. The average gross now is less than $30,000, which is not enough to meet overhead, let alone live on.

Metlakatla Power & Light's revenues dropped from $2.4 to $1.4 million. For the first time, MP&L is in default on loans from the Rural Utility Service. Loss of the mill lease removed nearly $500,000 from annual municipal revenues. Collections from other municipal services are less than 70 percent of what they were, while receivables grow at over 10 percent annually. Essential maintenance on infrastructure is deferred. Metlakatla is unable to meet matching fund requirements for grants.

Many Metlakatla citizens have been forced onto welfare. The despair of citizens places burdens on law enforcement and social services agencies. Despite a 20 percent loss in population, arrests for assaults nearly doubled for two years after the mill closed. Although the number of assaults has leveled off, the liquor related offenses now are up sharply. Social services cases related to family dysfunction also continue to increase alarmingly.

Metlakatla must develop the Bald Ridge project as soon as possible. Right now, it cannot afford to undertake the necessary planning and preparatory work. Unless Metlakatla independently plans for this business, however, a big mining company may control our economic future.

Tourism also offers hope. Metlakatla's exclusive right to operate fish traps is marketable. We want to establish high-speed marine transportation to bring tourists to trap operations. Metlakatla also hopes to help fishermen upgrade vessels so that tourists can experience commercial fishing. Value added salmon products would be sold. Tourists could observe salmon harvest, claim a fish and have it prepared to order.

Metlakatla cannot realize its hopes for the future without financial help. Thus, knowing that its request is extraordinary, it is asking for emergency assistance. The funds will be used over the next two years as follows:

Bald Ridge Mine ($1 Million)

Metlakatla has no staff for the mine's technical or marketing development. It is using its existing, understaffed Forestry and Natural Resources Departments for these activities. It will take about $500,000 annually to do the scientific, marketing, professional and preparatory site work to be prepared adequately to contract with a mining company for exploitation of the site.

Tourist Development ($1.3 Million)

Metlakatla has no operational fish trap. Framing and rigging an authentic trap from natural materials will require a sizable crew and a considerable amount of time and materials. An option is an aluminum frame but the cost will probably be more. A high-speed vessel of sufficient size will be expensive. In addition, we need to establish a loan program for fishermen who have vessels suitable for upgrading and outfitting for tourist activities.

Municipal Shortfall ($1 million)

Metlakatla needs to survive as a municipality unit until it can establish its new economic ventures. It must supplement its general assistance program immediately and be prepared to do so again next year in order to keep a labor force. It needs to bolster its social services capability to help distraught families and to help children who are negatively affected by the stresses in their homes. We also need an overall coordinator for new economic activities.

Staffing Package for Our Health Clinic.—We are grateful that in fiscal year 2004 Congress appropriated the final portion of funding for the construction of our health clinic and related quarters. We now need the staffing package funding for the new clinic and urge Congress to approve the $3,280,000 included in the Administration's fiscal year 2005 IHS budget for this purpose.

Special Health Program Needs in Alaska.—We support the request of the Alaska Native Health Board for an $11.7 million increase in IHS funding for the Community Health Aide/Practitioner Program in Alaska. This amount of funding would increase the number of CHA/P by 125 and the number of field supervisory by 23 positions. While we appreciate the Administration's recommendation that the CHA/P program be increased by $2 million in order to add 30 positions, there is an urgent need to expand the program more rapidly.

We also support the ANHB recommendation of a $2 million increase each in IHS funding for Medevac services and patient travel in Alaska. Being an island community with no hospital, we are dependent on these air services. New Federal Aviation Administration regulations requiring that air transport of patients must be done with critical care air services has resulted in an increase in these costs. And lack of patient travel funds results in people not seeking needed health care services.

As mentioned above in the context of the consequences of our huge loss of jobs at Metlakatla, we specifically need some portion of any increase for Medevac and patient travel. The dramatic rise in substance abuse and domestic violence at Metlakatla also means that we need additional resources for medical transportation and for medical evacuations off the Annette Island Reserve.

Walden Point Road/Ferry Project.—Under a Memorandum of Agreement, dated November 20, 2000, the Metlakatla Indian Community has worked jointly with the Department of Defense (DOD), the Federal Highway Administration (FHWA), the Bureau of Indian Affairs, and the Alaska Department of Transportation and Public Facilities, on developing the Walden Point Road to alleviate isolation and improve public safety and health care (emergency medical evacuations must now all be by air). The project, when completed, will link Metlakatla to the city of Ketchikan. The project is eligible for funding under 23 USC 101(a)12 and is listed on the Indian Reservation Roads Inventory of the Bureau of Indian Affairs (Walden Point Road, Air 7, Sections 30–130 (14.7 miles). The Community is seeking $14.8 to continue this project during fiscal year 2005.

Thank you for your consideration of our needs.

PREPARED STATEMENT OF CROWNPOINT INSTITUTE OF TECHNOLOGY

The Crownpoint Institute of Technology (CIT) is the only post-secondary vocational/technical school on the Navajo Reservation. CIT is one of only two tribally-controlled postsecondary vocational technical institutions in the nation. Both of these institutions are funded under the authority of Public Law 84–959, "The Adult Indian Vocational Training Act", codified at 25 U.S.C. § 309. CIT has submitted other testimony to this Subcommittee addressing the separate issue of requesting continued operational assistance.

This testimony addresses the issue of contract support and is CIT's request for bill language to implement prior Congressional directives.

Prior Years Committee Language

The Conference Committee report on the fiscal year 2003 appropriation included this language:

"The managers do not understand the disparate treatment of Crownpoint Institute of Technology and the United Sioux Tribes Technical College related to contract support. Unless there is an objection by the Navajo Nation to Crownpoint being treated as a tribal organization, the managers expect the Bureau to provide this funding under a Public Law 93–638 contract and include contract support."—— House Report 108–10.

The Senate last year included this language in its report on the appropriation for fiscal year 2004:

"The Committee does not understand the disparate treatment of the Crownpoint Institute of Technology and the United Sioux Tribes Technical College related to contract support. Unless there is an objection by the Navajo Nation to Crownpoint being treated as a tribal organization, the Committee expects the Bureau to provide this funding under a Public Law 93–638 contract and include contract support."—— Senate Report 108–89.

Situation/Need

Since fiscal year 2000, this Subcommittee has appropriated critically needed operational assistance to CIT. This funding is under the authority of 25 U.S.C. § 309. Of the two tribal postsecondary vocational technical institutions in the nation, both receive funding under this same authority. Only CIT does not receive contract support costs to pay for administration of the base program. For the past three years, CIT's base funding has totaled more than $1 million annually. Even though CIT is authorized to contract for its BIA monies under the Indian Self-Determination Act and has asked to do so, BIA has refused to convert CIT's annual grant to a self-determination contract. The reason: Contracts require BIA to pay contract support costs in addition to base program monies in order to keep program levels intact. Grants do not.

Contract support costs are essential for the proper functioning of contracted programs. Without payment of contract support costs, program monies must be diverted to administration, reducing educational services. In either case, programs suffer.

The lack of contract support has deprived the school of monies for: (1) human resources, (2) accounting, (3) development, (4) payroll, (5) comptroller, (6) administrative personnel, (7) facilities maintenance, (8) transportation, (9) security (CIT is a campus-based residential facility), (10) cafeteria, (11) student services, and (12) dormitory operations.[1] To pay for its skeletal administration, CIT has been forced to use program funds, which has diminished direct educational services.

CIT is in the business of educating adult Indian students for gainful employment and has demonstrated unqualified competency in this arena. However, in recent years the loss of anticipated support costs has, for example, contributed to the reduction in CIT's graduate job placement rate from over 90 percent to a current all time low of 76 percent. CIT has been fulfilling one of the BIA's highest priorities, which is educating and placing Indian people in meaningful lifelong employment that improves the quality of life for them and their dependent families, and contributes to the overall economic well-being of the Nation.

The school is now launching a legal fight to force conversion to contracts and to recover lost CSC monies from prior years. But there is virtually no chance the legal fight will result in reimbursement of prior year contract support costs. Meanwhile, the program needs stability and adequate funding. The legal fight may take a long time. In the meantime, more Navajo young adults will be deprived of critically needed education opportunities. CIT proposes that Congress place a directive in the fiscal year 2005 appropriations bill to correct BIA's intransigence and make the school whole.

CIT proposes the following Language

Provided, That the Secretary is directed to: (1) issue forthwith to the Crownpoint Institute of Technology, Crownpoint, New Mexico, a mature Indian Self-Determination Act contract to replace its Bureau grant, to be funded according to 25 U.S.C. § 450j–1(a) and § 450l(c) sec. 1(b)(4); and (2) pay $950,000 to the Crownpoint Institute of Technology in unpaid contract support costs for fiscal year 2003 and fiscal year 2004.

Proposed Justification for Committee Reports

Despite directives in the Conference Report for fiscal year 2003, House Report 108–10, and the Senate Report for fiscal year 2004, Senate Report 108–89, the Bureau has refused to convert Crownpoint Institute of Technology's annual grant for vocational education under 25 U.S.C. § 309 to an Indian Self-Determination Act contract. The chief consequence of Bureau's refusal has been to deprive the school of necessary contract support costs, which the Congress had assumed would be paid in those years from the appropriation of contract support costs. This provision is intended to (1) ensure conversion of the school's grant to a mature Indian Self-Determination Act contract without further delay; (2) reimburse the school unpaid contract support costs at the same level that applied to all other contractors and compactors, for amounts the school was assured would be forthcoming for fiscal year 2003 and fiscal year 2004; (3) henceforth provide on-going program monies and contract support costs to Crownpoint on the same basis as to all other mature contractors and compactors; and 4) settle a claim filed by Crownpoint for refusal by the Bureau to convert Crownpoint's grant to a contract.

The Amount Requested

The dollar amount requested was computed by multiplying the Bureau's grant to CIT $1,187,000 in fiscal year 2003 and its anticipated grant of approximately $1,308,000 in fiscal year 2004 by CIT's most recent negotiated indirect cost rate, 60 percent. The calculation results in $712,200 for fiscal year 2003 and $784,800 for fiscal year 2004, to a total of $1,497,000 for the two years.

Because tribal contractors received less than their full need for contract support costs, we multiply those amounts by the BIA average percentage of need for contract support costs over the last four fiscal years, 89.8 percent. The reduced funding for CIT contract support costs is thus $1,344,306. We then reduce this by almost 30 percent to $950,000. Thus, the legislative proposal is quite conservative.

We thank this Subcommittee for its generous assistance for CIT to operate a highly successful, fully-accredited postsecondary vocational educational institution that places young Indian adults in meaningful employment. On behalf of the hundreds of students at CIT, we thank the Subcommittee for the opportunity to present this testimony. We urge the Subcommittee to act favorably on this request for Congressional intervention.

---

[1] CIT's funding includes funds from the Department of Labor and the Department of Education. These agencies are under legislative or regulatory restrictions prohibiting them from reimbursing contract support and disallowing use of grant funds for this purpose beyond very small percentages. BIA, on the other hand, is under a statutory directive to pay contract support for its contracted self-determination programs. 25 U.S.C. § 450j–1(b)(2).

PREPARED STATEMENT OF THE FORT PECK TRIBES

INTRODUCTION

The Fort Peck Tribes are pleased to present testimony on the fiscal year 2005 BIA and IHS Budget.

Overall, the President's fiscal year 2005 budget request for Tribal programs is a severe disappointment. Except for the Office of Special Trustee, which the Administration proposed a 54 percent increase for, the Administration did not request any measurable increases for tribal programs. It is clear to the Tribes that this Administration is more concerned with the appearance of fulfilling its trust responsibility to tribes than actually doing it. This is no more apparent than in the programs under which the BIA and Tribes actually manage trust resources-range land management, fisheries management, timber management, oil and gas management-for which the Administration has not requested any significant increases in the last four years.

The one trust resource account that the Administration has requested an increase in is the Land Consolidation Account, which in principle we strongly support. However, as the Bureau of Indian Affairs has implemented this program, the goal of land consolidation has not been achieved. In fact, since the program's inception, more land on these reservations has either continued to be fractionated or has gone out of trust, than has gone into trust for the tribes. This is contrary to the experience where tribes are operating their own land consolidation programs without the supervision of the BIA. The Fort Peck Tribes, in particular, have been very successful at our land consolidation efforts in the last fifteen years. Thus, we urge the Congress to fund the $53 million requested increase for this program to expand it to all of the Reservations. But, in doing so, we ask Congress to allow Tribes to operate this program, rather than solely relying on the BIA to operate the program.

While we are discussing fiscal year 2005, we do want to make Congress aware that this Administration is proposing to cut BIA programs by 3.6 percent in 2006. This cut will devastate Indian country and Indian communities. Indian communities are growing in size and the need to responsibly manage our trust resources is as vital as it has ever been in our history and without the resources to do it, we will not be able to preserve them for the generations to come.

FUNDING FOR LAW ENFORCEMENT PROGRAMS

Beyond the Administration's failure to request funding to adequately manage trust resources, the Administration has failed to request sufficient funds to fulfill its basic trust responsibility in the areas of health and safety. The Fort Peck Tribes are particularly concerned with the failure of the Administration to request any increase in law enforcement funding across Indian country. The only increase for this account was directed for the operation and maintenance of detention facilities constructed with DOJ funding and for one Reservation to address its particular border security issues. This is wholly unacceptable. All Tribes are facing a crisis in law enforcement services, most particularly in the area of staffing. Tribal and BIA law enforcement departments are unable to compete with local and other federal law enforcement agencies in salary and benefits packages. Thus, even when a Tribe has the resources to hire an officer, it is unable to retain him once he is fully trained and certified.

This problem will become more acute for the Fort Peck Tribes in 2005. In 2005, the Fort Peck Tribes will no longer be able to receive Department of Justice COPS hiring and retention grants. Without this federal funding to support the Public Safety Department, the Fort Peck Department will go from a department of 47 to a department of 14 positions, of that there will only be 8 patrol officers. Eight officers cannot adequately patrol a 2 million acre Reservation with a population of over 10,000, with a high incidence of drug and violent crimes. A survey of current officers has shown that they will not continue to work for the Tribes under conditions where they will be required to ride alone and respond to calls without any possibility of backup and be asked to work longer hours year after year for the same or less compensation.

To address this immediate need on the Fort Peck Reservation, the Fort Peck Tribes request $275,000 to be added to the Tribes' law enforcement base budget to ensure the continued staffing and operation of the Fort Peck Tribes Public Safety Department. Without these funds, the Fort Peck Tribal Council will be forced to consider returning the operation and management of the law enforcement department, which the Tribes have operated pursuant to a 638 Self-Determination contract since 1995, back to the Bureau of Indian Affairs. More significantly, with only eight patrol officers, the health and safety of all the residents on the Fort Peck Reservation will be in grave danger.

TRIBAL PRIORITY ALLOCATIONS

The Tribal Priority Allocations system is intended to give tribes an additional measure of flexibility in determining how to use available funds to best meet local needs. However, the Administration has requested only a small increase of $4.9 million increase over the fiscal year 2004 level. While we support this request, it would still fall far short of allowing the Fort Peck Tribes to meet the needs of our people in key areas including, education, agriculture, road maintenance, and tribal courts. We urge the Congress to do all it can to increase TPA above the level requested by the President.

EDUCATION

Higher Education.—We urge the Committee to support the education needs of Indian people. The President's budget requests $27.4 million for scholarships for Indian students to attend accredited post-secondary schools-This represents a $500,000 cut in this programs funding from the fiscal year 2004 level. Obtaining a degree in higher education—particularly for those individuals from families that have not previously sent anyone to college—takes courage and often considerable personal sacrifice. We believe it is our responsibility to support the efforts of our people to attend college. The Tribes provide scholarship funds available through the BIA program. However, the current levels of funding are already far too inadequate. For example, this year the Tribes have identified 230 students who are eligible for scholarship benefits for higher education but who cannot be served because of lack of funding. The BIA itself reports that the level of unmet requests for scholarships nationwide has increased steadily over the last three years.

Tribal Colleges.—We oppose the Administration's proposal to cut tribal colleges funding by $5.4 million. In addition to this cut, the Administration proposes bringing two additional colleges into the system. Thus, the true impact of this cut will be much larger. The current twenty-six tribal colleges are important institutions in the remote tribal communities that they serve. On our Reservation, we operate the Fort Peck Tribal College, a fully accredited institution, offering Associate Degrees in arts, science and applied sciences.

The College offers our students an opportunity to obtain a higher education without having to leave their homes and families. This is critical for many of our students, especially our single parent students, who need family members to provide child care. These students do not have the resources or the network to attend school in Billings or Great Falls and if it weren't for our Tribal College they would have no opportunity to improve their lives, through higher education. We strongly urge the Subcommittee to increase funding for this vital program that is improving the lives of Indian people.

INDIAN HEALTH SERVICE

The President's budget requests a total of $3.7 billion for IHS services and construction. While this represents an increase on paper, it will not translate into any program improvements or expansions. This increase does not even keep pace with medical inflation rates.

The health indicators in Indian communities consistently demonstrate higher infant mortality, teenage suicide, accident, alcoholism, diabetes, and heart disease rates among Indian people when compared with other minorities and the general American population. Yet, money directed to health care, especially preventative care, such as routine checkups and health education, that clearly improve the quality of life and help avoid more expensive health care costs in the future is not included in the Administration's fiscal year 2005 budget request. This is unacceptable.

At Fort Peck, we are in dire need of an in-patient facility where our people can receive care and not have to be flown to Billings or Williston to receive adequate medical care. However, when we discussed this with the officials in the Indian Health Service, we were told that the IHS will not consider the Fort Peck Reservation for a new in-patient facility and that in any event to get on the list for a new facility it would take years. It is clear that there is extraordinary need for health facilities construction in Indian Country, we urge the Congress to examine this and begin the process to address this need.

In short, the Federal government has a trust responsibility to provide health care to Native Americans, an obligation that was paid with millions of acres of land and resources. This Federal responsibility has been reaffirmed through treaties, legislation, executive orders and policies by Congress and Presidential Administrations.

The failure of the Administration to recognize this responsibility and request sufficient funding for tribal health programs and facilities needs, while disappointing, cannot be a basis for Congress abdicating its responsibility to appropriate the funds to meet these needs.

PREPARED STATEMENT OF THE FOND DU LAC BAND OF LAKE SUPERIOR CHIPPEWA

Mr. Chairman, Members of the Committee, I, Robert B. Peacock, Chairman of the Fond du Lac Band of Lake Superior Chippewa would like to thank you for this opportunity to present written testimony on fiscal year 2004 appropriations for the Department of Interior. The Fond du Lac Reservation was established by Treaty with the United States on September 30, 1854 and encompasses 100,000 acres of land in northeastern Minnesota. There is a population of 6,500 Indian people that live within the service area of the Reservation with the Band providing employment or services to most of them. On behalf of the Fond du Lac Band, I am asking that you increase the bands funding from the Bureau of Indian Affairs by $15 million for fiscal year 2005 for the Resource Management Division to develop the infrastructure necessary to continue to serve and protect the resources of the band. I also request that $915,000 be provided for the Circle of Flight program under the BIA's Other Recurring Programs—Resource Management line item. Congress restored this important program in fiscal year 2003 and 2004, but the President has again proposed eliminating the Circle of Flight in fiscal year 2005. I request that the Dept. of Interior's Tribal Wildlife Grant Program be funded at $10 million as in fiscal year 2003, and that the Tribal-Landowner Incentive Program also be funded at $4 million as in fiscal year 2003.

We ask the Committee to restore full Pay Cost funding for all tribes in the fiscal year 2005 Interior Appropriations budget. Funding for tribes' most critical core services have experienced unprecedented erosion in recent years. These services, including law enforcement, fire protection, courts, resource management, road maintenance, education and social services affect the lives of our people every day. Tribes are locked in a desperate struggle to protect the funding levels provided for these services, especially since the crippling, nearly $100 million cut in the Tribal Priority Allocations account (TPA) in fiscal year 1996, with only one minor, general increase in the TPA since that time (fiscal year 1998). In addition, tribes' core service funding has been subjected to permanent, across-the-board reductions each year, as well as permanent, targeted reductions such as the fiscal year 2004 reduction, which was used to fund the BIA's Information Technology upgrades. The only general increase tribes could count on each year was a cost of living pay increase, known as the 638 Pay Cost account, which is similar to what the Administration and Congress provide for federal workers employed by federal agencies each year. Now, even this cost of living pay increase is under attack. Due to federal administrative oversight and through no fault of the tribes, tribes received only 75 percent of their 638 Pay Cost funding in fiscal year 2002. Due to an Administration decision, tribes received only 15 percent of their 638 Pay Cost funding in fiscal year 2003 and about 30 percent in fiscal year 2004. As a result of the above, tribes' core service funding is far less, in real terms, than nearly a decade ago. Critical services continue to erode, seriously undermining our ability to provide some semblance of public safety, security, and well being for people who already suffer some of the worse living standards in America. It may be the case that some federal agencies can absorb this onslaught of cuts, but tribes cannot—there have simply been too many cuts for too long. The failure of the BIA, OMB and the Congress to ensure that Pay Cost parity between federal and tribal employees is protected seriously undermines the federal Indian policy that favors, pursuant to Public Law 93–638, as amended, the assumption by tribes of programs, functions, services and activities formerly carried out by federal employees. I strongly urge the Committee to restore full Pay Cost funding for all tribes in fiscal year 2005, and to consider restoring Pay Cost funding not received in fiscal year 2002–2004 through a special appropriations equitable adjustment.

We ask that the House Appropriations Committee support the Fond du Lac Band, in behalf of the Fond du Lac Ojibwe Schools, to restore a $4.8 million decrease in the proposed budget for overall school operation costs to at least the fiscal year 2004 enacted level of $569.8 million. We also request that a proposed decrease of $5.4 million to the tribal college program be restored in the budget. The Congress has authorized $6,000 per tribal college student, however the proposed budget for fiscal year 2005 would only provide about $3,300 per student, a significant reduction from the fiscal year 2004 level of $4,200 per student. Tribal colleges continue to be the lowest funded post secondary schools in the country. The Tribal Scholarship program would be cut by $0.5 million in the proposed budget, and we request that this program be fully funded.

The Administration's budget for the Indian Health Service is $3.7 billion. Although this is an increase in most areas from last years budget it still falls far short of the levels of need determined by the Congress's approved Level of Need Formula (LNF). The LNF has determined a need of about $8 billion for the Indian Health Service to properly care for their patients. The budget for the Indian Health Service should be significantly increased to meet this need.

We strongly support the Administration's request of additional funding under the Indian Country Law Enforcement Initiative. In 1997 the Minnesota Supreme Court held that certain traffic regulations including, speeding, driving without a license, and driving with no insurance were "civil-regulatory" in nature and under Public Law 280 are unenforceable by state police officers on the Reservation. The ruling known as the *Stone* decision, left a jurisdictional void with regard to law enforcement on the roads within Indian Reservations in the State. In order to fill this void, the Band has undertaken the establishment of it's own Tribal police force through the Community Oriented Policing Services, Bureau of Indian Affairs and Tribal funds. In addition, the Band has worked with all local law enforcement agencies to establish a cross-deputization agreement that ensures maximum law enforcement protection for the Reservation and it's citizens by allowing all law enforcement agencies within the Reservation boundaries to enforce each other's laws. However, because of the short-term, limited financial resources available, there are significant unmet needs in this area. At Fond du Lac, we need long term funding to pay for staff and equipment to adequately ensure the safety of the Reservation population. In light of the Stone decision, we ask this committee to support the Administration's request for investment in strengthening Indian Country's Law Enforcement and Criminal Justice System and ask that this committee consider placing these initiatives into the BIA's permanent base budget. The Band currently employs seven police officers, six conservation officers, one records clerk, one prosecuting attorney, one clerk of court, one part time court recorder, and one part time judge. All of these staff positions are located within the Resource Management division. Along with this staff, are thirty other permanent full time staff and fifteen full time seasonal staff housed in a building that was designed to house twenty. With the increased responsibility assumed by the Band there is an ever increasing need to expand the staff and it's capabilities. With this in mind, we request a one time allocation of $12 million to the Band for expansion of the office space for the Resource Management Division. We are also requesting that $1.5 million be added to our base budget to continue to implement and staff the court and enforcement systems for the Band.

Under Treaties with the United States made in 1837 and 1854 the Fond du Lac Band reserved the right to hunt, fish and gather on the lands ceded, a large portion of central and northeastern Minnesota, to the United States. The Band's rights under these treaties have been recognized and upheld by the federal courts—most recently the United States Supreme Court. On March 24, 1999 the Supreme Court issued a decision expressly re-affirming the Band's hunting and fishing rights in the 1837 Ceded Territory. Under established Band conservation law, the exercise of these off-reservation treaty rights require that the Band take the steps necessary to ensure proper use and management of the natural resources. This means the Band is responsible for member's hunting, fishing and gathering activities over approximately 8,000,000 acres of land. The Band has adopted, along with the federal courts, a code and a resource management plan that protects the exercise of treaty reserved rights and the resources. It is very essential that the Band continue to manage their on-reservation resources in order to meet the demands of an increasing population. Established by the Treaty of 1854 with the United States, the home of the Band is 100,000 acres in northeastern Minnesota. The waters, wildlife, wild rice and the forest resources of the reservation are vitally important to it's members as these resources provide the foundation for our culture, subsistence, employment and recreation. The Fond du Lac Reservation includes some 3,200 acres of lakes, 1,900 acres of wild rice lakes and associated wetlands, 66 miles of cool water streams, and 17,500 acres of forest with the remaining acres being used by individual land owner for housing and development. The loss of wild rice acres, wildlife habitat, and the decline of our forest are of great concern to the Band. Therefore, we are seeking an additional $1.5 million be added to the Band's base budget for the Fond du Lac Resource Management Division, for it's natural resource programs, that will enable us to protect these resources for the future generations on Fond du Lac.

In the $1.5 million request, we seek a $100,000 increase to the base budget of the Fond du Lac Natural Resources Program. The Fond du Lac Natural Resources program carries out the essential fisheries, wildlife and wild rice programs on the Fond du Lac Reservation. The funds for this program have not been increased since 1991 and the cost of conducting these resource management programs has increased substantially.

Another important resource management need is to obtain funds to address the threat of Chronic Wasting Disease (CWD), which has recently infected white tailed deer in our region. CWD poses a very serious threat to the health of the white tailed deer herds and potentially to the moose population in northern Minnesota. The potential harm to the deer population in this region has serious implications for Native Americans, because for a majority of Fond du Lac Band Members, deer comprise 25–30 percent of their diet. Therefore, we urgently request $75,000 in base program funds for our Conservation Enforcement Program. The long term funding of this project is necessary for our Conservation Enforcement and Wildlife staff to collect the samples from hunters for analysis, in order to identify the frequency and range of infected deer in Northeastern Minnesota

The Circle of Flight—Tribal Wetland & Waterfowl Enhancement Initiative, under the BIA's Other Recurring Programs category, was again eliminated by the President in his fiscal year 2005 budget request. The Circle of Flight has been one of Interior's top trust resource programs for 10 years. Since fiscal year 1991, Great Lakes tribes and our partners have restored or enhanced more than 66,000 wetland, grassland and native prairie acres, installed thousands of waterfowl nest structures, and have undertaken many other wetland enhancement and education activities. Circle of Flight has enabled Great Lakes tribes to become key partners with federal, state, and local government units, as well as private organizations such as Ducks Unlimited and the Nature Conservancy. The Circle of Flight program has invested more than $6 million in habitat projects, and has leveraged these dollars for an additional $18 million in federal, state, private, and tribal funding, yielding an impressive match ratio of 3 to 1. I ask that you restore the Circle of Flight program to the BIA's fiscal year 2005 budget to at least the fiscal year 2004 level of $600,000, and to consider providing the fiscal year 2003 requested amount of $915,000.

I thank the Committee for providing an increase (from $5 million to $6 million) for the Tribal Wildlife Grant (TWG) program in the Interior Conservation Spending Category in fiscal year 2004. Even though this amount represents less than .30 percent of this Title, whereas tribes are directly responsible for protecting at least 2.35 percent of the land area of the United States, and also many of the lakes and rivers in the Great Lakes region, it represents a good start at helping to address the massive unmet need tribes have in meeting their conservation responsibilities. The TWG program was funded at nearly $10 million in fiscal year 2003, and we request that this amount be funded for fiscal year 2005. The Tribal-Landowner Incentive Program (TLIP) was funded at $4 million in fiscal year 2003, which was reduced to $3 million in fiscal year 2004. We request that TLIP be funded at the $4 million for fiscal year 2005. Fond du Lac has received grants in these two programs this year, which will be used for important fisheries, wildlife, and wild rice management and restoration projects. I request that these two programs be funded at least at the level of the fiscal year 2004 budget.

In conclusion, the needs at Fond du Lac and throughout Indian Country remain massive. Your support to preserve the current BIA funding request is critical to maintain current program levels. Your consideration for our additional funding requests will enable us to improve the delivery of services to Band members and help ensure that we enter the 21st Century with a renewed sense of hope.

Miigwech. Thank you.

Prepared Statement of the Great Lakes Indian Fish and Wildlife Commission

BIA Treaty Rights Protection/Implementation.—$4,196,000 ($282,000 above enacted fiscal year 2004)—Operation of Indian Programs, Other Recurring Programs, Resources Management, Rights Protection/Implementation, Great Lakes Area Resource Management.[1] Specifically, GLIFWC seeks to:

—Restore the full $300,000 in base funding that Congress had provided in fiscal year 2003 but that has not been fully included in the Administration's subsequent budget proposals;

—Restore $75,000 in fiscal year 2002 and 2003 pay cost adjustment base funding that Congress provided to the BIA but that the BIA continues to wrongfully withhold from GLIFWC; and

---

[1] The requested amount reflects GLIFWC(s share of this line item, which also provides funding for the 1854 Authority.

—Provide $150,000 to sustain enhancements in conservation law enforcement and emergency services capabilities.

GLIFWC's conservation and law enforcement programs both fulfill important federal obligations to its 11 member Ojibwe Tribes and provide a wide range of associated benefits for the general public. Without full base funding, GLIFWC's required functions under a number of federal court decisions will be jeopardized, as will its ability to participate in a number of conservation and public safety partnerships in Wisconsin, Michigan and Minnesota.

BIA Contract Support Costs.—GLIFWC also seeks full contract support cost funding as it has experienced a $310,000 shortfall since fiscal year 1995 that has cut into program funding and that makes it increasingly difficult to maintain its historically low indirect cost rate (e.g. 14.67 percent in fiscal year 2003).

BIA "Circle of Flight" Program.—GLIFWC supports restoration of funding to the Operation of Indian Programs, Other Recurring Programs, Resources Management, Tribal Management Development Programs, Wetlands/Waterfowl Management line item. The Administration again proposes to eliminate this long-standing tribal contribution to the North American Waterfowl Management Plan. As it has done for the past two years, Congress should restore the necessary funding, which over the past decade has leveraged over $21 million—almost a 3 to 1 ratio—in matching federal, state, private, and other tribal funding for cooperative wetland enhancement projects.

Ceded Territory Treaty Rights and GLIFWC'S Role.—GLIFWC was established in 1984 as a "tribal organization" within the meaning of the Indian Self-Determination Act (Public Law 93–638) to assist its member Tribes in:

—securing and implementing treaty guaranteed rights to hunt, fish, and gather in Chippewa treaty ceded territories; and

—cooperatively managing and protecting ceded territory natural resources and their habitats.

It exercises authority delegated by its member Tribes to implement federal court orders and various interjurisdictional agreements related to their treaty rights. It serves as a cost efficient agency to conserve natural resources, to effectively regulate harvests of natural resources shared among treaty signatory Tribes, and to develop cooperative partnerships with other government agencies, educational institutions, and non-governmental organizations.

Congress has funded GLIFWC for nearly 20 years to meet specific federal obligations under: (a) a number of U.S./Chippewa treaties; (b) the federal trust responsibility; (c) the Indian Self-Determination Act; and (d) various court decisions, including a 1999 U.S. Supreme Court case, affirming the treaty rights of GLIFWC's member Tribes.

Under the direction of its member Tribes, GLIFWC operates a ceded territory hunting, fishing, and gathering rights protection/implementation program through its staff of biologists, technicians, conservation enforcement officers, and public information specialists.

Its activities include: natural resource population assessments and studies; harvest monitoring and reporting; enforcement of tribal conservation codes into tribal courts; funding for tribal courts and tribal registration/permit stations; development of natural resource management plans and tribal regulations; negotiation and implementation of agreements with state, federal and local agencies; invasive species eradication and control projects; biological and scientific research; and development and dissemination of public information materials.

Why GLIFWC's Funding Base Needs to be Maintained.—Ultimately, GLIFWC must be able to carry out its conservation and law enforcement functions as required by a number of federal court decisions and to remain an active partner with state, federal and local governments, with educational institutions, and with conservation organizations and other non-profit agencies.

For the past 3 years, Congress recognized this need and provided funding in the range of $261,000 to $300,000 above what the Administration had proposed for GLIFWC each year. As a result, GLIFWC has been able to maintain its core programs and has been able to restore services that had to be cut because of chronic funding shortfalls.

Continued full base funding also will ensure GLIFWC's participation in regional emergency services networks as an integral partner with surrounding emergency responders. GLIFWC's officers not only enforce the Tribes' off-reservation conservation codes, but also work cooperatively with surrounding authorities in detecting violations of state or federal criminal and conservation laws. And, they are certified medical emergency first responders and are trained in wilderness search and rescue.

GLIFWC has worked hard over the years to streamline its programs and institute other cost-saving options. Specifically, it has: (i) cut staff as necessary to stay within funding allocations; (ii) teamed up with its partners to maximize the cost efficiency of cooperative projects; (iii) obtained separate contract support funding from the BIA; and (iv) diversified its funding from non-BIA sources to build upon its Self-Determination Act funding and to undertake special projects.

How the requested fiscal year 2005 funds would be used.—GLIFWC will:

1. *Restore and Maintain Required Core Programs ($300,000)*.—As was the case with the funds that Congress provided for the past 3 years, GLIFWC would—(1) Restore programs that had been cut or reduced;[2] (2) Replace ageing vehicles and field equipment;[3] and (3) Meet increased personnel and fringe costs (particularly ever-increasing health insurance costs).

2. *Restore and Maintain Pay Cost Adjustments that the BIA has not Included in Base Funding ($75,000)*.—The BIA wrongfully withheld $75,000 that Congress had provided in fiscal year's 2002 and 2003 for GLIFWC's pay cost adjustments. The BIA has agreed to provide these funds on a one-time basis but, unlike in previous years, has not included them in its proposal for GLIFWC's base funding. Unless corrected, this would negate the very purpose of the adjustments and would result in more de facto budget cuts as the adjusted salaries are paid in subsequent years.

3. *Enhance Law Enforcement and Emergency Services ($150,000)*.—In the past few years, GLIFWC has solidified its law enforcement and emergency response infrastructure utilizing a combination of US Department of Justice/COPS funds and BIA funds. For example, it recently increased its warden force by three officers and the additional $150,000 would partially support the salaries, provide training and equipment, and build the fiscal foundation to ensure retention of these officers over the long-term.

Public Benefits from GLIFWC'S Funding.—With the requested funds, GLIFWC will:

1. *Remain a constructive, stabilizing natural resource management and public safety institution*—GLIFWC provides continuity and stability in interagency relationships and among its member Tribes, and contributes to social stability in the ceded territory in the context of treaty rights issues. It is a recognized and valued partner in natural resource management, in emergency services networks, and in providing accurate information to the public.

2. *Retain an Experienced Professional Staff*.—In many instances, GLIFWC staff experience matches or exceeds that of their counterparts in other agencies when it comes to treaty rights issues and to ceded territory natural resource management and conservation enforcement.

3. *Maintain cooperative, cost-effective partnerships*.—GLIFWC has built partnerships with:

—Federal, state, and local government agencies (e.g. State DNR's, USFWS, USDA-FS, USDA-NRCS, Great Lakes Fishery Commission, U.S. Coast Guard, EPA, ATSDR, and Canadian federal and provincial governments);

—Schools and Universities (e.g. University of Wisconsin-Madison, University of Wisconsin-Superior, Northland College, University of Minnesota, Michigan State University, and Lac Courte Oreilles Ojibwe Community College); and

—Conservation groups (e.g. Ducks Unlimited, the Sharp-Tail Grouse Society, the Natural Resources Foundation, the Nature Conservancy, and local lake associations).

Through these partnerships, the parties have achieved public benefits that no one partner could have achieved alone by:

—Identifying mutual natural resource concerns, and implementing joint conservation and enhancement projects (e.g. wild rice restoration, waterfowl habitat restoration and improvement projects, and exotic species control projects);

—Providing accurate information on state and tribal harvests and on the status of natural resource populations (e.g. joint fishery assessment activities and jointly prepared reports);

—Maximizing financial resources to avoid duplication of effort and costs (e.g. coordinating annual fishery assessment schedules and sharing personnel/equipment);

[2] As it did with previously provided funding, GLIFWC would: restore fall juvenile walleye recruitment surveys to previous levels; restore tribal court and registration station funding cuts; restore Lake Superior lamprey control and whitefish assessment programs; and restore GLIFWC's share in cooperative wildlife and wild rice enhancement projects with state and federal agencies, as well as with non-profit conservation organizations and other partners.

[3] GLIFWC would continue to maintain a vehicle/equipment replacement capital fund and would replace a number of its oldest vehicles and equipment that have become obsolete or economically inefficient to operate and maintain. This fund would be replenished with fiscal year 2005 funds to cover some of the over $200,000 in other vehicle/equipment replacement needs.

—Contributing scientific research and data regarding natural resources and public health (e.g. furbearer/predator research, fish consumption/human health studies, and other fish contaminant research particularly regarding mercury and dioxin); and
—Engendering cooperation rather than competition (e.g. cooperative law enforcement and emergency response, joint training sessions, mutual aid emergency services arrangements, and cross-credential agreements).

Prepared Statement of the Institute of American Indian and Alaska Native Culture and Arts Development

SUMMARY OF REQUEST

IAIA is authorized under Public Law 99–498, as amended, and herein respectfully submits its fiscal year 2005 request, a total of $13 million to be allocated as follows:
—$6 million, as supported in the President's fiscal year 2005 Request, for strengthening operations as IAIA continues to mature into a four-year postsecondary institution and implements recommendations of its accreditation assessment of new four-year programs;
—$7 million for capital construction, building on last year's appropriation of $1 million to provide an $8 million federal match to a W.K. Kellogg Foundation challenge grant for the development of the first and only international American Indian, Alaska Native and Indigenous peoples lifelong learning center.

BACKGROUND AND KEY FACTS

IAIA, originally established in 1962 by Executive Order, has produced the majority of North America's most illustrious contemporary Indian artists. Founded as a Bureau of Indian Affairs (BIA) high school, IAIA's path has been one of steady evolution—from a unique high school to a federally chartered four-year college, building its own campus and operating the national American Indian Arts Museum in the historic plaza of Santa Fe, NM.

Charter and Mission.—IAIA moved out of the control of the BIA into a Congressionally chartered institution in 1988 and is authorized under Public Law 99–498, as amended. This law affirms and acknowledges that Native cultures and arts are critical to the nation as a whole and, consequently deems it appropriate and essential for the federal government to support IAIA in the advancement, preservation, and promotion of diverse Native cultures and arts. With IAIA's unique authority and charter, its mission is to serve as the national center of research, training, language and scholarship for Native Americans and Alaska Natives through the dedicated study, creative application, preservation and care of our Native cultures and arts. The primary goal of IAIA is to enhance knowledge and understanding of the cultural traditions of American Indians and Alaska Natives with a special focus on traditional and contemporary Native art. To this end, it provides a culturally based curriculum that combines professional skills development with an integrated liberal arts education. It also has a public education mission which is carried out through its public programs offered at its museum.

Governance.—IAIA is governed by a board of trustees appointed by the President of the United States and confirmed by the Senate, a majority of which must be of American Indian and Alaska Native descent.

Funding.—As a national postsecondary institution, IAIA operations are funded through direct federal support and a diversified private sector approach to foundations, corporations, tribes, and individual donors. It does not receive state support for operations or student aid.

Educational Goals.—IAIA's educational goals are to: recruit, admit, and retain qualified American Indian and Alaska Native students and provide them with a Native-centered arts education—graduate students from the degree programs with demonstrated artistic and academic competency—focus on the needs of the individual student by providing an environment that encourages independent work, personal growth and professional development—strengthen cultural identity—and provide awareness of community and cultural diversity.

Museum.—IAIA's enabling legislation also authorizes funding to the IAIA Museum and specifies its dual purpose of public education and presentation. Its facilities and collections provide hands-on training for students and faculty and serve as an outlet to showcase exemplary work and ongoing connections with students and alumni. It provides the Institute with a highly visible venue for public relations, education, and outreach, attracting over 50,000 visitors annually. It also houses the largest National Collection of Indian Contemporary Art comprised of more than 6500 pieces of artwork as well as valuable artifacts from BIA collections.

Campus.—The Rancho Viejo Partnership, Ltd. donated 140 acres to IAIA for the establishment of the college's permanent campus in 1989. IAIA developed the land infrastructure for site development and created an impressive master campus plan. The first phase of the new campus, which is nearly complete, includes the following facilities: Academics and Administration, Cultural Center, Student Housing, Student Life Center, Facilities and Information Technology Management, Library and Technology Center, and a Student Mentoring Center.

Student Body.—IAIA's diverse student body represents virtually every state in the country. Over the years, IAIA has enrolled and graduated over 4,000 members of the 562 federally recognized tribes. The student population is 90 percent American Indian and Alaska Native and relatively young in comparison to other tribal college student populations. On average, over 90 percent of enrolled students come from impoverished reservations located in rural, isolated communities. Their family income levels are predominately below federal poverty standards and financial aid is crucial for continuation of their study. The majority of IAIA students reside on campus and experience phenomenal personal and professional growth from the holistic framework and relevancy of the curriculum IAIA offers. Graduates become renowned artists and/or highly respected professionals in tribal communities and mainstream society.

Tuition.—IAIA's is strongly committed to assisting its student body access both federal and private sources of scholarship, financial aid and other tuition assistance public and private programs. IAIA's tuition rates are similar to other community colleges in the Santa Fe area.

Performance Measures.—The Institute undergoes rigorous assessment through regular reviews by mainstream accreditation committees and meets strict evaluation standards. It holds dual accreditation as a 4-year fine arts college by the North Central Association of Colleges and Schools and the National Association of Schools of Art and Design.

Community Outreach and Support.—Through its public education and outreach services, IAIA serves over 50,000 students, community members and national and international visitors annually. Because of the important work IAIA is conducting in tribal communities, it has gained the national support of tribes and Indian education and tribal organizations. Please note that this budget request has the unanimous support of the American Indian Higher Education Consortium, the All Indian Pueblo Council, the National Congress of the American Indian, and the National Indian Education Association, as documented by resolution and or support letter.

FUNDING JUSTIFICATIONS

Accomplishments.—IAIA just completed another very successful year as it continues to establish itself on its new campus. The 2003 graduating class of 40 students was one of the largest in the school's history with six students receiving Bachelor of Arts or Bachelor of Fine Arts degrees and 34 students receiving Associate degrees. In the last academic year, 32 percent of the student population achieved placement on the President's Honor Roll (GPA of 4.0) or the Dean's Honor Roll (GPA of 3.5+). In addition, 14 of these students were inducted into the Beta Theta Delta Chapter of the Phi Theta Kapp International Honor Society.

Another highlight of fiscal year 2003 was the construction and completion of a new library. The state of the art facility was made possible from gifts from the private sector, appropriations from Congress and the State of New Mexico, grants from the Economic Development Agency, the Department of Housing and Urban Development, and the Department of Agriculture, as well as gifts from tribes. The library will support the newly added baccalaureate programs of the IAIA.

Many new partnerships and collaborations were created over the past year that will prove to be of tremendous benefit in providing new learning opportunities for students, some of which include:

—MOU with the Smithsonian National Museum of the American Indian
—MOU with the Maori University of New Zealand
—2+2 Articulation Agreements with other tribal colleges for transfer into IAIA's new four year programs
—100 new partnerships in support of the Center for Lifelong Learning
—Consortium with the Peabody Essex Museum, Hood Museum, Bishops Museum and the Alaska Native Heritage Center to enhance museum and education programs and operations.

Because of IAIA's accomplishments and growing reputation, the Eastern Band of Cherokee in Cherokee, North Carolina approached IAIA to seek the establishment of a branch campus on their reservation. At IAIA's request, the Cherokee Tribal Council has conducted a feasibility study, which shows strong feasibility for course offerings to both the Cherokee tribe and the Southern Eastern Tribes of the United States. Similarly, at the request of the Alaska Congressional delegation, we are exploring expanding IAIA's services to Anchorage, Alaska. The Alaska Native Heritage Center is highly interested in partnering with IAIA in this endeavor. Jointly, we are planning a feasibility study over the next year and a subsequent implementation plan appropriate to the conducted research.

Remaining Challenges.—Although IAIA's track record has been exemplary over the past several years, significant challenges still remain in the institution's viability. More funding is needed to solidify gains and allow the Institute the opportunity to fully develop into its newly awarded four year designation. Actual costs of basic operations, critical to the four year status, were not fully addressed the fiscal year 2004 budget and far exceed the federal appropriation. Below is a summarized list of critical needs/priorities that must be met in the next two fiscal years.

—Stabilize operations and maintenance of existing programs and new facilities

—Meet strict accreditation mandates directly related to four year programs of student, including: strengthen faculty and staff credentials; provide new technologies for instructional delivery; strengthen current curriculum and implement new programs of study; expand library services through technology and campus services and community outreach

—Strengthen student services to include developmental studies for the vast number of under-prepared students applying to IAIA

—Conduct research study on retention of students and develop and institutionalize successful model student retention programs

—Institutionalize data collection and provide ongoing training for faculty and staff

—Increase faculty and staff salaries appropriate to competitive markets

—Implement comprehensive recruitment program to strengthen student enrollment and admissions systems

—Review financial management system through outside expert evaluation

—Renovate historical building, housing the valuable national collection of contemporary Indian art.

Lifelong Learning Center.—The emergence of adult learners as a major constituency in American higher education has been one of the most dramatic changes in the United States in the past 25 years. Since the 1970s, national commissions have been established to examine lifelong learning. Their collective recommendations and findings presented significant research and evidence that have now placed a high priority on comprehensive lifelong learning models in the education agenda for the nation. As a result, the Kellogg Foundation has established continuing education centers throughout the world, demonstrating their commitment to creating comprehensive lifelong learning models across all levels and groups of people. However, until now, Native populations have not been considered in this agenda, yet have some of the highest social, economic, and educational needs in this country.

Through a highly competitive process the W.K. Kellogg Foundation selected IAIA as the designated site for the very first continuing education center to serve American Indian, Alaska Native and indigenous peoples worldwide and granted the Institute a $2 million planning award. Planning, construction and development costs are projected at $37 million of which, $17 million has been secured and/or committed. The Kellogg Foundation has committed an additional $10 million but requires a federal match of $8 million. Federal cooperation is essential to the success of this initiative. The Institute is diversifying support for remaining costs for construction and start-up by engaging private, state, and tribal partners.

CONCLUSION

An endless dedication to the sustainability of our Indian Nations keeps IAIA an ever-evolving force in the world of creative arts. Through the hard work of our staff, faculty, trustees, as well as the critical support of President Bush, Congress, foundations and many individuals, we have achieved great things. This success has positioned the Institute to become internationally prominent. We appeal to you to continue to support IAIA's hard-earned momentum. The federal resources specified in IAIA's budget request are essential to the future of the Institute of American Indian Arts. Thank you for your serious consideration and continued support.

Prepared Statement of the InterTribal Bison Cooperative

INTRODUCTION & BACKGROUND

My name is Ervin Carlson, a Tribal Council member of the Blackfeet Nation of Montana and President of the InterTribal Bison Cooperative (ITBC). Please accept my sincere appreciation for this opportunity to submit written testimony to honorable members of the Appropriation Subcommittee on Interior. ITBC is a Native American non-profit organization, headquartered in Rapid City, South Dakota, comprised of fifty-three (53) federally recognized Indian Tribes within an 18 state region. On behalf of these members of ITBC, I would like to address the following issues: (1) request an appropriation of $3,000,000 for fiscal year 2005, an increase from the $2.23 million of last year's appropriation, (2) explain to the committee ITBC's unmet funding need of $23 million, and (3) update the committee on ITBC's present initiatives.

Buffalo thrived in abundance on the plains of the United States for many centuries before they were hunted to near extinction in the 1800s. During this period of history, buffalo were critical to survival of the American Indian. Buffalo provided food, shelter, clothing and essential tools for Indian people and insured continuance of their subsistence way of life. Naturally, Indian people developed a strong spiritual and cultural respect for buffalo that has not diminished with the passage of time.

Numerous tribes that were committed to preserving the sacred relationship between Indian people and buffalo established the ITBC as an effort to restore buffalo to Indian lands. ITBC focused upon raising buffalo on Indian Reservation lands that did not sustain other economic or agricultural projects. Significant portions of Indian Reservations consist of poor quality lands for farming or raising livestock. However, these wholly unproductive Reservation lands were and still are suitable for buffalo. ITBC began actively restoring buffalo to Indian lands after receiving funding in 1992 as an initiative of the Bush Administration.

Federal appropriations have allowed ITBC to successfully restore buffalo the tribal lands, thereby preserving the sacred relationship between Indian people and buffalo. The respect that Indian tribes have maintained for buffalo has fostered a serious commitment by ITBC member Tribes for successful buffalo herd development. Opportunities now exist for Tribes to utilize buffalo for tribal economic development efforts. Thus, ITBC is now focused assuring economic sustainability of bison herds and the promotion of buffalo as a healthy food source allowing Tribes to utilize a culturally relevant resource as a means to achieve self-sufficiency.

FUNDING REQUEST

The InterTribal Bison Cooperative respectfully requests an appropriation for fiscal year 2005 in the amount of $3,000,000. This amount is $770,000 above the fiscal year 2004 appropriation for ITBC and is greatly needed to maintain last years funding level and to help build economic sustainability to the Tribal projects.

FUNDING SHORTFALL & UNMET NEED

In fiscal year 2004, the ITBC and its member tribes were funded through appropriations at $2,230,000. The President's budget for fiscal year 2005 recommends a funding amount of $1,144,000, which is a decrease of $1,087,000 at a time when market prices for buffalo are only10 percent of the price three years ago.

At the current level of funding, many ITBC member tribes will not receive adequate funding to begin buffalo restoration efforts. Other tribes that have successfully restored buffalo to Tribal lands will not receive adequate technical assistance and resource development funds to ensure the sustainability of existing herds.

ITBC is structured as a member cooperative and 100 percent of the appropriated funds expended on the development and support of Tribal buffalo herds and buffalo product business ventures. ITBC funding is distributed to ITBC member Tribes via a needs proposal review process developed by the consensus of members. ITBC surveys member tribes, annually, to determine unmet project needs and currently the total unmet need for ITBC member projects is $23,000,000. I have attached Tribal Bison Project Proposal summaries that detail ITBC member tribe's projects and financial needs for your review.

ITBC GOALS & INITIATIVES

The immediate goal of ITBC is restoration of buffalo to Indian lands through the development of Tribal buffalo herds and enhancement of buffalo product economic development projects. ITBC's ultimate goal is for Tribal buffalo herds to achieve self-sufficiency and evolve into successful Tribal economic development projects.

Economic Development

In 1991, seven Indian tribes had small buffalo herds, with a combined total of 1,500 animals. The buffalo provided little or no economic benefit to the tribal owners. ITBC has proven extremely successful at buffalo restoration during its relatively short 10-year history. Today, with the support and technical assistance of ITBC, over 35 Indian Tribes are engaged in raising buffalo with approximately 15,000 animals owned and managed by ITBC member tribes. Many of these tribal buffalo programs are close to achieving self-sufficiency via profitable operations. Of great significance for Indian reservation economies, buffalo production has resulted in a new industry creating hundreds of direct and indirect jobs relating to the buffalo management and production. As a result, thousands of dollars circulated through Indian reservation economies.

However, Tribes must have the resources to build solid foundations for this new industry to become fully self-sufficient and maintain sustainable buffalo herds. ITBC provides critical technical assistance to member Tribes that have developed sustainable management and infrastructure development plans. Additionally ITBC provides training curriculum for the newly created jobs and marketing plans as Tribal herds reach marketing capabilities. ITBC has begun implementation of a marketing initiative to provide member Tribes with viable marketing options for utilization of buffalo as economic development efforts. This marketing initiative is in an infancy phase and continued funding is critical to achieve success.

Tribal Buffalo Marketing Initiative

When the tribal buffalo are ready for market, ITBC member tribes have faced another obstacle to economic success. Few meat processing plants exist that are willing to process range-fed buffalo. Shipping buffalo far distances to be processed increases operating costs and reduces the quality of the meat by introducing unnecessary and harmful stress to the animals. Further compounding the problem, existing processing plants often will not process buffalo unless the buffalo are finished in feedlots, which compromises the objective of ITBC to provide a healthy range-fed product. ITBC believes the development of tribally owned processing facilities that will process range fed buffalo will provide a solution to the processing plant obstacle.

ITBC has negotiated with the Assiniboine and Sioux Tribes of the Fort Belknap Indian Community in northern Montana to assist with the development of a meat packing facility acquired by the Tribe in Malta, Montana. The Tribe requested ITBC's assistance to develop a viable facility for processing buffalo, to coordinate with other Tribes for buffalo processing, and to build a cooperative market for the Tribally produced range fed buffalo. ITBC has launched it's marketing initiative by negotiating to provide critical support to the Ft. Belknap Tribe in Montana and intends to assist other tribes that have acquired USDA approved facilities. Development of Tribally owned processing facilities will create the necessary infrastructure to ensure the sustainability of Tribal buffalo production. Additionally, ITBC will provide skills training in meat processing, cold storage facility development, processing plant enhancement, development of distribution systems for Buffalo meat and by-products, and develop a cooperative brand name with standards and labeling guarantees for Native American produced buffalo. The development of the Ft. Belknap plant will serve as a model for other Tribal processing plants in strategic, regional locations. Tribally owned buffalo processing plants will maintain the integrity of the buffalo meat as a healthy food source, and provide culturally appropriate processing methods.

Preventive Health Care Initiative

ITBC is committed to providing buffalo meat to Indian reservation families both as an economic development effort for Native American producers and, more critically, as a healthy food to reintroduce into the diets of Native American populations. Current research indicates that the diet of most Indian reservation families includes large amounts of high cholesterol, processed meats that contribute to diabetes, heart disease and other diet related illnesses.

ITBC has implemented a preventive health care initiative to provide easy access to buffalo meat on Indian reservations and to educate more Indian families of the health benefits of range fed buffalo meat in their daily diets. Generally, buffalo meat is not sold in small quantities at the Indian reservation grocery and convenience stores leaving Native American families with few alternatives to the high fat, high cholesterol processed meats stocked in reservation stores. ITBC seeks to remedy this concern by providing buffalo meat in family sized quantities to Indian reservation markets.

CONCLUSION

ITBC has demonstrated success over the years by assisting its member tribes restore buffalo to their native lands for cultural purposes and economic development. ITBC will continue to provide technical assistance and funding to its member tribes to facilitate the development of sustainable buffalo herds.

ITBC and its member tribes have created a successful new Indian reservation industry, tribal buffalo production, resulting in new money for reservation economies. In addition, ITBC continues to support methods to market buffalo meat by providing easy access on the reservation and education efforts to the health benefits of buffalo meat in the Native diet.

ITBC and its member tribes are appreciative of past and current support from the Congress and the Administration. I urge the committee to consider an increase to ITBC fiscal year 2005 appropriation to continue, without interruption, the important and successful efforts of buffalo restoration and development of buffalo production as viable Reservation based economic development efforts.

I would like to thank this Committee for the opportunity to present testimony and the members of ITBC invite the honorable members of the Committee to visit our Tribal buffalo projects and experience first hand their successes.

Questions and/or comments regarding any of the issues presented within this testimony may be directed to Mr. Ervin Carlson, President or to Mr. Fred DuBray, Executive Director at (605) 394–9730.

[NOTE.—Additional information can be found on the website: www.intertribalbison.com]

PREPARED STATEMENT OF THE INTERTRIBAL TIMBER COUNCIL

SUMMARY

Mr. Chairman, I am Nolan Colegrove, Sr., President of the Intertribal Timber Council. I hereby submit the following requests for fiscal year 2005 BIA and U.S. Forest Service appropriations:

(1) Increase BIA Forestry base funding by $119.6 million as per the Primary Recommendations of the December 2003 independent IFMAT–II report on Indian trust forests and forest management,

(2) Integrate Interior fire funding for BIA lands into the BIA Forestry base budget in Non-Recurring Programs, Resources Management, as per the Primary Recommendations of the independent IFMAT–II report on Indian trust forests and forest management,

(3) Within the overall BIA Forestry base funding increase in ITC request No. 1 above, support the BIA's requested $1 million increase to Non-Recurring Programs, Resources Management Forest Management Inventory and Planning, and add an additional $6 million, to initiate a 10 year program to eliminate the backlog in forest management planning,

(4) Restore Endangered Species in Non-Recurring Programs, Resources Management to $3,035,000, and add $3 million for unfunded ESA mandates,

(5) Add $1 million to Environmental Management in Non-Recurring Trust Services for cultural resource surveys,

(6) Add $8 million to Cadastral Surveys in Non-Recurring Programs Real Estate Services, and add $1.5 million to Regional Office Operations Land Titles and Records,

(7) Within Wildland Fire funding, direct BIA to develop a Native American fire crew leadership training program, and

(8) Add $2.5 million to U.S. Forest Service State and Private Forestry to fund the newly authorized Tribal Forested Watershed Assistance Program.

Intertribal Timber Council background

The Intertribal Timber Council (ITC) is a twenty-eight year old organization of seventy forest owning tribes and Alaska Native organizations that collectively possess more than 90 percent of the 7.6 million timberland acres and a significant portion of the 9.5 million woodland acres that are under BIA trust management. These lands provide vitally important habitat, cultural and spiritual sites, recreation and subsistence uses, and through commercial forestry, income for the tribes and jobs for their members. In Alaska, the forests of Native corporations and thousands of individual allotments are equally important to their owners. To all our membership, our forests and woodlands are essential to our physical, cultural, and economic well-being, and their proper management is our foremost concern.

(1) Increase BIA Forestry base funding by $119.6 million, as per the Primary Recommendations of the December 2003 independent IFMAT–II report on Indian trust forests and forest management

The National Indian Forest Resources Management Act (Public Law 101–630) in Section 312 (25 U.S.C. 3111) requires that every ten years the Secretary of the Interior provide for an independent assessment and report on the status of Indian forests and forest management. After enactment of Public Law 101–630, the first Indian Forest Management Assessment Team report was issued in November 1993 (IFMAT–I). The second independent assessment has now been conducted and its report, IFMAT–II, was issued in December 2003.

The IFMAT–II team consisted of nationally pre-eminent forestry professionals led by Dr. John Gordon of Yale University. Six IFMAT–I team members also served on the IFMAT–II team, providing invaluable continuity of knowledge about the IFMAT processes and the Indian trust forest resource to the second assessment and report. By statute, each IFMAT report must address eight specific tasks, including the funding, staffing, management, and health of Indian trust forests. Additionally, each IFMAT report must be submitted to Congress.

The IFMAT–II report, coming at this time when forest health and federal Indian trust management adequacy issues are both being intensively debated, is particularly significant. It is the only independent, standardized, periodic review of an Indian trust resource. There are no other reports of this kind for any other Indian trust resource, and as such, in addition to the information the report provides for Indian forests and forest health, it demonstrates the contribution independent reviews can play in trust oversight.

IFMAT–II concludes that progress has been made in narrowing three of the four gaps originally identified in IFMAT–I: (1) the gap between Indians' visions for their forests and how their forests are actually managed is narrowing, (2) the funding gap between BIA Forestry and other comparable forests is narrowing (but principally as a result of increased fire funding), and (3) more tribes have or are developing integrated management plans. But (4), the progress has been made in the area of on-the-ground trust responsibility.

In addressing its statutory mandate for "an in-depth analysis of management practices on, and the level of funding for, specific Indian forest land compared with similar federal and private forest lands" (25 USC 3111(a)(2)(A)), the IFMAT–II reports finds that BIA base Forestry funding has actually declined in inflation-adjusted dollars from $3.29 an acre in 1991 (exclusive of fire funding) to $2.83 an acre in 2001. This funding, when expressed as a percentage of U.S. Forest Service per acre funding (inflation adjusted and excluding fire), has risen slightly from 21.6 percent of USFS per acre spending in 1991 to 29.8 percent in 2001 (see Table 2b, IFMAT–II page 58), but this comparative increase is due to USFS per acre funding declining rather than a BIA increase. The IFMAT–II report recommends that BIA base Forestry funding be increased by $119.6 million to bring it into per acre funding parity with the Forest Service (IFMAT–II page 98).

(2) Integrate Interior fire funding for BIA lands into the BIA Forestry base budget in Non-Recurring Programs, Resources Management, as per the Primary Recommendations of the independent IFMAT–II report on Indian trust forests and forest management

The IFMAT–II report stresses the contribution that fire-related funding (fuels management, preparedness, emergency stabilization) has made to the program since 1991. For 2001, the total BIA Forestry budget including base program funding and fire funding is $9.38 an acre, or two-thirds of the $13.70 per acre combined base and fire budget for the Forest Service. But while the BIA's fire funding increase has helped make-up a significant part of its funding disparity with National Forests, the strict barriers on the BIA fire funds hamper more effective and coordinated management, and can cause duplication of effort and other inefficiencies. The IFMAT–II report therefore recommends that fire funding be made a permanent part of BIA's base Forestry funding in order to efficiently address forest health as part of overall Indian forest management (IFMAT–II page 60). The ITC agrees and requests the Committee to shift funding for BIA fire and fuels management and preparedness to Forestry in Non-Recurring Programs, Resources Management.

(3) Within the overall BIA Forestry base funding increase in ITC request No. 1 above, support the BIA's requested $1 million increase to Non-Recurring Programs, Resources Management Forest Management Inventory and Planning, and add an additional $6 million, to initiate a 10 year program to eliminate the backlog in management planning

Within the fiscal year 2005 BIA budget request for Non-Recurring Programs, Resources Management, we support the requested $1 million increase for forest management planning, but believe that the requested amount falls far below the actual annual need of $7 million, as identified by the BIA's own Status of Forest Management Plans and Inventory Report. A November 13, 1998 Interior Solicitors' Opinion holds that "Indian timber may not be harvested until an approved forest management plan has been established." Yet the IFMAT survey reports only 43 percent of the timberland tribes had current Forest Management Plans in 2001 (IFMAT–II page 14, and Table 4 page 22). A current management plan is essential for the regulation of a forest, and the design and execution of appropriate forest health activities and timber sales all depend on a current plan. The absence of a current plan effectively places the capacity to manage Indian forests and generate income from harvest of forest products at risk. Additionally, there are 185 tribal woodlands under BIA trust management, of which only 34 (18 percent) were reported as having current management plans.

(4) Restore Endangered Species in Resources Management, Non-Recurring Programs, to $3,052,000 and add $3 million to begin fulfilling the unfunded ESA mandates

We request that the Endangered Species item in the BIA's Non-Recurring Programs Natural Resources budget be provided $6,052,000. This amount restores the northern spotted owl/marbled murrelet (NSO/MM) and Cheyenne River ferret programs back to their fiscal year 2002 level of $3 million ($1.6 million for the owl, $1.4 million for the ferret), includes $52,000 for cost of living adjustments, and then adds another $3 million to begin addressing unfunded tribal/BIA endangered species mandates. Congress started the NSO/MM program in 1991 to enable the BIA to fulfill its obligations after the owl and murrelet were listed under the ESA. BIA subsequently combined the NSO/MM with the ferret program. In fiscal year 2003, the Administration proposed eliminating both activities, but Congress partially restored the funding to $2,697,000. For fiscal year 2004, the Administration request of $2,198,000 was enacted at $2,172,000 for ESA activities. It is essential that funding to support ESA activities be restored. They are the only funds that have ever been specifically provided in the BIA's budget for addressing the NSO/MM listings. Reduction of these funds threatens ESA compliance activities and could potentially restrict or shutdown the timber harvesting that is essential to the economies of tribal communities.

We request that ESA funding be fully restored for the NSO/MM and ferret programs to inflation-adjusted levels provided for fiscal year 2002. We also request a further $3 million increase in the ESA budget item for management of other ESA-listed species throughout Indian Country.

(5) Add $1 million to Environmental Management in Non-Recurring Trust Services for cultural resources surveys

Indian lands are rich in historic artifacts and sensitive sites, and various federal laws such as the Historic Preservation Act, NAGPRA, and NEPA impose exacting requirements on land and resource managers. Cultural surveys generate the data that is essential for forest and other resource management plans, but BIA has never requested any funding to help meet those federal mandates. Accordingly, like last year, we request that $1 million be added to Environmental Management in Non-Recurring Trust Resources for cultural resource surveys.

(6) Add $8 million to Cadastral Surveys in Non-Recurring Programs Real Estate Services, and add $1.5 million to Regional Office Operations Land Titles and Records

Reliable and accurate boundaries and clear, current title are essential for the management of Indian trust lands and resources. Without them, land use and management are clouded, its income subject to question, and its protection jeopardized. But Interior funding has not been sufficient, so we request increasing the fiscal year 2005 funding to $16 million. We also ask that BLM, which for years has shirked its statutory responsibility to provide cadastral surveys for trust land, be directed to institute such a program as part of its baseline responsibilities.

For Land Titles and Records in Regional Office Trust Services, we ask an increase of $1.5 million, to renew the commitment started several years ago to improve the BIA's ability to produce timely and accurate titles. Currently, BIA has 150,000 title documents that need to be recorded, and this caseload is growing as demand continues to outstrip the BIA's capacity. Accordingly, we ask that funding be increased by $1.5 million.

(7) Within Wildland Fire funding in the Bureau of Land Management, direct BIA to develop a Native American fire crew leadership training program

There is an increasing need for fire crew leadership training that, if not addressed, could endanger the safety and hinder the deployment of otherwise fully trained and able tribal fire crews. Native American crews constitute about 25 percent of the line fire fighter work force and a crew leadership training program in the BIA is essential to improve their safety and effectiveness. To help address this need, we ask that the BIA be directed to develop a Native American fire crew leadership training program.

(8) In U.S. Forest Service State and Private Forestry, add $2.5 million to fund the newly authorized Tribal Forested Watershed Assistance Program

Title III of the Healthy Forests Restoration Act (Public Law 108–148) establishes needed watershed forestry assistance programs for states (Sec. 302) and for Indian tribes (Sec. 303). The authorized funding for the Tribal Watershed Forestry Assistance program is $2.5 million a year, which we request to initiate the program in fiscal year 2005. We anticipate funding will be applied through a national competitive grant program that will help assure these relatively modest funds will be effectively applied to worthy watershed projects throughout Indian country, where community water supplies are often fairly basic and heavily rely upon watershed health for the quality of the community water supply.

Thank you for the opportunity to present this testimony.

Prepared Statement of the Lac du Flambeau Band of Lake Superior Chippewa Indians

As Chairman of the Lac du Flambeau Band of Lake Superior Chippewa Indians, located in Wisconsin, I am pleased to submit this written testimony which reflects the needs, concerns and issues of the Tribal membership arising from the President's fiscal year 2005 Budget.

INDIAN EDUCATION

Indian Education continues to be a Tribal priority. In the fiscal year 2005 Tribal Priority Allocation (TPA) BIA formulation process the Lac du Flambeau Band made education its top 4 priorities. These TPA programs include Scholarships, Johnson O'Malley, Adult Education and Job Placement and Training. In the past we have supported the President's BIA budget on Indian Education, but this year most of the increases are associated with school construction ($229.1 million) and operation ($565 million). This does not help the Lac du Flambeau Band. The Band is and has been requesting increased funding through the Administration's Tribal Priority Allocation planning process in higher education and Johnson O'Malley, but has not been successful. So again, we are asking Congress to address this funding shortfall through the legislative process.

The Band's specific concern is the funding levels associated with higher education programs. There has not been an increase in the BIA's higher education funding for 8 years. In fiscal year 2003, 230 Tribal members applied for scholarships and only 37 students were served. To fully support our eligible students, an additional $141,000.00 of funding for Lac du Flambeau is required.

The Johnson O'Malley program has been under funded through the Tribal Priority allocation process and the Band has identified a funding shortfall. Our Education Program receives $55,967.00 to operate the JOM program. Given this limited funding, we are forced to concentrate the funding we receive on our high school students. Subsequently, we have 520 students in grade school that are not served by the Johnson O'Malley program. To fully fund this program at Lac du Flambeau, an additional $93,000.00 would be required.

INDIAN HEALTH

The Lac du Flambeau Band urges Congress to support the Indian Health Service request of $3.7 billion, an increase of $45 million over last year. One million six hundred thousand (1.6 million) people utilize the Indian Health Service and the number is growing. Even though the Band supports the increase, we do not think $45 million is enough to address the growing health concerns and costs in Indian Country. For example, Lac Du Flambeau received $3.2 million last year from IHS and supplemented the Peter Christensen Health Clinic by $1.9 million for a total budget of $5.1 million.

Along with increased health care costs, there is the associated increase in health insurance costs, which is having a negative effect on the Lac du Flambeau Band and it's enterprises. The Health Insurance premium for an employee with single coverage is $451.60 per employee per month and for family it equals $966.00. The non-Indian employee depending on the option can pay from $25.00 to $200.00 per month to help off set costs. The total annual cost of health insurance the Band pays is $7.3 million. It would be great to be able to use a portion of this money for infrastructure development, education, economic development, natural resource management and social services.

NATURAL AND CULTURAL RESOURCES

In many past testimonies provided this Appropriations Committee, the Lac du Flambeau Band has always described and discussed how important it's natural resource are in providing fishing, hunting, gathering and economic opportunities to the tribal membership. These same resources are also enjoyed by many non-Indians who live, work and visit the reservation. So it is very important Congress supports our efforts in protecting, conserving and enhancing these resources for present and future generations. Specifically we would like Congress to address the following funding issues:

Circle of Flight-Great Lakes Wetland/Water Fowl Management Program

We strongly urge the Committee to restore $596,000.00 for the Great Lakes Wetland/Water Fowl Management Program (Circle of Flight) that the Administration proposes eliminating entirely again this year.

Congress restored this important funding last year and the Lac du Flambeau Band would like to thank the Committee for understanding how important this program is in restoring and preserving our Nation's wetlands and waterfowl populations. This program also gives Congress, the Great Lakes Region Tribes, States, USFWS, USDA, Ducks Unlimited and other private sector groups an opportunity to work cooperatively in projects that provide wetland protection, flood control, clean water and recreation in the Great Lakes Region. Your strong support of this program is required again.

Tribal Historic Preservation

The Lac du Flambeau Band requests from the Saving America's Treasures Account $1.5 million for the restoration of the Lac du Flambeau Boys and Girls Indian School.

This school was opened in 1895 with the purpose of assimilating Indian children from the region and operated as such until 1932. The history of the Lac du Flambeau Indian school represents a snapshot of a painful part of American history as to the federal government's various policies to address what at many periods in history was viewed as the "Indian problem."

Specifically the boarding school era of the late 19th century had as its goal the eradication of Indian traditional culture and language. Unfortunately, this story is rarely told in present day text books. Restoration of the Lac du Flambeau Indian School, will allow for the telling of this story. It is a story of cultural survival and personal endurance in the face of what was at times seemingly insurmountable obstacles. The Tribe's goal to have inside the restored buildings a place to tell the story of the boarding school era, as well as the creation of a space where present day cultural learning and activities can take place.

Of the $1.5 million requested, $1.410 million will be used for planning, design, and construction. The remaining $90,000 will be to continue the historical and archival research and creation of an exhibit for the public to view.

Wildlife and Parks

The Band has a comprehensive Natural Resource Department and dedicated staff with considerable expertise in natural resource and land management. Our activities include raising fish for stocking, conservation law enforcement, data collection on water and air quality, developing well head protection plans, conducting wildlife surveys, and administering timber stand improvement projects on the 86,000 acre reservation. We urge this Committee to increase the Wildlife and Parks budget and set aside $200,000 for Lac du Flambeau ($100,000 for Tribal Fish Hatchery Operations and $100,000 for Tribal Management and Development). The Wildlife and Parks budget has not increased significantly since 1990. An increase will ensure we can maintain our current staff and critical natural resource programs.

Forestry

Within the 86,000-acre reservation, we have 46,000 acres of forested land that supports hunting and gathering opportunities for tribal members as well as logging. Proper management of the forest is essential to sustain our subsistence lifestyle, but also to provide economic growth for the Band. The Forestry Program, consisting of two (2) foresters and two (2) technicians, undertakes a broad range of management activities including tree planting, prescribed burning, timber road design and maintenance and timber sale administration. The Forestry Program is funded through the Tribal Priority Allocation (TPA) within the Bureau of Indian Affairs budget, which has been historically under funded. Through the TPA planning process, the Band identified an unmet need of $107,000.00 just to support the current program. Currently, through TPA funding the forestry program is receiving $99,985.00. Total need to fully operate this program equals $207,000.00. In order to increase forest development, timber sale management and wildfire control activities we urge the Committee to earmark $107,000.00 for the Lac du Flambeau Forestry Department. This program has not received any substantial funding increases since 1991.

Tribal Wildlife Grant and Landowner Incentive Program

We strongly support the continuation of State and Tribal Wildlife Grant and program ($5 million tribal set-aside). These grant programs are extremely important, because of the critical shortage tribes have experienced in conservation funding. Generally, tribes manage Indian trust land with fewer staff and fewer dollars than their state and federal counterparts. Thus, this funding is important to ensuring that tribes carry out their responsibilities in a manner that is consistent with the standards of their peer resource agencies.

Great Lakes Indian Fish and Wildlife Commission (GLIFWC)

The Band supports the Great Lakes Indian Fish and Wildlife Commission request of $4.196 million, to meet the needs in the Commission's testimony submitted to the Committee. The Band is a member of the GLIFCWC, which assists the Band in protecting and implementing its treaty-guaranteed hunting, fishing and gathering rights.

PAY COST SHORTAGES FOR BIA PUBLIC LAW 93–638 EMPLOYEES

The Lac du Flambeau Band is requesting the Appropriations Committee to restore full Public Law 93–638 Pay Cost funding for Tribes in the fiscal year 2005 Interior Appropriations Budget and consider restoring pay cost funding not received in fiscal year 2002–2004 through a special appropriations. Funding for the Band's most critical core services have experienced unprecedented erosion in recent years as a result of the lack of appropriate pay costs increases. These services include law enforcement, courts, education, natural resource management and social services. Funding would be used to support staff managing the Public Law 93–638 programs (TPA and non-TPA). If these services were carried out by the federal government they would continue to receive the appropriate pay cost increases mandated by federal law. Since tribal governments have assumed this responsibility under the Indian Self-Determination Act, Congress and the Department of the Interior has failed to fulfill its responsibility under the Act by not ensuring the Band has the same amount of resources the federal government would have to carry out these functions. Over the course of several years, Tribes have received 75 percent of the pay cost adjustment in fiscal year 2002, 15 percent in fiscal year 2003 and approximately 30 percent in fiscal year 2004. For the Lac du Flambeau Band $50,900.00 would provide for a 5 percent cost of living adjustment for the programs operated pursuant to its Self-Determination Act contracts including programs within the Tribal Priority Allocation, Tribal Management and Development and Tribal Fish Hatchery Operations. The Lac du Flambeau Band is requesting $50,900.00.

PREPARED STATEMENT OF THE NAVAJO NATION

The Navajo Nation appreciates the opportunity to submit these comments concerning the proposed fiscal year 2005 budget for the Navajo Indian Irrigation Project ("NIIP").

I. BACKGROUND

From the 1920s through the 1950s, the Navajo Nation developed a keen interest in a large-scale irrigation project near Shiprock, New Mexico, to partially alleviate the hardships caused by the brutal livestock reduction program of-the federal government. At the same time, the State of New Mexico considered plans to divert San

Juan River water across the Continental Divide through the Rio Chama to serve non-Navajos in Albuquerque and elsewhere in the middle Rio Grande Basin.

In 1956, Congress passed the Colorado Storage Project ("CRSP") legislation (Public Law 84–485) authorizing construction of the Navajo Dam, identifying both the Shiprock project and the San Juan-Chama Diversion Project as participating projects, but did not authorize construction of either project, pending agreement on their respective water allocations. In December of 1957, the Navajo Nation and the State of New Mexico reached such agreement-the Navajo Nation would consent to in annual average diversion of up to 110,000 acre-feet from the San Juan River for the first stage of the San Juan-Chama Diversion Project in consideration for the construction of a 110,630 acre NIIP with a diversion right of 508,000 acre-feet per year.

As the Interior Department's Inspector General stated, the Navajo Nation Council's approval of this agreement "culminated 10 years of negotiations." Audit Report "Navajo Irrigation Project, Bureau of Indian Affairs," No. 88–43 (Feb. 1988) at 3, ("Audit Report"). "It is generally agreed that the [Navajo] Tribe was promised a completed irrigation project of a certain size and, based on that promise, made important concessions in return for an irrigation project." Id.

In 1958, Senators Anderson and Chavez introduced a bill to jointly construct the NIIP and the San Juan-Chama Diversion Project. The legislation, embodying the agreement between the Navajo Nation and New Mexico, was signed into law by President Kennedy in 1962. Public Law 87–483. As the Inspector General recounted:

"The Navajo Irrigation Project was authorized in the same Congressional bill as the San Juan-Chama Diversion Project, with the implication that construction of the two projects would proceed generally at the same pace. Congress subsequently appropriated funds for the San Juan-Chama Diversion Project, and the Bureau of Reclamation completed the Project on schedule in 1971. (Without the Tribe's agreement, it would have been impossible for New Mexico to obtain rights to the water now being diverted to the City of Albuquerque and the middle Rio Grande Valley). Conversely, appropriations and construction for the Navajo Irrigation Project have lagged far behind schedule. . . . There have not been any significant appropriations or major construction on the Project since 1980. . . . Construction of the Navajo Irrigation project is about half complete and at least 16 years behind schedule."——Audit Report at 1.

Funding for fiscal years 1994 through 2002 was increased to approximately $25 million to allow for additional construction of the NIIP, but this was still not sufficient to complete the NIIP in a reasonable time period. Funding for fiscal years 2003 and 2004 was drastically reduced from those amounts by approximately 50 percent, and resulted in no substantial construction. Today, the NIIP is only about 65 percent completed. The proposed fiscal year 2005 budget continues the reduced funding level, which again delays any substantial construction.

II. CONSEQUENCES OF THE DECREASED FUNDING

A comprehensive study of the Navajo Agricultural Products Industry ("NAPI") commissioned by the Bureau of Indian Affairs, "NAPI: Navajo Agricultural Assessment Project" (Mid Kansas Agri Co 2000), identified organizational and management deficiencies within NAPI and a variety of external causes of NAPI's then-lack of profitability. According to the study those external causes directly implicated the failure to complete construction of NAPI as promised. . . .

"2. Farm development that included excessive infrastructure (roads, offices, buildings, staff, etc.). If the farm had been developed in a timely fashion as originally planned, the infrastructure costs would not have been a problem;

"3. Amount of time taken for BIA to develop the farm. The extended period of time it has taken to develop the farm has resulted in equipment being depreciated or won out before the farm was fully developed. Funds that should have gone toward replacing this equipment have been used for other purposes; and

"4. Inadequate funding throughout the developmental phases of NIIP. The BIA has not provided adequate funding for training Navajo managers in business management skills and for production expenses incurred in the initial crop year for each field."——Id. Exec, Sum., at xii–xiii.

That report recommended an additional commitment of $31,250,000 of federal funds for repairing and replacing old water delivery systems and for establishing cover crops, Id. at xiii. The United States, however, did not implement such recommendations. On the other hand, NAPI implemented all of the major recommendations of the report except one which was determined by the NAPI Board of Director not to be cost-effective.

As a result of the limited funding, NAPI struggles to spread its overhead over an incomplete farm, to manage a farm whose equipment and works have become obsolete even before the farm is substantially completed, and, now, even to undertake federal responsibilities contracted under Public Law 93–638 with inadequate funding because, in the words of the BIA NIIP Project Manager, "BIA may have to make some mandated payments out of the O&M [Operations and Maintenance] account to some other Tribes this year." Letter from NIIP Project Manager to NAPI (Feb. 4, 2004). In addition, NAPI and the NAVJO Nation bear the opportunity costs of the incomplete farm. The 45,000 acres of the NIIP that are not yet served by the irrigation project could have generated up to $15,000,000 per year, had the NIIP been completed.

III. CAUSES OF FUNDING VARIATIONS

The United States first offered as justification for reduced NIIP funding the fact that NAPI was not profitable. After NAPI returned to profitability three years ago, the United States offered a new justification, that NAPI had not implemented the Mid Kansas recommendations. Now that NAPI has done that, the current "Green Book" offers another explanation: "The BIA is negotiating with the Navajo Nation to establish a Memorandum of Understanding (MOU) identifying activities and addressing responsibilities to initiate the turnover of completed blocks to the Navajo Nation and identify the date of project completion. Construction of additional facilities is being deferred until the MOU is finalized and signed." Green Book, p. BIA–338.

However, Interior officials have also stated on other occasions that they have been instructed not to work on the MOU. In addition, the BIA has said that the United States will not fulfill its agreement until the Navajo Nation agrees to take over "responsibilities" of the NIIP "completed blocks," although the project is only 65 percent complete.

These continued justifications for reduced funding result in additional delays for the completion of the NIIP. Ultimately, these delays result in additional costs to the NIIP, which makes it more expensive and costly to all parties involved. Furthermore, none of these purported justifications honors the central fact that the Untied States and the Navajo Nation have agreed for the construction of the NIIP. This agreement was not conditioned on a profitable NAPI or compliance with the recommendations of any third party but was in exchange for the Navajo Nation's consent to the diversion of 110,000 acre-feet of water to the San Juan-Chama diversion project.

IV. FISCAL YEAR 2005 FUNDING REQUST—$40 MILLION

As the "Green Book" states, "NAPI is a diverse, viable business enterprise that directly contributes over $30 million annually to the regional economy. NAPI-related activities employ over 200 full-time employees annually and over 1,000 seasonal employees during peak operations. NAPI's future projects include continued crop diversification, food processing plants, and modern crop storage and processing facilities to fulfill customer packaging preferences and market demands." Green Book, p. BIA–337. The BIA NIIP Project Manager requested that the fiscal year 2005 budget include $40 million for NIIP construction. The Navajo Nation and NAPI's Board of Directors think this is an accurate and fair request to ensure completion of the NIIP and as a whole support the BIA funding request of $40 million.

NAPI's management and Board have, within the past quarter, adopted a five-year strategic plan. Its achievement will bring more employment to the Navajo Nation, more dollars to the regional economy, and more profits to the Navajo Nation. However, these goals will not be realized if the NIIP continues to be funded at the proposed fiscal year 2005 level.

As such, the proposed funding for the NIIP for fiscal year 2005 is woefully inadequate. The Navajo Nation, therefore, respectfully requests that Congress increase funding for the NIIP to $40 million for fiscal year 2005.

We appreciate the opportunity to offer these views for the consideration of the Subcommittee, and look forward to any discussions, clarification, and testimony that the Subcommittee deems desirable.

PREPARED STATEMENT OF THE NAVAJO NATION

The Navajo Nation thanks the subcommittee for its support over the past year for funding Indian Self-Determination Act (ISDA) programs. The Navajo Nation has seen first hand the interest the subcommittee has shown in supporting the Navajo Nation's efforts to bring about social, governmental and economic change to its communities. Federal funding is the single most pressing budget issue facing our Navajo communities for fiscal year 2004 through fiscal year 2006, so much so that, the United States Commission on Civil Rights Report of July 2003 "A Quiet Crisis" states,

"Native Americans still suffer higher rates of poverty, poor educational achievement; substandard housing and higher rates of disease and illness . . . continue to rank at or near the bottom of nearly every social, health, and economic indicator."

The conditions have not changed much. This is why the Navajo Nation takes issue with the President's fiscal year 2005 budget since it includes drastic measures that provide no real significant funding increases to ISDA.

Overview.—The Navajo Nation fully impresses upon the subcommittee that the ISDA funds contracted from the Department of the Interior-Bureau of Indian Affairs budget is a vital function of the federal Indian self-determination policy.

The Congress and the Administration must be reminded, that we just started the second quarter-century of the ISDA. Quite frankly, Tribal governments and their communities can certainly fare much better than the first quarter-century, if the Department would simply support, formulate and defend a budget reflective of the ISDA policy.

Budget Impacts.—The Navajo Nation presents an analysis and impending impacts of the President's fiscal year 2005 Budget proposal on the ISDA contracted programs; as well, the Navajo Nation offers its perspective of our budgetary needs. Over the course of this Administration, the President has requested an average of only 2.35 percent in increases for fiscal years 2002 through 2005 for the Operation of Indian Program (0IP) budgets, which is comprised of numerous budget categories, namely, tribal priority allocation (TPA), Other recurring program (ORP), nonrecurring program (NRP), construction (CON), special pooled overhead programs (SPP), Regional Office Operations (RO) and Central Office Operations (CO). For fiscal year 2005, the President requested $51,929,477,000 for OIP, $36,772,000 more than the fiscal year 2004 enacted budget, representing a 1.9 percent increase. Of the fiscal year 2005 Budget increase for OIP, $54,997,000 or.065 percent above fiscal year 2004 enacted amount was requested for TPA, $14,088,000 or 268.24 percent above fiscal year 2004 enacted amount was requested for Trust Services within the Central Office Operations budget category, and $10,105,000 or 5.86 percent above the fiscal year 2004 enacted amount was requested for SPP within the Regional Office Operations budget category. The President's fiscal year 2005 budget requires the subcommittee's leadership to help the Congress debate the Administration for its meager funding of the ISDA and its failure to meet the full accordance to the federal government's Indian self-determination policy.

Navajo Nation Fiscal Year 2005 Funding Request.—In April 2003 the Navajo Nation requested $95,540,502 for various ISDA programs contracted by the Navajo Nation. The requested amount includes a 5 percent or $4,549,548 planned increase amount to fund fiscal year 2005 Navajo Nation Priorities: Scholarship/Higher Education and Law Enforcement.

The Navajo Nation's priorities represent efforts to promote educational opportunities and safe communities. The 'Navajo Nation believes that an educated workforce willing to conduct commerce with the rest of America is vital to raising its standard of living. Despite efforts to develop the Navajo Nation's budgetary need with the Department, the Navajo Nation now learns that the President's fiscal year 2005 budget makes no requests to fund priorities we have identified; and for that matter, makes no attempt to hearken our plea of developing an educated workforce.

While we are grateful for the receipt of past funding, we must state, the fiscal year 2005 President's budget does little to establish social and economic parity comparable with the rest of the citizens of America. We have continuously stated that current funding levels to the Navajo Nation are insufficient to adequately meet the needs of the Navajo people. Thus, it is important to remind the Congress and the Administration of our unmet needs budget for fiscal year 2005 in the amount of $331,345,192. The Congress, through several appropriation provisions, has persistently stated that. "the BIA shall develop alternative methods to fund tribal priority allocations base programs in future years." To date no methodology recommendations have been developed by the BIA.

Response to Fiscal Year 2005 Budget Policy Issues.—The challenges the Navajo Nation faces in fiscal year 2004 and now with fiscal year 2005 and further anticipated for fiscal year 2006, are shortfalls in funding and absent any longstanding federal-Indian policy initiatives to sustain operational and funding parities. In the Department of the Interior's own fiscal year 2003–2008 Strategic Plan, several outcome strategies have been adopted for the tribal ISDA contracted programs, with specific performance measures for each significant outcome. While the Department's Strategic Plan is noble in projecting performance measure outcome plans lawmakers like to see, the fact of the matter is, the fiscal year 2005 funding request does little to achieve the Department's stated performance outcome measure for all of Indian Country. The following are specific budget policies that drive the President's fiscal year 2005 budget request and all of which presents a great hindrance to the Navajo Nation, as well as all Indian tribes and yet the Navajo Nation makes its recommendations.

Fiscal Year 2005 lmpact on Fiscal Year 2006.—The Navajo Nation has learned in early March 2004 that the Administration is directing all executive departments to plan for a 2.4 percent cut to its fiscal year 2006 budget request and are instructed to submit reduced numbers reflecting the planned budget cuts.

The Administration's latest action substantially cuts the already under funded fiscal year 2006 Tribal ISDA budgets and further exacerbates the historical ISDA funding problem. The instructed 2.4 percent cut represents a $55.3 million cut in fiscal year 2006. Once inflation and salary increases are taken into account, the real cut easily reaches 3.6 percent or nearly $80 million to OIP. Overall, the department will take a $259 million cut in fiscal year 2006. Budgeting within these constrained funding levels will be even more challenging than in fiscal year 2005. While the Administration dramatically cuts every single Interior agency, the BIA will absorb 22 percent of the overall cut. As for the Office of Special Trustee, it would be scaled back by $8 million. The office's budget saw increases of 54 percent and 44 percent in the past two years.

Restore Full 638 Pay Cost Funding.—We ask the Congress to restore full 638 Pay Cost funding for tribes. Tribes count on the cost of living pay increase, which is similar to what the Administration and Congress provide for federal employees each year. Due to the Administration's budget decision, tribes like the Navajo Nation received only 30 percent of their pay cost adjustment in fiscal year 2004, 15 percent in fiscal year 2003 and 75 percent in fiscal year 2002. The shortfall of 638 Pay Cost funding for these years have caused ISDA programs to absorb the cost by reducing operations and direct services to ISDA clients. The Navajo Nation strongly urges the Congress to restore 100 percent 638 Pay Cost funding for tribes in fiscal year 2005, and to consider restoring 638 Pay Cost funding not received for fiscal years 2002–2004 as a special appropriation.

Provide Training to Tribes of Base Line Data for Budgets and Performance.—Since fiscal year 2002, Indian tribes have been left out of the discussions regarding the implementation of the Administration's Management Agenda. Our ISDA programs have been left to defend for themselves when the Program Assessment Rating Tool (PART) assessment were being administered in fiscal year 2003 and as more are scheduled in fiscal year 2004 and fiscal year 2005. And all the while, the Office of Management and Budget continues to rate Bureau and Tribal-operated programs with yellow on progress and red on status, linking budget decisions to performance measures and cost management information to improve budget performance integration. We request the Congress to direct the BIA to establish high-level coordination with Tribes on their reporting requirements and with their method of processing tribal financial and performance accomplishment reports for purposes of developing the annual budget. By that token, we request new funding be provided to the BIA and Tribe's ISDA programs for training on the various reporting requirements and the PART demands.

Fiscal Year 2003 Estimated Carry-Over.—The President requests a one-time 55,400,000 reduction to the fiscal year 2005 OIP budget. The reduction stems from an anticipated carry-over from fiscal year 2003 and fiscal year 2004. The Congress must note that when the fiscal year 2003 Interior bill was signed into law, disbursement to tribes and the BIA was not made fully available until late March 2003, causing all BIA operations to expend their appropriated funds with approximately 75 percent of the fiscal year remaining. The Navajo Nation requests the Congress to add the fiscal year 2005 anticipated carry-over reduction and all future carry-over reductions to the ISDA funding base for ISDA programs identified as national priority ISDA programs by Indian Tribes.

Contract Support Costs (CSC).—The fiscal year 2005 President's budget requests $133,314,000 for CSC, a 5,334,000 or .25 percent decrease from fiscal year 2004 enacted level. The Congress has consistently not funded CSC at 100 percent. Rather, this Congressional sanctioned impasse has produced nothing more than capping CSC at 89 percent since fiscal year 2003. The Navajo Nation strongly urges the Congress to restore 100 percent CSC funding for tribes in fiscal year 2005, and to consider restoring CSC funding not received for fiscal years 1999–2004 as a special appropriation.

Trust Asset Management Reform.—The Administration has approached this issue by piecemeal and at the expense of the ISDA programs. General provision language in the fiscal year 2003 and fiscal year 2004 Interior Appropriation have consecutively directed the BIA to transfer any un-obligated funds from prior appropriation acts to be made available for trust management reform activities.

We recommend that no provisions be made a part of the fiscal year 2005 Interior Appropriation bill and that the Congress direct the Department and the Office of the Special Trustee to: (1) report and communicate their trust reform processes, (2) report their performance results and have them assure that they are measured against their trust reform plan. Further we recommend Congress to monitor the conditions of critical ISDA program resources in the Department's plans; and assure that ISDA funding resources are not impacted as a result of the Department implementing their trust asset management reform plan.

Education Construction.—Despite a terrible backlog of new school construction, Education Construction will lose $65,871,000 or a 28.75 percent decrease in the President's fiscal year 2005 budget, primarily due to the rationale that funding will be used for construction for the remaining five schools. Disturbing to the Navajo Nation, the fiscal year 2005 budget proposes that the remaining balance upon funding the five schools will be used to replace the next schools on the priority list. The Navajo Nation requests that Congress restore the fiscal year 2005 decrease and to establish assurance from the Department, which the next schools scheduled for replacement are funded with new funding.

CONCLUSION

Investing in tribal communities should not be weighed against how much the federal government can spend to minimally live up to its federal trust obligations. Instead, the federal government should invest in tribal communities so tribal communities can create for themselves, a strong economic base. America's first people ceded insurmountable amounts of real estate property containing vast riches of renewable and non-renewable natural resources with the hopes that such patriotic acts would provide to the birth of the new country-, that treaty negotiations would bring perpetual returns. Since then, the United States has become a world leader in promoting democracy, developing a strong military defense and building a sustainable economy. Yet, its government fails to institute long-standing governmental and diplomatic prominence to the first Americans.

The Navajo Nation believes that it must be provided an opportunity to debate. We want the Congress and the Administration to judge us not by the subsistence funding it has provided, but how our performance has improved upon achieving a level of funding parity in ISDA. Thank you for the opportunity to convey our budget request and concerns and we respectfully request an opportunity to present oral testimony to the Committee.

PREPARED STATEMENT OF THE NAVAJO NATION

Mr. Chairman and members of the Senate Committee on Appropriations, thank you for the opportunity to provide the Navajo Nation's statement regarding the President's fiscal year 2005 Budget. This statement is authorized by the Intergovernmental Relations Committee of Navajo Nation Council pursuant to resolution IGR–72–04, as sponsored by the Chairperson of the Public Safety Committee of the Navajo Nation Council, the Honorable Mrs. Hope MacDonald-LoneTree.

The Navajo Nation personally thanks the Senate Committee for its support of Indian Law Enforcement and for funding adult and youth detention centers in Indian country. The Navajo Nation and People directly benefit from the support the Committee has given to Indian Law Enforcement.

OVERVIEW

In the 1997 Final Report of the Executive Committee for Indian Country Law Enforcement Improvements, the Attorney General and the Secretary of the Interior stated that Indian reservations were suffering from a "public safety crisis." The report went on to state that the Indian law enforcement problem in Indian Country was "severe," and that "the most glaring deficiency is a chronic lack of law enforcement resources."

In the years since that report, the law enforcement situation on many Indian reservations has not improved. On March 16, 2003, the U.S. Attorney's Office in Flagstaff Arizona stated that violent crime on the Navajo Reservation was six times higher than the national average. Attesting to the lack of resources to adequately police tribal communities, in an area roughly 22,000 square miles and covering three states, the Navajo Nation employs just over 300 Navajo police officers.

Additionally, in a time of glaring national concern in America's security against acts of terrorism, many tribal reservations are sources of important natural resources that provide energy to large cities such as Los Angeles, Phoenix, and Las Vegas. The Navajo Nation, for example, is surrounded by power plants and large water resources. The reservation also has substantial oil, gas, uranium, and coal reserves used to provide energy for West. Furthermore, the Navajo reservation is also home to major transportation corridors that lead to major cities in Southwest.

Despite the fact that Indian reservations are facing increasing rates of crime and are potentially targets of terrorist acts and infiltration, there is no significant increase in the funding of Indian law enforcement. The primary challenge that Indian Law Enforcement faces, and has faced for a number of years, is a federal funding shortfall.

This challenge is directly related to the absence of a federal-tribal policy that will create operational and funding parity for Indian law enforcement agencies on a consistent basis. Though the Department of Interior's fiscal year 2003–2008 Strategic Plan provides several strategies intended to be adopted by tribal communities with law enforcement performance measures, the fact of the matter is that the President's fiscal year 2005 budget request will: (1) not assist the Department of Interior's stated performance-outcome measure for Indian Law Enforcement, (2) not adequately assist Tribes with controlling rising crime rates, and (3) not adequately train and equip tribal law enforcement officers. A consistent, increase, and reliable source of federal funding would greatly improve Indian Country's crime fighting capabilities, as well as make tribal communities safer.

In order to improve Indian County's ability to fight crime, tribal law enforcement will need a substantial increase in federal funding. Indian Law Enforcement funds, specifically Navajo Nation Law Enforcement funds, contracted from the Bureau of Indian Affairs plays an important role in the safety of our communities, and arguably, the safety of the United States. Unfortunately, President Bush's fiscal year 2005 budget for Law Enforcement is a matter of serious concern and will require this Committee's leadership to ensure that tribal law enforcement is adequately funded in accordance to the principles of Indian self-determination and the Federal Government's trust responsibility.

Though President Bush's proposed fiscal year 2005 Budget requests more than $180,600,000 to fund 676 full-time-equivalent (FTE) employees, it only provides $7.8 million to hire 70 Bureau of Indian Affairs employees and 79 Tribal employees with operational costs at eight DOI-DOJ constructed detention facilities. Furthermore, $1.4 million is earmarked for the Tohono O'odham Nation Reservation near the U.S.-Mexican border. The President's fiscal year 2005 budget does not reflect any significant increases for Indian law enforcement throughout entire expanse of Indian Country.

The Navajo Nation respectfully requests Congress for increased Indian Law Enforcement funding to a level of parity that other state and municipal law enforcement agencies enjoy. Increased funding would be used for training and recruiting law enforcement personnel, improving law enforcement infrastructure, replace dilapidated equipment, and enhancing information technology.

CHALLENGES

Challenge One: Law Enforcement Personnel Capacity.—Navajo Nation law enforcement, and Indian law enforcement in general, work in a demanding and dangerous environment. Indian law enforcement personnel must be certified, trained, adequately compensated, and equipped to do their jobs.

According to the 2000 U.S. Census, the Navajo Nation is projected to have on reservation population more than 201,000 by 2006. Furthermore, crime statistics reveal that felonies have increased at an average of more than 4 percent over a four year period from 1999 to 2003. Misdemeanors have increased at an average of nearly 17 percent over the same period while funding remains level in these years.

In order to effectively control crime in our communities, we need more law enforcement officers who are certified, trained, adequately compensated, and equipped to do their jobs.

Additional law enforcement personnel.—In January 2003, the Bureau of Justice Statistics Report cites a need for more than 1,500 additional sworn officers throughout Indian country. No where is this need more apparent than within the Navajo Nation where the officer per capita ratio is only .03 police officers per 1,000 people. This startling statistic is made more evident when compared to the FBI's Uniform Crime Report, which reveals that there are 209 officers per 1,000 people in non-Indian communities with population under 10,000.

Law Enforcement Compensation and Training Needs.—As a result of inadequate funding, tribal law enforcement agencies have had to absorb 85 percent of Indian Law Enforcement costs either through operation funds or by reducing law enforcement personnel. Subsequently, this funding crisis impacts the ability of tribal law enforcement agencies to attract and retain qualified law enforcement personnel. Additionally, this funding issue detracts from other law enforcement services intended for improving community safety.

Furthermore, the fiscal year 2005 budget request represents a 15 percent decrease in the training of tribal law enforcement personnel. Without adequate training, tribal law enforcement personnel present a liability to their own safety and the safety of the tribal community. In real world terms, "there are lives on the line." Tribal police officers face increasing risks that are totally avoidable with adequate funding.

Reliable and State-of-the-Art Equipment-Disparities.—The operating expenditure for an individual tribal law enforcement office is approximately $36,000. This includes training, protective gear, communications technology, and other equipment. While on the other hand, the operating expenditure for non-Indian law enforcement is $43,000. This disparity reveals that Indian law enforcement officers are being asked to do more with less.

Challenge Two: Law Enforcement Facilities.—Indian law enforcement facilities commonly have very limited or no available professional space. Additionally, tribal facilities are more expensive to maintain and improve to meet federal standards. On the Navajo Reservation, there are less than 103 dilapidated seventy year old jail cells for a population of over 150,000 Navajo people living on the reservation.

Constructing New Law Enforcement Facilities.—The Federal fiscal year 2005 budget does not request funding for new detention facilities. This poses a serious problem for three detention facilities on the Navajo Reservation that remain to be funded as new construction; these facilities are listed on the BIA's Detention Priority List—as approved by Congress. Without adequate funding, tribal facility needs—earmarked by Congress—will continue to be unmet and crime will continue to rise.

Operation and Maintenance Budget Outpaces Demand of Maintaining Older Buildings.—The Public Safety and Justice Construction program elements within the fiscal year 2005 budget request is only $2,000 above the fiscal year 2004 enacted level. The Navajo Nation unmet needs is $61,654,271.00. As such, this inadequate increase falls short of fully supporting the Department's Strategic Plan 2003–2008. The Strategic Plan calls for achieving parity between Indian and non-Indian law enforcement, it also states that law enforcement facilities will be maintained or improved to meet standards established by the Facilities Condition Index. This is not possible given the President's current fiscal year 2005 budget request.

Challenge Three: Reporting Statistics and Base Line Data for Budgets and Performance.—Currently, there exists a need for tribal participation and involvement with the President's initiative on Budget and Performance Integration, and the formulation and planning of baseline performance measures and standardized reporting. More than often, the Bureau of Indian Affairs formulates performance measures and corresponding budgets without tribal consultation. The Navajo Nation remains steadfast in requesting the Federal Government to adhere to § 106(j) of the Indian Self-Determination and Education Assistance Act, which states:

> ". . . [T]he Secretary shall consult with, and solicit the participation of, Indian Tribes and tribal organizations in the development of the budget for the Indian Health Service and the Bureau of Indian Affairs (including participation of Indian Tribes and tribal organizations in formulating annual budget requests that the Secretary submits to the President for submission to Congress . . ."

The Bureau of Indian Affairs must establish and maintain executive-level coordination with Tribes on matters related to the BIA's reporting requirements and method of processing tribal financial and performance accomplishment reports for the annual budget. Further, it would be ideally feasible that Tribes are trained and prepared to respond to various report requirements and requests such as information used in formulating budget recommendations, performance planning and the Performance Assessment Rating Tool (PART).

CONCLUSION

Adequate funding for Indian law enforcement is desperately needed to meet increasing challenges. Without any established policy initiative on part of the Federal Government to help meet these challenges, Indian Country will continue to deal with increasing crime such as murder, drug trafficking, rape, and robbery. Just on the Navajo Nation we need $61,654,271 than presently is requested.

The Navajo Nation strongly requests your support. As it stands now, President Bush's fiscal year 2005 Budget does not provide adequate funding to address Indian law enforcement challenges in Indian Country. We look forward to working with this Committee. At this time, I will answer any questions the Committee may have. Thank you.

PREPARED STATEMENT OF THE RAMAH NAVAJO SCHOOL BOARD, INC.

ABSTRACT

The Ramah Navajo School Board, Inc. (RNSB), which serves the educational needs of 463 students in grades kindergarten through twelve, appreciates the opportunity to submit its views on fiscal year 2005 Interior Appropriation budget for the Bureau of Indian Affairs Indian education programs. In order for our Pine Hill School, and other BIA-funded schools, to begin to meet the mandates set out in the "No Child Left Behind Act," we respectively request that Congress appropriate adequate funds in the fiscal year 2005 Interior Appropriation budget for the Bureau of Indian Affairs Indian education programs as set out below:

	Amount
Indian School Equalization Funds (million or $4,500/w.s.u.)	$352.90
Administrative Cost Grant (million—on-going programs)	60.00
Initial AC Grant (million—new programs)	3.00
Student Transportation (per mile)	3.18
Facilities Operation (million)	69.30

COMMUNITY BACKGROUND

The Ramah Navajo Community, located in west central New Mexico in Cibola County, is part of the Navajo Nation although it is geographically separated from the main reservation. Due to its remote and isolated location, the community was largely ignored for most of its history by the federal, state and tribal governments. The incentive for the establishment of the Ramah Navajo School Board, Inc. (RNSB) was the closing of the local public school in the late 1960s and the refusal of the State of New Mexico to build a new school to replace the condemned school. Ramah Navajo students then had to be bused to public schools in Grants and Gallup—both 55 miles away. Many Ramah Navajo children were also sent to BIA boarding schools, some located out-of-state, far from the community and their parents for months at a time. In order to bring their children back to their families and the community, the Ramah Navajo people realized they had to have their own school and that this school had to be controlled by the community. Led by grassroots leaders, and working with the Ramah Navajo Chapter, the Ramah Navajo School Board was established by the Chapter on February 6, 1970, and incorporated as a nonprofit organization in the State of New Mexico in February 10, 1970. On April 10, 1970, RNSB received its 501(c)(3) tax exempt status from the IRS.

IMPLEMENTATION OF THE "NO CHILD LEFT BEHIND ACT"

In the enactment of the "No Child Left Behind Act" of 2001 (NCLDA), the President and Congress confirmed the federal government's trust responsibility for the education of Indian children in BIA and state school systems. Nevertheless, the President continues to submit to Congress budgets with no request to focus on the full implementation of NCLBA, making it difficult for BIA-funded schools to meet the requirements mandated by the law. As we enter the 21st Century full of hope and promises, too many of our neediest Indian students are still being left behind.

RNSB strongly believes that in order to combat the pressure from the State Education Agency ("BIA-Indian Education") to hold the schools accountable for meeting these mandates and the requirements imposed on schools that fail to meet these accountability goals, a national mandate is called for to the President and Congress to fund the "No Child Left Behind" initiatives at $1 billion in fiscal year 2005 total for all education programs.

Non-funded activities within BIA Indian Education includes continued focus on raising student academic achievement, continued development of academic performance and cost efficiency measures that are comparable to public school systems, and the strengthening of school-community links with parental involvement. The federal government must also help close the achievement gap for disadvantaged students by fully funding the NCLBA.

BIA SCHOOL OPERATIONS

RNSB requests that BIA school operations be funded as follows in the fiscal year 2005 budget:

	Amount
Indian School Equalization Funds (million or $4,500/w.s.u.)	$352.90
Administrative Cost Grant (million—on-going programs)	60.00
Initial AC Grant (million—new programs)	3.00
Student Transportation (per mile)	3.18
Facilities Operation (million)	69.30

Although the RNSB supports the Administration's fiscal year 2005 request for an increase in funding for BIA School Operations of $364 million, which would be $522.4 million for the 2004–05 School Year, we believe there are continuing shortfalls that need to be addressed. The School Operations budget funds ISEF, Student Transportation, Administrative Cost Grants and Early Childhood. The base value for ISEF weighted student unit (w.s.u.) was $3,916 for fiscal year 2003 and $3,962 for fiscal year 2004, an increase of $46 per w.s.u. ISEF funds the instructional and residential programs. RNSB recommends that the fiscal year 2005 ISEF budget be increased to $4,500 w.s.u., to reflect the educational need in BIA-funded schools and to continue to meet the requirements of the "No Child Left Behind Act."

We note that the fiscal year 2005 Administrative Cost (AC) Grant request of $45.3 million for current contract and grant schools throughout the country is still below the previous levels. The funding for AC Grants historically has been under-funded. RNSB believes that the current funding need to administer these contracts and grants is greater than the fiscal year 2004 funding level.

In addition, the Initial Administrative Cost Grant for BIA-operated schools converting to contract and grant schools was not funded. Although the Administration states that there are carryover funds available from fiscal year 2004, the BIA-operated schools which intend to convert to new contract and grant schools will face greater obstacles in meeting the recent requirements of NCLBA. Therefore, RNSB requests the funding for AC Grants be $60 million for on-going contract and grant schools, and $3 million for Initial Grants.

School Transportation.—For Student Transportation, the BIA rate is $2.13 per mile for the 2003–04 School Year, far short of the national average of $2.92 reported for public schools seven years ago. Yet the fiscal year 2005 budget includes a $58,000 decrease for transportation costs, costs which have constantly exceeded the budgeted rate because of: (1) sharp increases in fuel costs; (2) above average repair costs for school buses used mainly in rural areas on roads that are not paved and not maintained; and (3) escalating GSA rental and mileage rates. Our school has been forced to use $100,000 to $150,000 of its ISEP funds to cover the shortfalls in the transportation funding we received—a trade off we should not be forced to make. Therefore, we ask Congress to increase student transportation in fiscal year 2005 to a level that can at least support a $3.18 per mile rate, which we estimate would require an appropriation of at least $51.9 million.

School Facilities Operations.—The formula distributions for Facilities Operations remain inadequate, often proving insufficient to cover even basic utilities, let alone basic maintenance. Adequate formula funding for everyday upkeep of schools is a critical element to assure schools will last longer and remain safe for students. With Facilities Operations and Maintenance funds divided into two accounts in fiscal year 2000 (over the objection of the BIA schools), and Facilities Maintenance blended into the overall line item for Facilities Improvement & Repair (FI&R) under the Education Construction budget, it is difficult to discern what funding will be available for Facilities Operations under the FACCOM formula. Currently we face a shortfall of 21.18 percent. RNSB asks that Congress work with the Administration to ensure that adequate funding—at least $69.3 million—is appropriated to eliminate this shortfall. These funds are imperative to the operations of the Pine Hill School and RNSB' s Indian Self-Determination operations.

Navajo Tribal Education Department.—RNSB supports the Navajo Nation in its request for funding to establish its own "Tribal Education Department" to assist 372

BIA, public, private and parochial schools, school districts, and other programs serving 68,000 Navajo students within and near the Navajo Reservation in Arizona, Utah and New Mexico. The Navajo Nation wants to establish its own educational standards, institute a certification process for educators, integrate Navajo language and culture into the curricula, and assist schools serving Navajo students to meet the requirements of the "No Child Left Behind Act."

U.S. Department of Education.—While we realize this Committee does not address Department of Education funds under the Labor-HHS-Education appropriations act, we want to share with you how such funds directly impact BIA-funded schools. The proposed funding for the U.S. Department of Education provides direct and indirect funds to BIA Indian Education for distribution to BIA-funded schools. The fiscal year 2005 total request for Indian Education is $120.9 million, which is unchanged from the fiscal year 2004 level. Grants to local education agencies (LEAs) is funded at $95.9, million.

The BIA Office of Indian Education Programs (OIEP) distributes a percentage of Title II-Part A (Improving Teacher Quality) grants to BIA-funded schools for the purpose of improving student achievement. However, depending on the student population, the most a school can receive is $30,000. It is imperative that BIA/OIEP and DOE/Indian Education collaboratively reassess these programs to request a larger increase for this much needed initiative.

RBSB supports the Administration's budget request for Individuals with Disabilities Education Act (IDEA) for special education and related services to children with disabilities, which is $12.2 million for all programs. BIA-funded schools receive funds under Part B and Part C of IDEA.

RNSB supports the Administration's requested level funding for English Language Acquisition of $681.2 million includes a $5 million set aside for BIA-funded schools which are predominately Native American.

We thank you for your consideration of our requests for congressional funding increases in the fiscal year 2005 Interior Appropriations BIA education budget as set out above.

Prepared Statement of the Ramah Navajo School Board, Inc.

ABSTRACT

The Ramah Navajo School Board, Inc. (RNSB) expresses its appreciation for the opportunity to submit its views on matters coming before the 108th Congress. RNSB requests that Congress appropriate $24 million in the fiscal year 2005 Interior Appropriation budget specifically for the Bureau of Indian Affairs (BIA) road appropriations for the repair, renovations and surfacing of BIA Routes 122 and 125 on the Ramah Navajo Community in New Mexico.

COMMUNITY BACKGROUND

The Ramah Navajo Community, located in west central New Mexico in Cibola County, is part of the Navajo Nation although it is geographically separated from the main reservation. Due to its remote and isolated location, the community was largely ignored for most of its history by the federal, state and tribal governments. The incentive for the establishment of the Ramah Navajo School Board, Inc. (RNSB) was the closing of the local public school in the late 1960s and the refusal of the State of New Mexico to build a new school to replace the condemned school. Ramah Navajo students then had to be bused to public schools in Grants and Gallup—both 55 miles away. Many Ramah Navajo children were also sent to BIA boarding schools, some located out-of-state, far from the community and their parents for months at a time. In order to bring their children back to their families and the community, the Ramah Navajo people realized they had to have their own school and that this school had to be controlled by the community. Led by grassroots leaders, and working with the Ramah Navajo Chapter, the Ramah Navajo School Board was established by the Chapter on February 6, 1970, and incorporated as a non-profit organization in the State of New Mexico in February 10, 1970. On April 10, 1970, RNSB received its 501(c)(3) tax exempt status from the IRS.

JUSTIFICATION

Funding is needed for the repair and renovation of the two main roads running through the Ramah Navajo Community—BIA Routes 122 and 125—which were built by the Bureau of Indian Affairs and remain the BIA's responsibility for their maintenance and repair. These roads must be safe and passable since services and households are scattered throughout the community area. BIA Route 122 is primarily a gravel road in critical disrepair, often impassable during inclement weather, and is a dangerous road for our school buses. BIA Route 125, which passes through the developed areas of Mountain View and Pine Hill, runs for approximately 25 miles through the community and is the only paved access from State Road 53 to the Ramah Navajo and surrounding communities.

Hazardous Natural Terrain.—Even if BIA Routes 122 and 125 were all paved and in excellent condition, they would be dangerous roads by their location alone. The Ramah Navajo Community is in a rural isolated area, with elevations exceeding 7,000 feet. (The continental divide runs through a portion of the reservation.) The terrain is hilly with juniper, pinon and pine tress throughout the area, obscuring the road ahead as it winds through the community. Thus, the roads are dangerous under the best of conditions, even during the day and in good weather. However, during the evening and night, the dangers increase as it becomes more difficult to see ahead. And during bad weather, with rain, snow or icy conditions, the roads become even more hazardous.

Existing Road Problems.—BIA Routes 122 and 125 are in immediate need of extensive repairs, renovations and paving due to severe rough and uneven areas that exist throughout the routes. Hazards include: extremely rough and uneven road sections; potholes and worn down road edges; faded center and side stripping; lack of adequate road reflectors and side road indicators; lack of lighting at intersections and crosswalks; outside lines that border the road are non-existent in some areas making it hard to stay at a safe distance from the edge of the road causing drivers to drift towards on-coming traffic—all of which present many safety and health hazards.

Current Usage.—Although Route 125 is paved, most of the other roads in the community are either gravel or dirt. Usage of these routes, especially Route 125, includes the following:

—Residents of the Ramah Navajo Community, visitors, vendors, and public agencies who have to drive the road—many on a daily basis.

—Our Pine Hill School buses transporting students to and from their homes that are scattered throughout this rural community.

—Visiting school buses coming in for athletic activities, including activities in the evening when the roads become even more treacherous for all travelers. Also, visiting athletic teams usually have families traveling BIA 125 to attend the events.

—Vendors from the major distribution areas of Grants and Gallup utilize this Route 125 when they deliver their goods to the Pine Hill Market, the school and school cafeteria, and the Pine Hill Health Center's medical and pharmacy services. Not only perishable goods, but liquid products such as propone, gasoline, diesel, and collection of waste by Waste Management are transported over these roads.

—Other users include the U.S. Postal Service, UPS and Federal Express, private stores delivering furniture, tables, office equipment, local private vendors and feed for livestock.

—Public agencies that use the road are the U.S. Government, the Navajo Nation, other tribal governments, the U.S. Forest Service, the U.S. National Park Service, as well as State governmental officials.

—Emergency vehicles such as ambulance services, law enforcement, fire department, and others who require swift travel are slowed down and in jeopardy when using the routes.

—Patients being transported often complain about the added pain caused by the bumpy roads, not to mention the time lost during emergency transport of patients.

—Vehicles pulling trailers with hay, wood, water and livestock are at risk.

—Participants and visitors to the annual Ramah Navajo Fair must utilize this road.

Federal Programs.—Multiple federally-funded health, education, community, social and administrative services and programs essential to the community are located along BIA Route 125 as follows:

	Funding provided by
At Pine Hill:	
Pine Hill Health Center	U.S. Dept. of Health & Human Services/IHS
Emergency Medical Services	U.S. Dept. of Health & Human Services/IHS
Pine Hill Volunteer Fire Department	U.S. Dept. of Homeland Security/FEMA
Pine Hill Schools (K–12)	U.S. Dept. of the Interior/BIA
Pine Hill Schools (K–12)	U.S. Dept. of Education

	Funding provided by
Pine Hill Schools (K–12)/Food Program	U.S. Dept. of Agriculture
Pine Hill Schools (K–12)/New Dormitory	U.S. Dept. of the Interior/BIA
Ramah Navajo Head Start	U.S. Dept. of Health & Human Services
Family And Child Education (FACE)	U.S. Dept. of the Interior/BIA
Workforce Investment Act (WIA)	U.S. Dept. of Labor
At Mountain View:	
BIA SW Region/Ramah Navajo Agency	U.S. Dept. of the Interior/BIA
Ramah Navajo Chapter	U.S. Dept. of the Interior/BIA
Ramah Navajo Police Department	U.S. Dept. of the Interior/BIA
Ramah Navajo District Court	U.S. Dept. of the Interior/BIA
RNSB Social Services	U.S. Dept. of the Interior/BIA

The importance of BIA Routes 122 and 125 is not limited to usage by the above entities—it is also the main road for other agencies and organizations such as Gallup-McKinley School District buses, Waste Management for collections, and the Pine Hill Market site, where a service station, a community bank, a Laundromat, CellularOne and other businesses are located.

Federal Government/BIA Responsibility.—Although the BIA's Southwest Region/Ramah Navajo Agency Roads Department is responsible for maintaining this road and all others in the community, the BIA has stated that it is unable to correct the problems on BIA Routes 122 and 125 due to limited funding. Since Routes 122 and 125 are BIA roads, funding is unavailable from the State of New Mexico and Cibola County.

Therefore, the Ramah Navajo School Board, Inc. is requesting congressional funding in the fiscal year 2005 Interior Appropriations (BIA) budget for the repair and renovation of BIA Routes 122 and 125 in the Ramah Navajo Community in Cibola County.

Prepared Statement of the Red Lake Band of Chippewa Indians

Mr. Chairman, I thank you and the other distinguished members of the Committee for this opportunity to provide testimony on behalf of the Red Lake Band of Chippewa Indians. On behalf of the people of Red Lake, who reside on our reservation in northern Minnesota, we respectfully submit that the budget appropriation process represents for us the major avenue through which the United States government fulfills its trust responsibility and honors its obligations to Indian tribes. We must depend on you to uphold the trust responsibility which forms the basis of the government to government relationship between our tribe and the federal government. The Red Lake Band of Chippewa Indians requests $7.9 million in additional fiscal year 2005 Interior funding for Red Lake's programs.

Red Lake is a relatively large tribe with 9,650 members. Our 840,000 acre reservation is held in trust for the tribe by the United States. While it has been diminished in size, our reservation has never been broken apart or allotted to individuals. Nor has our reservation been subjected to the criminal or civil jurisdiction of the State of Minnesota. Consequently, we have a large land area over which we exercise full governmental authority and control, in conjunction with the United States.

At the same time, due in part to our location far from centers of population and commerce, we have few jobs available on our reservation. While the unemployment rate in Minnesota is about 5 percent, ours remains at an outrageously high level of 74 percent. The lack of good roads, communications, and other necessary infrastructure continues to hold back economic development and job opportunities.

The President's fiscal year 2005 budget request for Indian programs falls far short of what tribes need. The following testimony highlights the most critical needs of the Red Lake Band of Chippewa Indians in fiscal year 2005.

TRIBAL PRIORITY ALLOCATIONS (TPA)

Tribal governments have suffered a terrible and unprecedented erosion in federal funding for their critical core governmental services in the last decade. These services, including law enforcement, fire protection, courts, road maintenance, resource protection, and education and social services, affect the every day lives of people in Indian communities.

Tribes are locked in a desperate struggle to protect the funding levels provided for these services, especially since the crippling, nearly $100 million cut in the TPA in fiscal year 1996. Although the President's budget each year has requested an increase in the TPA, in fact, except for a few targeted exceptions, none of these increases ever go to tribes' existing TPA programs to offset inflation. Instead, these increases go to fund new tribes and for certain internal transfers and uncontrollable costs. There has been only one small General Increase in the TPA in fiscal year 1998.

Further exacerbating the situation, tribes' core service funding has been subjected to permanent, across-the-board reductions each year, as well as permanent, targeted reductions such as the fiscal year 2004 reduction in tribal funding used to finance the BIA bureaucracy's Information Technology upgrades. Additional TPA cuts are proposed in fiscal year 2005 for Scholarships, Pay Costs, and "Anticipated savings related to improved fleet management". It has become a major task each year just to count up the number of ways the TPA is being cut.

As a result of the above, tribes' core service funding is far less, in real terms, than a decade ago. Critical services continue to erode, seriously undermining our ability to provide some semblance of public safety, security, and well-being for people who already suffer some of the worst living standards in America. It may be the case that some federal agencies can absorb this onslaught of cuts, but tribes cannot—we have reached the breaking point.

Let me provide an example of how real the funding crisis for basic services is at Red Lake. Below is a table showing TPA funding versus actual expenditures for just two of our critical service programs, Community Fire Protection and Tribal Courts.

Tribal program	Calendar year 2003				
	Actual TPA BIA budget	Actual expenditures	Actual shortfall [1]	Unmet need [2]	Total need
Fire Protection	$42,500	$310,192	($267,692)	$3,557,479	$3,599,979
Tribal Courts	246,900	559,136	(312,236)	325,400	884,536
Totals	289,400	869,328	(579,928)	3,882,879	4,484,515

[1] The actual shortfall, $579,928 for just these two programs, had to be taken from other Tribal programs, sharply reducing services provided by those programs.

[2] The Unmet Need for Fire Protection is primarily to replace two fire station buildings due to age and deteriorating conditions. The Unmet Need for Tribal Courts is primarily for additional staff to resolve a tremendous backlog of existing Court cases.

The above example illustrates the damage caused by the onslaught of cuts to the TPA. The only solution to this crisis is a General Increase in the TPA, to be distributed to all tribes. The increase should be no less than 5 percent ($35 million) over the fiscal year 2004 enacted level. This amount will not even come close to replacing funds lost to inflation and across-the-board reductions, but will provide a start at addressing the present crisis.

PUBLIC LAW 93–638 PAY COSTS

The only general increase tribes could count on each year was a cost of living pay increase, known as the 638 Pay Cost account, and which is similar to what the Administration and Congress provide for federal workers employed by federal agencies each year. Now, even this cost of living pay increase in under attack. Due to federal administrative oversight and through no fault of the tribes, tribes received only 75 percent of their 638 Pay Cost funding in fiscal year 2002. Due to an Administration decision, tribes received only 15 percent of their 638 Pay Cost funding in fiscal year 2003 and about 30 percent in fiscal year 2004. These cuts, when combined with the cuts to the TPA described above, have been nothing short of crippling.

The House Interior Appropriations Subcommittee included the following language in House Rpt. 108–195—Department of Interior and Related Agencies Appropriations Bill, 2004, Section on Erosion of Base Program Budgets:

"The Committee is concerned about the erosion of the capability of the agencies funded in this bill to deliver programs and services to the American people. Each of the last three budgets has only partially funded the costs of employee pay increases, as proposed by the Administration and approved by the Congress. Many of the agencies are salary intensive, funding on-the-ground work by rangers, biologists, maintenance workers, educators and other dedicated and skilled employees at the Nation's parks, wildlife refuges, public land districts, National forests, scientific laboratories, and Indian agencies, hospitals and schools. If funding to cover pay increases is 'absorbed', programs and service inevitably are reduced. In the case of the Department of the Interior alone, cumulative pay costs of at least $225 million will be absorbed in fiscal year 2004 . . . Also unfunded are uncontrollable costs, such as utilities, rent increases, and inflationary costs that are beyond the agencies' control and must be paid. Medical inflation has averaged 15 percent per year, yet there have been no funds provided to the Indian Health Service for non-pay inflation in many years.”

“The absorption of uncontrollable pay costs has been compounded by substantial unbudgeted costs that have been incurred for activities associated with management initiatives, including competitive sourcing, budget and performance integration, financial management reform, activity based costing, the program assessment rating tool, and e-government . . .”

I want to reiterate, the profusion of cuts to the TPA, including Pay Costs, has created a crisis for the Red Lake Band of Chippewa Indians. I appeal to the Committee to restore full Pay Costs in fiscal year 2005, for both BIA and IHS programs, and to consider restoring Pay Cost funding not received in fiscal year 2002–2004 through a special appropriations equitable adjustment. The impact to Red Lake during this time frame has been a permanent reduction in base funding of at least $250,000, and I ask for a specific and permanent earmark to Red Lake for this amount in fiscal year 2005.

CONTRACT SUPPORT COSTS

Contract Support Cost (CSC) funds are critical for tribes to successfully operate programs under self-determination policy. The Administration and Congress have historically underfunded tribes’ CSC. For fiscal year 2005, the President proposed a further reduction in CSC over the fiscal year 2004 request. The CSC account is presently funded at about 90 percent of documented need. This ongoing shortfall continues to penalize tribes that choose to operate BIA programs under the self-determination policy. To fund CSC at 100 percent of need, at least $25 million additional is required above the President’s fiscal year 2005 request of $133.3 million, and I ask for this amount.

HEALTH SERVICES

The President’s fiscal year 2004 IHS request is $45 million over the fiscal year 2004 enacted amount, a paltry 1.5 percent. In just the last five years, the IHS service population has risen by about 11.5 percent, while medical costs have risen by about 15 percent each year. We’re falling further and further behind, and this is reflected in diminished health and well-being of our people. Below are just a few American Indian health statistics:

—The rate of diabetes is twice that of the rest of America
—The mortality rate for chronic liver disease is more than twice that of the rest of America
—The rate of alcoholism is more than five times than the rest of America
—The rate of Tuberculosis is about four times than the rest of America
—Infant mortality is nearly two times higher than Caucasian Americans
—The Sudden Infant Death Syndrome rate is the highest in America
—Unintentional/accidental death rate is twice that of the rest of America
—Teen suicide rates are three times higher than Caucasian Americans
—Average life span is six years less than the rest of America

Health care expenditures for Indian people are far below 50 percent of the per capita health care expenditure for mainstream America, and only 50 percent of per capita expenditures for federal prisoners. As the Administration and Congress continue to cut health care services to Indian people by not providing funding levels even remotely in line with inflation, the rates of illness and death from disease will grow worse each year. The fiscal year 2005 IHS “Needs Based Budget” is $19.5 billion, and this is what I ask the Committee to provide.

OTHER ISSUES

Housing is one of the most basic needs of every American. Past funding for the BIA’s Housing Improvement Program (HIP) has been terribly inadequate. For example, Red Lake recently submitted its 2003 HIP Work Plan Report to the BIA documenting 188 families in need of housing upgrades or replacement, for which the BIA is responsible to assist with. The total need documented for just BIA’s share of housing repair and new housing at Red Lake is $1.2 million, yet Red Lake receives only $50,000 in HIP funding. I ask the Committee for a specific earmark of $1.2 million for Red Lake in fiscal year 2005. I further ask that the fiscal year 2005 BIA HIP budget be increased to $32 million, the level of need recently identified by the National American Indian Housing Council.

The President’s fiscal year 2005 budget for Indian Country Law Enforcement continues a downward trend at a time when rising crime rates, homeland security concerns, and court case backlogs have sharply hampered tribes’ abilities to ensure public safety and welfare. A recent study by the Department of Justice for example, showed that violent crime rates in Indian Country are twice the national average, and the same study identified that inadequate funding is "an important obstacle to good policing in Indian Country". The President's fiscal year 2005 budget calls for cutting $4.7 million for tribal COPS grants, $2.5 million for Indian Country detention facility grants, and $7.6 million in Department of Justice funding for Tribal Courts. We strongly oppose these cuts and request that for fiscal year 2005, funding for tribal law enforcement be increased by 50 percent to provide basic public safety in Indian Country.

A top priority for Red Lake is to acquire funding to complete the new Red Lake Criminal Justice Complex. When completed, this complex will be home to our law enforcement, courts, adult and juvenile detention, and juvenile residential components. To date we have received approximately $11 million in federal funds to construct the detention facilities portion of the project. None of these funds may be used for construction of the law enforcement and courts portion of the facility. Unless we receive additional law enforcement and courts funding, our new facility will be located 1.5 miles away from the law enforcement and court components. This will create operational problems from the start, and will result in significantly higher costs to staff and maintain two separate facilities. Because of the urgent need to complete this comprehensive facility, I ask the Committee to consider a specific earmark to Red Lake in the amount of $3 million in fiscal year 2005 Interior funding. This will allow us to complete all components of the criminal justice complex and avoid the significantly higher costs required to adequately staff and maintain two separate facilities.

We are very concerned about the continued lack of attention to community fire protection. The funds tribes receive are woefully inadequate. Instead of addressing this need, the budget for community fire protection has been slated for reductions in recent years. I cited above, the dramatic disparity between BIA funding and actual expenditures for Community Fire Protection at Red Lake. I ask the Committee for a specific earmark for Red Lake in fiscal year 2005 of $3.5 million.

The Circle of Flight Tribal Wetland & Waterfowl Enhancement Initiative, under the BIA's Other Recurring Programs category, was again eliminated by the President in his fiscal year 2005 budget request. The Circle of Flight has been one of Interior's top trust resource programs for 10 years. Elimination of the Circle of Flight would cripple Great Lakes tribes' ability to continue successful partnerships which have benefited a diverse array of wildlife and associated habitats. It would also be contrary to Interior Secretary Gale Norton's recent statement that "successful programs should be funded and allowed to thrive". I ask that you restore the Circle of Flight program to the BIA's fiscal year 2005 budget to at least the fiscal year 2004 level of $600,000, and to consider providing the fiscal year 2005 requested amount of $1.1 million.

Thank you for allowing me to present, for the record, some of the most immediate needs of the Red Lake Band of Chippewa Indians in fiscal year 2005, and for your consideration of these needs.

PREPARED STATEMENT OF THE SEMINOLE TRIBE OF FLORIDA

The Seminole Tribe of Florida is pleased to submit this statement regarding the Tribe's fiscal year 2005 request for funding from programs in the Department of the Interior (DOI). The Tribe requests that Congress:

—Continue to provide $396,000 to the Bureau of Indian Affairs for water quality and quantity studies by the Seminole Tribe of Florida and the Miccosukkee Tribe of Indians, to be equally divided between the Tribes; and

—Provide $1,000,000 to the Bureau of Indian Affairs, Water Management Planning and Pre-Development non-recurring account for the Seminole Tribe for water quality studies and other ecosystem restoration and management efforts, as a part of the Seminole Tribe's Everglades restoration and government-wide resource management efforts.

In summary, this funding will support a number of critical water projects in the Greater Everglades ecosystem, including, but not limited to: water quality studies to determine numeric standards for water conservation plan implementation; program development for adaptive management of wetlands; and Tribal planning and review of capital projects. These studies will strengthen the Tribe's ability to ensure effective and efficient project planning, design, and implementation and to coordinate permitting programs. In addition, this funding will complement ongoing federal funding of Tribal programs and projects designed to maximize effective resource management on Tribal lands, including a number of Everglades ecosystem restoration programs and projects.

Department of Interior funding has helped the Tribe develop restoration programs and projects and ultimately define its role in the overall South Florida Ecosystem effort. The Seminole Tribe continues to make significant contributions to the restoration effort and looks forward to a continued partnership with DOI toward achieving our common goals.

The Tribe's Everglades Restoration Initiative is a comprehensive water conservation system designed to improve the water quality and natural hydropatterns in the Big Cypress Basin. The Initiative, as implemented on the Big Cypress Reservation, is designed to mitigate the degradation the ecosystem has suffered through decades of flood control projects and urban and agricultural use. It will also provide an important public benefit: a new system to convey surface water from the western basins to the Big Cypress National Preserve, where water is vitally needed for rehydration and restoration of lands within the Preserve. This Initiative will contribute to the overall success of the Comprehensive Everglades Restoration Plan (CERP) as authorized by the Water Resources Development Act of 2000 (WRDA 2000).

Working with the U.S. Army Corps of Engineers (Corps) and the USDA Natural Resources Conservation Service (NRCS), the Tribe is implementing its Everglades Restoration Initiative on the Big Cypress Reservation. The Tribe and the Corps initiated an agreement for design and construction of the western portion of the Big Cypress Reservation, along with a canal that transverses the Reservation, as a Critical Project under the authority of the Water Resources Development Act of 1996. Initial construction activities on this project are complete and the detailed planning activity for the balance of the project will be completed this summer, allowing construction to begin in fiscal year 2005. The NRCS has identified a number of Farm Bill programs and the Small Watersheds Program as suitable for funding the design, planning, and construction of the project on the eastern portion of the Reservation. The Tribe is working with NRCS to begin detailed planning and design for this project.

The Tribe has also developed a comprehensive water conservation plan to address restoration issues near Lake Okeechobee on the Brighton Reservation. The Brighton plan addresses water storage and water quality issues. The Tribe is exploring funding options with the Corps for the implementation of this plan.

Funds provided by the DOI have made it possible for the Tribe to initiate the research necessary to allow the Corps and NRCS to complete final project designs. The Tribe continues to spend Tribal funds to advance the research and design and is prepared to provide the required cost share payments as required by the different federal programs. In addition, the results of studies the Tribe helps pay for with both the Critical Ecosystem Study Initiative (CESI) funds from NPS and the BIA funds will be applicable to other CERP projects.

The DOI, through the Bureau of Indian Affairs (BIA), has provided the Seminole Tribe with $199,500 in each of the fiscal years 1994 through 2002, half of the $399,000 line item. In fiscal year 2003 and fiscal year 2004, $396,000 was appropriated and split between the Seminole and Miccosukee Tribes. The Seminole Tribe has used this BIA funding to complete studies and water quality and quantity monitoring that has proven critical to the Tribe's leading role in Everglades restoration.

Through the National Park Service's (NPS) Critical Ecosystem Study Initiative (CESI) program, Interior provided the Tribe with $390,000 in fiscal year 1997, $920,000 in fiscal year 1998, $684,125 in fiscal year 1999, $230,000 in fiscal year 2000, and $220,000 in fiscal year 2001. The Tribe has not received any additional CESI funds. The Seminole Tribe used CESI funds to monitor and analyze the quality and quantity of water coming onto and leaving the Reservation and to conduct scientific studies to determine nutrient impacts. For example, the Tribe studied the assimilative capacity of the C&SF canals for nutrients, phosphorus in particular. The results of such monitoring and studies will be available to others studying ecosystem degradation and developing plans to arrest the harm.

Continued funding at an increased level is necessary for the Tribe to complete a number of studies that will support the design, construction, and operation of the Big Cypress water conservation project. Funding through the BIA budget is also necessary because the source of supplemental funding in prior fiscal years (the NPS CESI account) has become so low as to not support the studies originally funded with the CESI funds; the Tribe has not received any CESI funding since fiscal year 2001.

Specific studies that would be supported through the increased level of BIA funding include the following:

—Forested Wetland Nutrient Uptake Research designed to address how to restore and maintain wetland communities of plants and animals weakened by the adverse impact of poor water quality and desiccation by re-establishing natural hydrology and water quality;
—Seminole Tribe Data Collection and Monitoring designed to access ecosystem damage and explore methods to restore and enhance natural habitats; and
—Early Detection and Management of the Invasion of the Big Cypress Reservation by the Exotic Old World Tree Climbing Fern designed to prevent this invasive species from negating the restoration and preservation of native wetland communities.

Most of this research is likely to be applicable to most areas of the Big Cypress Basin where similar forested wetland bio-regions exist.

In addition, this increased level of BIA funding will support water quality studies to determine numeric standards for water conservation plan implementation and program development for adaptive management of wetlands on both the Big Cypress and Brighton Reservations. The Tribe also intends to reinforce its planning and review of Tribal capital projects to ensure effective and efficient project planning, design, and implementation. As part of this effort, the Tribe intends to expand coordination of its wildlife, wetland, and water resource permitting programs. This funding will complement ongoing federal funding of Tribal programs and projects designed to maximize effective resource management on Tribal lands, including a number of Everglades ecosystem restoration programs and projects.

Improving the water quality of the basins feeding into the Big Cypress National Preserve and the Everglades National Park is vital to restoring the Everglades for future generations. Similarly, improving water quality and expanding storage opportunities adjacent to Lake Okeechobee is crucial to the success of the programs to restore the Lake's ecosystem. By granting this appropriation request, the Congress will be taking a substantive step towards improving the quality of the surface water that flows over the Greater Everglades ecosystem. Such responsive action with regard to the Tribe's reservations, federal land held in trust, will send a clear message that the federal government is committed to Everglades restoration and the Tribe's role in this historic ecosystem restoration effort.

The Seminole Tribe is making substantial commitments to Everglades restoration, including the dedication of over 9,000 acres of land for water management improvements on the Big Cypress reservation and 50 percent of the planning, design, construction, and operations and maintenance of the critical project authorized at over $49 million. The Tribe is also finalizing plans to enhance water quality and storage opportunities on the Brighton Reservation to impact the Lake Okeechobee watershed. However, as the Tribe moves forward with its contribution to the restoration of the South Florida ecosystem, a substantially higher level of federal financial assistance is needed as well.

The Tribe has demonstrated its economic commitment to the Greater Everglades ecosystem restoration effort; the Tribe is asking the federal government to help its participation in this effort. This effort benefits not just the Seminole Tribe, but all Floridians dependent on a reliable supply of clean, fresh water flowing out of the Everglades, and all Americans whose lives are enriched by this unique national treasure.

Thank you for the opportunity to present the request of the Seminole Tribe of Florida. The Tribe will provide additional information upon request.

Prepared Statement of the Shiprock Alternative School, Greasewood Springs Community School, and Pinon Community School

This statement on the Bureau of Indian Affairs budget request for fiscal year 2005 is submitted on behalf of Shiprock Alternative School, Greasewood Springs Community School, and Pinon Community School, located in New Mexico and Arizona, respectively. Our schools are BIA-funded grant schools and serve a total of 1,114 students in kindergarten through 12th grade.

SUMMARY OF RECOMMENDATIONS

	Amount
Student Transportation (million or $3.00/mile)	$47.50
Indian School Equalization Formula (WSU)	5,500.00
Administrative Cost Grants (million)	62.00
Facilities Operations (million)	75.00

SUMMARY OF RECOMMENDATIONS—Continued

	Amount
Facilities Improvement and Repair (million)	156.30

We are concerned that much of the Administration's decisions with regard to BIA Education funding appear to be focused on (1) the erroneous assumption there is a big decline in enrollment at BIA-funded schools and (2) on data for specific performance measures for which there are inadequate financial resources. While we agree that establishing performance goals and measures are necessary and helpful in guiding the actions of the schools, funding to achieve these goals and objectives should be reflected in the Bureau's budget requests. We note, however, that the fiscal year 2005 budget request does not support the Bureau GPRA goals and performance measures,[1] much less address the true needs of the BIA-funded schools.

Regarding the "declining enrollment," the enrollment numbers have previously been established during a specified count period in the fall, with no adjustment for the influx of students we gain following the initial grading period in public schools or the second half of the school year. Recognizing the need to more accurately determine the numbers of students served, it is anticipated that the Bureau will revise this process to possibly a rolling average of the numbers of students throughout the year. Our views on the specific funding levels proposed for BIA-funded schools are as follows.

BIA—SCHOOL OPERATIONS

Funding received under the Interior and Related Agencies appropriations accounts for over 75 percent of the funds for School Operations programs. Yet, the Administration request would only provide an overall increase of $364,000 (a less than 1 percent increase) over the fiscal year 2004 final funding level. Within the School Operations total are the following issues:

Forward Funded Programs (to be expended in SY 2005–2006).—$453.1 million (a $241,000 net increase) for the "Forward Funded" programs (ISEF, Student Transportation, Administrative Cost Grants, Early Childhood).

Student Transportation.—Student Transportation is without a doubt one of the most under funded programs yet a vitally important element to the operation of a school. For several years we have urged the Bureau to request a realistic funding level so that our schools do not have to subsidize the transportation program from the instructional funds. Yet, instead of even a minimal increase as in fiscal year 2004, the Administration proposal of $38.1 million for fiscal year 2005 would result in a $58,000 decrease. Surely not only will some of Indian children be left behind academically but also physically if we do not have sufficient funds to bring them to and from the school!

The Bureau's annual goal in fiscal year 2002 was to provide $2.30/mile, but the actual amount provided dropped to $2.17/mile in SY 2002–2003 while the total miles in the BIA school system grew from 14,873 to 15,828. In SY 2003–2004, the rate dropped yet again to $2.13/mile and total miles increased yet again (16,314 miles). Without a significant increase for transportation, the Bureau will not be able to provide funds at a rate comparable to the national average ($2.93/mile in SY 1999–2000 based on School Bus Fleet data published February 2002). We also note that according to the Rural School and Community Trust, for rural schools located outside designated Metropolitan Statistical Areas, transportation costs are nearly tripled.

Recommendation.—We urge that Congress increase student transportation funding to at least $47.5 million or the amount that would result in a rate of $3.00/mile.

Indian School Equalization Formula (ISEF).—ISEF is the primary source of funds for the instructional and residential programs at the 185 schools and dormitories in the BIA school system. These funds, which are allocated by formula on a weighted student unit basis, are used to (1) provide education services to students (including 15 percent reserved to support the special education program), (2) cover the increasing instructional program costs, teacher recruitment, and curriculum develop-

[1] Some of the BIA's annual GPRA goals for education in fiscal year 2002 were: provide for a 2 percent increase in proficiency of students in the areas of language arts and math; increase the student attendance rate at Bureau/Tribal schools to 91 percent; provide for 100 percent accreditation at Bureau/Tribal schools—but without any information on the number of non-accredited schools; provide for 10 percent reduction in incidences of violence among students; provide $2.30 [per mile] in Indian student transportation funding to bring funding up to a rate comparable to the national average.

ment to maintain our current programs, and (3) cover the costs associated with the many additional requirements of the No Child Left Behind Act of 2001 (NCLBA). Such additional costs include hiring only highly qualified teachers and paraprofessionals, providing increased professional development and parent involvement activities, ensuring schools achieve adequate yearly progress–with the goal of all students reaching the proficient level on reading/language arts and mathematics tests by the 2013–14 school year—and increased costs due to cost of living and inflation. In addition, when the recently negotiated regulations developed pursuant to the NCLBA are finalized and implemented, schools will likely face additional costs to institute an appropriate assessment, curriculum, standards and myriad of other requirements. Further, because of shortfalls in other areas of the school budget, particularly student transportation, ISEF funds are often utilized to cover those shortfalls.

In fiscal year 2004, the Bureau estimated schools would receive $4,029 per WSU but the actual rate is now revised to $3,944 per WSU. However, during the NCLBA negotiated rulemaking, the committee considered the minimum annual amount [base funding] necessary to sustain a BIA-funded academic or residential program and found that the cost per student could be $5,260 per academic student and $11,000 per residential student (based on SY 99–00 data). In light of the ever increasing demands on these limited funds which constitute the base funding for schools, we seriously doubt the fiscal year 2005 request of $352.9 million will be sufficient to even maintain the current instructional program much less address the additional requirements imposed by the NCLBA.

Recommendation.—To enable our schools to meet the requirements established in the No Child Left Behind Act and ensure our students make adequate yearly progress, we urge that Congress provide an amount that would result in at least $5,500 per WSU.

Administrative Cost Grants (AC Grants).—The Administration does not request any funds for the separate fund to cover the first-year AC Grant costs for schools that newly convert to tribal operation, which was established in fiscal year 2004. The Bureau states there is no need until tribal interest in taking over schools currently operated by the Bureau "can be assured." Without further information, it is difficult to determine whether the AC Grant request of $45.3 million would assure that there are sufficient funds for the on-going contracts/grants as well as those which may convert to contract basis during fiscal year 2004. It is doubtful since the fiscal year 2005 request is a decrease from the amount provided in fiscal year 2004.

Of even greater concern is that the AC Grants funding request for continuing tribally-operated schools will, once again, be totally insufficient to meet the needs of the schools. In SY 2002–2003, the Bureau was only able to supply 72.1 percent of the AC Grant needs of these ongoing tribally-operated schools. With the proposed reduction of $265,000, we will not even be provided that rate and thus be unable to keep up with the increasing costs of annual financial audits, liability insurance, salaries for certified administrators, and mandatory training courses for newly-elected school board members.

Recommendation.—In order to meet 100 percent of need for on-going tribally-operated schools, we urge Congress to provide no less than $60 million[2] for continuing AC Grants.

Current Year Funded Programs.—$69.3 million (a $123,000 net increase) for "current year funded" (Facilities Operations, Institutionalized Disabled, etc.).

Facilities Operations.—These funds are used to cover the cost of utilities, heating fuel, janitorial, communications, refuse collection, water/sewer, fire protection, pest control, and technology maintenance. Funding for this program is based on the total square feet of education space.

The Administration's fiscal year 2005 request of $57.1 million would result in a $30,000 increase over fiscal year 2004. Since prior years' funding levels resulted in our being able to cover only 60 percent to 70 percent of the actual school operating costs, it is unrealistic to believe that the minimal increase proposed would impact the existing shortfall. Nor will the proposed amount help us to address rising costs of fuel and other utility costs. As Congress is aware, nearly half of all BIA schools are more than 30 years old, and 15 percent are more than 50 years old, which means it costs substantially more to operate and maintain these outdated facilities—facilities that have been found[3] to generally be in poorer physical condition, have more unsatisfactory environmental factors, more often lack key facilities re-

[2] Based on fiscal year 2002 data, 100 percent AC Grant would have required $59.7 million.

[3] General Accounting Office, BIA and DOD Schools: Student Achievement and Other Characteristics Often Differ from Public Schools, GAO–01–934 (September 2001).

quirements for education reform, and are less able to support computer and communications technology.

Recommendation.—For the safety of our students and to assist us in being able to provide an adequate learning environment, additional Facilities Operations funds are necessary. We ask that Congress appropriate at least $75 million in order that our schools can be properly operated and maintained.

FOCUS Program.—We agree with the Administration that additional assistance is necessary to help the lowest performing schools improve. Therefore we support the $500,000 requested for the FOCUS program.

BIA—EDUCATION CONSTRUCTION

The Administration proposes $229.1 million for Education Construction, which is $65.9 million less than the fiscal year 2004 amount and $64.7 million below the fiscal year 2003 enacted level.

Replacement Schools Construction.—Construction of new schools to ensure children are no longer subjected to dilapidated, unsafe building conditions, buildings that are not in compliance with handicapped accessibility codes, do not meet the instructional minimums, and contain a variety of health/safety code violations, remains a very real need. We do not support the Administration's recommendation that replacement school construction funds be reduced by $61.1 million.

Facilities Improvement and Repair Program (FI+R).—In the recently released "Department of Interior PART Assessments," one of the findings was that in spite of the amounts appropriated since fiscal year 2001, the Bureau could not assure that the Administration's commitment to eliminate the maintenance backlog within 5 years will be achieved. We do not find this surprising since the FI+R funds has been decreasing ($163.3 million in fiscal year 2003, $146.3 million in fiscal year 2004), and yet the Administration proposes another decrease of $8.8 million for an fiscal year 2005 funding level of $137.5 million.

We believe the Bureau's "justification" for the proposed funding cut is lacking as it only recites how the funds will used. It is certain, however, that the proposed amount will not be sufficient to significantly reduce the maintenance backlog, which has been estimated by the GAO to be more than $960 million.

Recommendation.—We ask that Congress restore the $8.8 million the Bureau proposes to cut from the FI+R program, and provide at least an additional $10 million in fiscal year 2005.

We fully realize that Congress faces an especially difficult year for determining the best uses of a limited amount of funds. Nonetheless, we hope that Congress will correct the inadequacies of the fiscal year 2005 budget request for the BIA-funded schools.

PREPARED STATEMENT OF THE SKOKOMISH TRIBE OF WASHINGTON STATE

My name is Gordon James, I am Chairman of the Skokomish Tribe of Washington State. The Skokomish Indian Reservation is a rural community located at the base of the Olympic Peninsula with a population of over 1,000 people. The Skokomish Tribe requests an appropriation of $250,000 to support the continued operation of the Skokomish Tribal Police Department to meet the safety needs of this growing community.

In the last ten years, the Skokomish Tribal Police Department has grown from one (1) untrained officer, to a force of thirteen (13) Washington State/BIA certified law enforcement officers. In addition, the Skokomish Tribe's Public Safety Department provides the only marine law enforcement and rescue services in a thirty-five mile radius of the southern Hood Canal. The Police Department works very closely with non-Tribal law enforcement agencies to combat the scourge of drug trafficking in this isolated rural area. These Tribal officers play a key role in the detection and bust of methamphetamine labs on the Reservation. Finally, the Tribe is a partner with adjoining counties in the Region 3 Homeland Security efforts. However, in fiscal year 2005 the Tribe will not be able to maintain these officers or its Department, because the Tribe will no longer be eligible for DOJ COPS hiring funding. Thus, without the requested $250,000 the Tribe will be faced with possible closure of its Law Enforcement Department, which has become an integral part of the law enforcement community in Mason County.

The Tribe experienced a significant growth in the Reservation's population during the 80s and early 90s. Along with the increased population, the Skokomish Indian Tribe experienced an alarming increase in the extent and severity of drug abuse among the residents of the Reservation. According to data from the Tribe's Alcohol Service Program, more than 53 percent of young adults ages 18–24 are presently impacted by drug abuse dependency. Unfortunately, along 64453.1 with increased drug use, the community has had to endure a significant escalation in associated crimes, including drug manufacturing and selling, armed assaults, domestic violence, and burglary. In the last six months, the Tribe's officers have responded to 1,800 calls, which resulted in 300 arrests—many involving non-Indian people. More than one-third of these arrests involved substance abuse. It is clear to the community and the partnership of law enforcement personnel and agencies involved that if the Tribe is forced to close its department, this rural community will become a haven for drug manufacturing and selling, and associated crimes.

This is unacceptable. The Tribe requests your support for $250,000 to support the continued operation of the Department. This request is supported by the surrounding local governments, the Hood Canal School District and the local law enforcement agencies.

Prepared Statement of the United South and Eastern Tribes, Inc.

Thank you for the opportunity to submit important testimony regarding the Administration's fiscal year 2005 Proposed Department of Interior Budget, and in particular our concerns regarding the Bureau of Indian Affairs budget. The United South and Eastern Tribes, Inc. (USET) is an inter-Tribal organization comprised of 24 federally-recognized Indian Tribes from 12 states along the eastern seaboard, the Gulf Coast, and into Texas. USET Tribes rely heavily on the Bureau of Indian Affairs (BIA) annual appropriations in order to contract with the government for the operation of Indian programs. Over ninety percent (90 percent) of the USET Tribes are contracting/compacting Public Law 93–638 tribes. Continual reductions to the BIA budget more than concern the Tribes as they have a direct impact on tribal sovereignty and tribal self-governance. Many of the USET Tribes already spend valuable Tribal funds to cover the shortfalls in administering the 93–638 government contracts, which provide for the basic human needs of their Tribal members. These funds should be available for valuable economic development initiatives on Tribal lands that work to establish sustainable economies. For all Tribes taking budget hits and those less fortunate Tribes that do not have the additional tribal funds to invest, their programs suffer and never reach full capacity. Unless the budget cuts cease and full funding of Indian programs is restored, Tribes will be forced to continue making these difficult decisions about what is important to the preservation of their people.

Fiscal Year 2005 Administration's Proposed Budget

The President's proposed fiscal year 2005 Budget is said to be based upon performance measurements. Those programs that can prove they are performing and meeting their goals will receive funding, while those that fall short of meeting performance goals are drastically cut or terminated. USET understands that these are hard economic times and it is the Administration's focus to limit spending of funds to the most effective programs. Indian Programs are effective based on the resources that they have to operate the programs. The performance reviews that the Administration and Office of Management and Budget (OMB) look to in completing their proposed budgets are not a full picture of the affected programs.

The current performance measures provide an incomplete picture of the performance levels of many programs in Indian country. The BIA Operation of Indian Programs has been historically under-funded and under-staffed for many years, yet when the performance reports rate Indian Programs this is not taken into account. How does the Administration expect Indian Programs to function at the optimal performance level and receive good reviews when there is not adequate funding or resources to operate the programs? In addition to leaving out this important consideration, the data collected by the performance reviews comes strictly from government data and is usually wrong. Not once have the USET Tribes been contacted during a performance review of a program to get their valuable input. This is a true crisis because the use of inaccurate data and reporting is eating away at the BIA Operation of Indian Programs budget each year. USET requests that Congress recognize this deficiency in the performance review process and work to remedy it quickly.

The following is a list of concerns regarding various program funding in the President's proposed fiscal year 2005 budget request. USET Tribes ask that Congress weigh the heavy impacts that continued reductions to the BIA budget will have on already struggling programs. BIA Operation of Indian Programs works to provide the basic human needs to Tribes across the country including, welfare assistance, Indian Child Welfare, Housing Improvement, Law Enforcement, and Education. Millions of dollars leave this country in foreign aid each year. USET asks that you consider these requests and just leave a portion of those dollars marked for foreign aid in the Bureau of Indian Affairs budget.

1. *Contract Support Costs*.—USET requests 100 percent funding on Contract Support Cost for Tribes carrying out Public Law 93–638 government contracts. In the fiscal year 2005 Proposed Budget, Contract Support Costs were cut by $334,000. Tribes are being forced to use tribal money, that is much needed in other areas, to help support the administration of 638 contracts. Any other contract that the federal government enters into, they are expected to pay the contractors the full amount that it would have cost the government to run the same program. This does not happen in Indian country. It is a direct assault on tribal self-determination. The federal government tells Tribes that they want them to administer their own programs, but does not provide the resources to do so. The real fact is that if all Tribes got tired of paying for federal contract shortfalls and turned programs back over to the government to administer, the government would not be able to fulfill their fiduciary duty. Contracting, in the long-term, saves the government money and resources.

Annual pay costs increases are a major expense that not only effects the federal government, but the Tribes administering federal government contracts as well. Each year Tribes are receiving fewer funds to operate 638 contract/compacts and at the same time being forced to absorb rising pay costs associated with those contracts and compacts. In recent years the increase has been 4 percent, yet only 2 percent of those costs has been appropriated. USET worries that each year more direct service dollars are being used to fund the increases to pay costs. Tribes are only asking for is what is due them just like any other contractor.

2. *Scholarships*.—USET requests that this line item be restored to the fiscal year 2004 enacted level. In the fiscal year 2005 Proposed Budget, Scholarships were cut by $547,000. The explanation from the Administration for this cut in funding was that there has been a reduction in the amount of scholarship applications over the past year. Once again the governments data is not correct. Most Tribes have many more scholarship applications than they can fund and each year many students are turned away. With the rising costs of higher education it just does not make sense to cut the scholarship program. Currently, Indian students receive only 18 percent of the cost of tuition ($3,000) from the BIA scholarship. The proposed reduction to this program would eliminate approximately 180 scholarships at the current rate of 18 percent per award. This program needs more funding regardless of the number of applications received, because $3,000 does not go far in paying for a college education.

Tribal students already fall far behind the national average in every level of education. The USET Tribes feel that it is vital to the preservation of strong communities that their children are educated. Please consider restoring this extremely important line item in the BIA budget for fiscal year 2005.

3. *Human Services*.—USET requests that the line-items for both the Indian Child Welfare Act (ICWA) and Welfare Assistance be restored to at least the fiscal year 2004 enacted levels. In the fiscal year 2005 Proposed Budget the Administration cut ICWA by $329,000 and the Welfare Assistance Program by $215,000. These reductions are being made to vital programs and many Tribes will not be able to make up that kind of shortfall. These programs are already grossly under-funded, yet the Green Book provides no explanation for this type of major reduction to the budget.

Many Tribal governments rely on these funds as a stepping stone to accomplishing greater objectives within the community. If Tribal people do not have the basic necessities of life such as clothing, food, heat, etc., how can they be expected to be part of an expanding and thriving Tribal community? Congress must help Tribes care for the basic needs of their people.

Tribal lands have the highest poverty rates of anywhere in the country, yet the Administration continues to send more money to foreign aid each year with little regard for the well-being of its own people. When will the true third-world conditions and needs of Indian country be considered? USET asks that Congress work to eliminate the needs in Indian country and begin that work by restoring funding to the Human Services part of the BIA fiscal year 2005 Budget.

4. *New Tribe Funding*.—USET requests that as new Tribes are brought into the federal recognition process Congress will appropriate additional funding of Tribal Priority Allocations to those Tribes. USET believes that gaining recognition through the federal recognition process is essential to strengthening the sovereignty of Tribes. Many Tribes work years and spend countless hours to validate their sovereignty and gain recognition through a government-to-government relationship with the federal government. When these Tribes come into the federal system and attempt to receive the same services as the other Tribes, many times they are stopped due to lack of funding. It could take Tribes many more years to get up to the same level of government services as other more established Tribes. If funding

is given to new Tribes from existing pools of money, it placed Tribes in competition against each other for the valuable resources they have been promised as dependent sovereign nations. In future funding cycles many more Tribes will enter the federal system. USET asks that Congress allocate specific funding for those new Tribes to establish themselves instead of slicing the existing funding sources in even thinner pieces for existing Tribes.

While the items of concern are not the only items to consider in the BIA fiscal year 2005 Proposed Budget, they are the items that took the largest reductions and will effect Tribes in great ways. A proposed reduction of $52 million to the BIA fiscal year 2005 Budget will not only devastate the Tribes, but will cause further disorganization and lower service levels from the Bureau of Indian Affairs. The BIA is already strapped for funding. How are BIA programs supposed to pass performance measures in the future when the budget is losing major ground? There can be no expectation of high performance without adequate and sufficient funding of BIA programs. USET urges Congress to consider these requests carefully and halt the downward spiral caused by continual attempts to reduce the budget.

Tribes do not seek a hand-out from the government, they only ask for what has been promised them through countless treaties, land exchanges, and agreements with the U.S. Government. USET asks that Congress uphold those treaties and promises to Tribes and protect the government-to-government sovereign relationship. Adequate funding of Indian Programs and domestic aid to Indian country would go a long way in protecting that relationship.

The USET Tribes thank you for the opportunity to present our concerns regarding the fiscal year 2005 Proposed BIA Budget to the Honorable members of Congress and offer any assistance necessary to resolve these important issues.

Prepared Statement of United Tribes Technical College

For 35 years, United Tribes Technical College (UTTC) has been providing postsecondary vocational education, job training and family services to Indian students from throughout the nation. We are governed by the five tribes located wholly or in part in North Dakota. We have received funding through the Bureau of Indian Affairs every year since our founding, and since 1976 under Public Law 93–638 contract authority.

The Bureau of Indian Affairs' proposal to eliminate funding for United Tribes Technical College makes no sense. The proposal is an affront to Indian youth and to Indian country generally. We are an educational institution that consistently has excellent results, placing Indian people in good jobs and reducing welfare rolls. The Bureau should be supporting us, not making proposals that would put us out of business. The elimination of BIA funding for UTTC would shut us down, as these funds constitute half of our operating budget. We do not have a tax base or state funds on which to rely.

The request by the United Tribes Technical College Board for the fiscal year 2005 Bureau of Indian Affairs budget is:

—$4 million in BIA funds for UTTC, which is $1 million over the fiscal year 2004 enacted level prior to the across-the-board reductions.

—$4 million in BIA funds for phase one of student housing construction, a need identified in the 2000 Department of Education study. We are one of the few tribal colleges which offers a dormitory system, including family housing.

—Requirement that the BIA place more emphasis on funding and administrative support for job training and vocational/technical education. The Adult Vocational Training program, funded at $8.7 million in fiscal year 2004, is but a shadow of its former self. There is no BIA leadership or advocacy for job training or vocational/technical education at the central or regional office levels.

We are compelled to briefly comment about the funding claims made in the fiscal year 2005 BIA Budget justification comparing our BIA and Perkins funds with the BIA funds received by the colleges (TCUs) funded under the Tribally Controlled Colleges and Universities Act (p. BIA–246) The Bureau gives a grossly inaccurate impression of the relative amounts of per student funds of UTTC and the TCU's. UTTC per student funding appears relatively higher than in fact it is in relation to the TCUs because we, by law, use differing methodologies for counting full time Indian students.

Although both methodologies use the same term "Indian Student Count" (ISC) there are two significant differences in the mechanics: First, under the Perkins Act we count an Indian student that takes 12 or more credit hours as one "ISC" or one Full Time Equivalent (FTE) student. Most of our students take in excess of 12 hours per semester—18 hours is not unusual. Under the TCU law every 12 credit hours taken by an Indian student counts as one ISC. So an Indian student at a TCU taking 18 hours would count as 1.5 ISC while that same student at UTTC would count as only one ISC. Second, UTTC by law counts its ISC only in the summer and the fall semester, while the TCUs, by law, count students in summer, fall, and spring.

To illustrate the above point, the fiscal year 2003 $3.6 million Perkins funding received by UTTC yields $3,358 per ISC when using the calculation method utilized by the TCUs, rather than $9,372 per ISC as shown in the BIA budget utilizing the Perkins Act method. The total amount of money is the same in both cases, but the per student funding description differs.

Finally, we are totally perplexed about the portion of the chart in the fiscal year 2005 BIA budget justification that assumes that UTTC will receive $7,072 per student in fiscal year 2005 in non-Perkins Department of Education discretionary grants. The Bureau provides no details or backup of any kind for this preposterous projection. While we do compete for and receive some discretionary one-time DOEd grants—they are for specific projects, are not recurring, do not contribute to the core operations of our college and certainly are not at the level stated the BIA budget.

UTTC Excels.—We are at a loss to know why the Bureau would not support UTTC, an institution with:

—An 89 percent retention rate

—A placement rate of 90 percent (job placement and going on to four-year intuitions)

—A projected return on federal investment of 11 to 1 (2003 study comparing the projected earnings generated over a 29-year period of UTTC Associate of Applied Science graduates with the cost of educating them.)

—The highest level of accreditation. The North Central Association of Colleges and Schools has accredited UTTC again in 2001 for the longest period of time allowable—ten years or until 2011—and with no stipulations. We are also the only tribal college accredited to offer on-line associate degrees.

The demand for our services is growing and we are serving more students.—For the Spring Semester 2004, we enrolled 661 students from more than 45 tribes and 17 states. The majority of our students are from the Great Plains states, an area that, according to the 2001 BIA Labor Force Report, has an Indian reservation jobless rate of 75 percent. UTTC is proud that we have an annual placement rate of 90 percent. We hope to enroll 2000 adult students by 2008.

In addition, as of the Spring Semester 2004, we serve 185 children in our Theodore Jamerson Elementary school, and 133 children in our infant-toddler and preschool programs, bringing the population for whom we provide direct services to 979.

UTTC course offerings and partnerships with other educational institutions.—UTTC offers 14 vocational/technical programs and awards a total of 24 two-year degree and one-year certificates. We are accredited by the North Central Association of Colleges and Schools.

We are very excited about the recent additions to our course offerings, and the particular relevance they hold for Indian communities. These programs are: (1) Injury Prevention, (2) On-Line Education, (3) Nutrition and Food Services, (4) Tribal Government Management, and (5) Tourism.

Injury Prevention.—Through our Injury Prevention Program we are addressing the injury death rate among Indians, which is 2.8 times that of the U.S. population. We received assistance through Indian Health Service to establish the only degree granting Injury Prevention program in the nation. Injuries are the number one cause of mortality among Native people for ages 1–44 and the third for overall death rates. IHS spends more than $150 million annually for the treatment of non-fatal injuries, and treatment of injuries is the largest expenditure of IHS contract health funds. (IHS fiscal year 2004 Budget Book).

On-Line Education.—We are working to bridge the "digital divide" by providing web-based education and Interactive Video Network courses from our North Dakota campus to American Indians residing at other remote sites and as well as to students on our campus. We currently have 47 students (15.5 FTE) taking on-line courses. We are accredited by the North Central Association of Colleges and Schools to provide on-line associate degrees. We have been invited by North Central to share our experiences in gaining on-line accreditation at its upcoming meeting in Chicago and we have been invited by New Mexico State University to do the same.

At this point, nearly half of the students taking on-line courses are campus-based students. On-line courses provide the scheduling flexibility students need, especially those students with young children. Our on-line education is currently provided in the areas of Early Childhood Education and Injury Prevention We will be asking approval this year from the North Central Association to offer full degree on-line programs in the following areas: Health Information Technology, Nutrition and

Food Science, Elementary Education, and also possibly Criminal Justice. This approval is required in order for us to offer federal financial aid to the students enrolled in these on-line courses.

High Demand exists for computer technicians.—In the first year of implementation, the Computer Support Technician program is at maximum student capacity. In order to keep up with student demand, we will need more classrooms, equipment and instructors. Our program includes all of the Microsoft Systems certifications that translate into higher income earning potential for graduates.

Nutrition and Food Services.—UTTC will meet the challenge of fighting diabetes in Indian Country through education. As this Subcommittee knows, the rate of diabetes is very high in Indian Country, with some tribal areas experiencing the highest incidence of diabetes in the world. About half of Indian adults have diabetes (Diabetes in American Indians and Alaska Natives, NIH Publication 99–4567, October 1999)

We offer a Nutrition and Food Services Associate of Applied Science degree in an effort to increase the number of Indians with expertise in nutrition and dietetics. Currently, there are only a handful of Indian professionals in the country with training in these areas. Future improvement plans include offering a Nutrition and Food Services degree with a strong emphasis on diabetes education and traditional food preparation.

We also established the United Tribes Diabetes Education Center to assist local tribal communities and our students and staff in decreasing the prevalence of diabetes by providing diabetes educational programs, materials and training. We published and made available tribal food guides to our on-campus community and to tribes.

Tribal Government Management/Tourism.—Another of our new programs is tribal government management designed to help tribal leaders be more effective administrators. We continue to refine our curricula for this program.

A newly established education program is tribal tourism management. UTTC has researched and developed core curricula for the tourism program and are partnering with three other tribal colleges (Sitting Bull, Fort Berthold, and Turtle Mountain) in this offering. The development of the tribal tourism program was well timed to coincide with the planned activities of the national Lewis and Clark Bicentennial last year. As you may know, Lewis and Clark and their party spent one quarter of their journey in North Dakota. UTTC art students were commissioned by the Thomas Jefferson Foundation to create historically accurate reproductions of Lewis and Clark-era Indian objects using traditional methods and natural materials. Our students had partners in this project including the National Park Services and the Peabody Museum at Harvard University. The objects made by our students are now part of a major exhibition in the Great Hall at Monticello about the Lewis and Clark expedition.

Job Training and Economic Development.—UTTC is a designated Minority Business Center serving Montana, South Dakota and North Dakota. We also administer a Workforce Investment Act program and an internship program with private employers.

Economic Development Administration funding was made available to open a "University Center." The Center is used to help create economic development opportunities in tribal communities. While most states have such centers, this center is the first-ever tribal center.

Department of Education Study Documents our Facility/Housing Needs.—The 1998 Vocational Education and Applied Technology Act required the Department of Education to study the facilities, housing and training needs of our institution. That report was published in November 2000 ("Assessment of Training and Housing Needs within Tribally Controlled Postsecondary Vocational Institutions, November 2000, American Institute of Research"). The report identified the need for $17 million for the renovation of existing housing and instructional buildings and $30 million for the construction of housing and instructional facilities.

We continue to identify housing as our greatest need. We have a huge waiting list of students some who wait from one to three years for admittance. For the first time in its history, in the 2002–2003 year, we were forced to find housing off campus for our students. Enrollment for the 2002–2003 year increased by 31 percent; and in 2003–2004 enrollment increased another 20 percent. In order to accommodate the enrollment increase, UTTC partnered with local renters and the Burleigh County Housing Authority. Approximately 40 students and their dependents were housed off campus. The demand for additional housing also presents challenges for transportation, cafeteria, maintenance and other services.

UTTC has now completed a new 86-bed single-student dormitory on campus. This dormitory is already completely full as are all of UTTC's other dormitories and student housing. To build the dormitory, we formed an alliance with the U.S. Department of Education, the U.S. Department of Agriculture, the American Indian College Fund, the Shakopee-Mdewakanton Sioux Tribe and other sources for funding. Our new dormitory has at the same time created new challenges such as shortages in classroom, office and other support facility space. However, more housing must be built to accommodate those on the waiting list and to meet expected increased enrollment.

Some of our housing must be renovated to meet local, state, and federal safety codes. In addition some homes may be condemned which will mean lower enrollments and fewer opportunities for those seeking a quality education.

Thank you for your consideration of our request. We cannot survive without the basic vocational education funds that come through the Bureau of Indian Affairs. They are essential to the operation of our campus and essential to the welfare of Indian people throughout the Great Plains region and beyond.

DEPARTMENT OF AGRICULTURE

PREPARED STATEMENT OF THE AMERICAN FLY FISHING TRADE ASSOCIATION; AMERICAN RIVERS; AMERICAN SPORTFISHING ASSOCIATION; CONGRESSIONAL SPORTSMEN'S FOUNDATION; FEDERATION OF FLY FISHERS; INTERNATIONAL ASSOCIATION OF FISH & WILDLIFE AGENCIES; IZAAK WALTON LEAGUE OF AMERICA; NORTHWEST SPORTFISHING INDUSTRY ASSOCIATION; PURE FISHING; AND TROUT UNLIMITED

On behalf of the millions of anglers represented by the organizations, we are writing to thank you for your past support of the fish passage program within the U.S. Fish and Wildlife Service's (USFWS) Fisheries Program. We are recommending the strongest possible investment in the fish passage program for fiscal year 2005.

There are an estimated 75,000 dams over six feet in the United States, and 2.5 million smaller barriers that impact fish movement. The fish passage program has set a goal of removing or bypassing 1,100 barriers and providing access to 14,000 miles and 250,000 acres of habitat for fish reproduction and growth by 2010. The goal includes having projects and partners in all 50 States. To achieve this goal, the annual commitment required is $5 million. Most of those funds will go to on-the-ground restoration projects. We strongly believe that this level of funding is not only needed but also justified by the success of the program and the impact this level of funding will have.

Fish Passage is an essential program within the Fisheries Program. The program re-connects aquatic species to historical habitat by removing or bypassing man-made barriers. The key element of this program is that projects are done in cooperation with partners. The program has been very effective in leveraging dollars at a 1:3 ratio on average. That leveraging means over 200 partnerships to date. The benefits of these on-the-ground projects and partnerships are increased fish populations and increased recreational fishing opportunities. Today, more than 44 million Americans are anglers. When they go fishing they spend over $41 billion, creating an economic impact of $116 billion for the U.S. economy. This significant economic engine will grow unless anglers lose the opportunity to fish.

According to the USFWS, program needs as of February 2004 are $72,615,958 to fund 312 projects. These projects include 441 barrier removal projects, totaling $44.6 million that have willing partners, are ready to implement, and would open 7,962 miles and 81,030 acres of fish habitat. Additional fish passage needs include inventories, surveys and planning projects, totaling $28 million.

With appropriated funds in fiscal year 2004, 99 barriers can be removed or bypassed and 25,971 acres and 1,273 miles can be reopened. Unfortunately, at the level of funding in the President's fiscal year 2005 budget request, this would drop to 8,039 acres and only 375 miles reopened with only 24 barriers being removed or bypassed.

The Fish Passage Program deserves the strongest support Congress can give it. We would welcome the chance to come in and discuss the program with the Subcommittee staff at their earliest convenience. We have asked Deanna Wood of the American Sportfishing Association to contact them to find a time when we can get together.

PREPARED STATEMENT OF THE AMERICAN FOREST AND PAPER ASSOCIATION

The American Forest and Paper Association [1] (AF&PA) supports sustainable forest management on all forest lands. Active management, long-term forest health and sustainability, and local level decision-making should be vital components of forestland policy on public lands. On private lands, federally-supported research and cooperative assistance are vital to achieving sustainable management. AF&PA supports USDA Forest Service and related programs that will help achieve these objectives. The following are recommendations for fiscal year 2005 appropriations for the USDA Forest Service and forestry-related Department of Energy research.

IMPLEMENTATION OF THE HEALTHY FORESTS RESTORATION ACT

Our nation's federal forestlands face a forest health crisis. Millions of acres of federal forests across the country are at high risk to catastrophic wildfire, insect infestation, and disease. These lands pose serious risks to adjacent private forestlands and communities. The Healthy Forests Restoration Act (HFRA) of 2003 was a tremendous step forward in addressing this crisis. The fiscal year 2005 budget needs to complement HFRA's objectives by supporting programs that reduce hazardous fuels and treat the threats of insects and disease. While the following recommendation pertains specifically to the USDA Forest Service, AF&PA also supports similar efforts by the Bureau of Land Management.

Hazardous Fuels Reduction.—AF&PA supports the President's request of $266.2 million, as well as the proposal to move the funding to the National Forest System. Increased funding is needed for hazardous fuels reduction in order to protect resource values such as fish, wildlife, and water. There are significant treatment needs in all areas of the country and in all three condition classes. Given the need to prioritize these efforts, we encourage emphasis in areas where there is existing infrastructure (e.g., mills) to do the work that needs to be done. The movement of hazardous fuels reduction funds to NFS would allow better integration of these activities with the vegetation management work happening on the ground. We encourage continued collaboration between the Forest Service and the State Foresters in accomplishing this work.

ACTIVE FOREST MANAGEMENT

Active forest management of national forests is needed to ensure that the Forest Service meets legislative mandates of promoting forest health and multiple uses. Data collected through the Resources Planning Act (RPA) Assessments indicate that tree growth on national forests has exceeded harvest almost five-fold in the last few years, and that gap is projected to grow larger. In addition, twice as many trees are dying than are being harvested.

Forest Products.—AF&PA recommends increasing the total volume sold to 3.0 billion board feet, with funding of $300 million to support that level. Timber sales can be an important tool to achieve forest health objectives and will provide a means to pay for the significant costs of treating hazardous fuels. The Forest Service expects to achieve greater program efficiencies as a result of Healthy Forests Initiative tools; their unit costs should therefore be significantly reduced, allowing them to accomplish more with their appropriated funding level. Despite the availability of the HFI tools, it appears that some field managers are reluctant to use them. As such, we encourage that distribution of funds be weighted towards regions or National Forests that demonstrate accomplishments on the ground.

Salvage sales are an important component of the timber sale program as a means to treat forests following insect outbreaks, fires, blow down, and other natural disasters. We recommend replenishment of the Salvage Sale Fund through appropriations in order to rebuild the capacity of this fund and take advantage of salvage and rehabilitation opportunities.

Land Management Planning.—AF&PA supports funding at the fiscal year 2004 enacted level of $70 million, in order to ensure that the agency completes forest plan revisions on schedule. Revision of older plans is a high priority and it is critical that these funds not be diverted for other planning purposes.

Wildlife and Fisheries Habitat Management.—AF&PA supports the President's request of $134.5 million to ensure that important wildlife habitat and conservation programs are undertaken. The drawdown in the Knutson-Vandenberg (KV) fund to

[1] AF&PA is the national trade association of the forest, pulp, paperboard, and wood products industry. AF&PA represents almost 200 member companies and related trade associations (whose memberships are in the thousands) which grow, harvest, and process wood and wood fiber; manufacture pulp, paper, and paperboard products from both virgin and recovered fiber; and produce solid wood products.

pay for wildfire suppression costs has a major impact on this and other programs. Failure to completely repay the KV Fund diminishes implementation of much-needed wildlife habitat, reforestation, TSI, and other conservation projects. In some regions, this adversely impacts non-essential KV projects, such as fish and wildlife programs that are already underfunded.

Vegetation and Watershed Management.—AF&PA supports the President's request of $194.3 million for this program. This program should address the significant reforestation backlog. AF&PA is very concerned about the growth in the reforestation backlog, especially since reforestation needs have increased since 1999, primarily due to wildfires.

WILDFIRE FUNDING

The escalating costs of wildfire suppression are crippling the federal land management agencies charged with the responsibility of fighting fires. The strategy of transferring funds from other critical programs to cover wildfire suppression shortfalls has significantly impacted needed on-the-ground work.

Fire Suppression Operations.—AF&PA urges the development of a solution that provides a source of emergency funds for wildfire suppression. While the President's request of $685.4 million for fiscal year 2005 is a significant increase over the fiscal year 2004 budget, it will prove to be insufficient if our forests experience a fire season like the ones in the past few years. We recommend that any consideration of emergency funds include significant sideboards that require implementation of, or provide incentives for, cost containment.

RESEARCH

Research helps find innovative ways to promote and enhance forest sustainability and provides scientifically sound data that benefits both public and private forests. Forest Service research contributes to achieving the intent of HFRA by finding new, more effective means to achieve healthy forests. Research investments in forest productivity, addressing the threats of insect and disease, and understanding forest management decisions on wildlife, water quality, biodiversity, landscapes and habitats, all contribute to efforts to achieve and maintain healthy forests.

Forest Inventory and Analysis (FIA).—AF&PA supports the President's fiscal year 2005 budget request of $56.7 million. The FIA program is the most comprehensive data collection and analysis program to assess the sustainability and health of the nation's forest resources. We are very interested in working with the Committee in obtaining full funding for the program in fiscal year 2006 to fulfill the requirements contained in the authorizing legislation. As we move forward in implementing an annual system of data collection and analysis, AF&PA encourages the Forest Service to meet its existing commitments and to work with stakeholders in implementing the program efficiently and effectively.

Forest Products Utilization and Process.—AF&PA recommends a funding level of $19.5 million for this program. Unfortunately, funding for the Forest Products Lab and experiment stations to conduct research on the efficient and effective use of wood fiber has suffered from steady erosion in budget over the last several years. Support is needed for the core functions of the research stations to address issues such as the use of small diameter wood and bioenergy production, and for the construction and operation of a Building Durability Test Facility at the Forest Products Lab to address mold and moisture issues. Funding is also needed for the Coalition for Advanced Housing Research for research on damage mitigation from natural disasters like floods, earthquakes and hurricanes.

COOPERATIVE ASSISTANCE

The USDA Forest Service maintains vital partnerships with state forestry organizations, private landowners, communities, and other entities to reach mutually desired goals of sustainable forestry. The federal funding leveraged through this cooperative assistance is needed to achieve the objective of healthy forests.

State Fire Assistance.—AF&PA supports sufficient funding for this program to ensure that States and communities have the technical, financial, and strategic assistance to reduce hazardous fuels and enhance their capacity to implement fire protection activities.

Watershed Forestry Assistance.—AF&PA supports funding for the new Watershed Forestry Assistance program authorized in Title III of HFRA. This funding should be directed towards state monitoring and implementation of forestry best management practices to document and report on the beneficial relationship between good forest management and water quality.

FORESTRY-RELATED DOE RESEARCH

Industries of the Future.—AF&PA urges the committee to fund the program at the fiscal year 2004 level of $8.021 million in fiscal year 2005. Continuing the fiscal year 2004 level of funding will ensure that the advances toward energy efficiency and sound environmental benefits from the Agenda 2020 program are not lost. The forest product industry's Agenda 2020 program has a proven track record for pre-competitive R&D. Working with National Labs, universities, and private sector concerns, the Agenda 2020 program undertakes research to improve the energy efficiencies of the wood and paper products sectors. Unfortunately, the Administration's budget proposed a 63 percent reduction in funding for this program, which would halt ongoing projects before they are complete.

Systems Integration & Production Industrial Gasification.—The forest products industry is engaged in the fifth year of a pre-competitive research program with DOE to develop power generation by gasifying pulping liquor and wood residuals. This new technology provides the research foundation for the potential to produce a net 22 gigawatts of power from a renewable fuel source, displacing as much as 100 million barrels of oil per year. The DOE budget proposal eliminates all funding for this research program just as its benefits are beginning to be realized. AF&PA strongly recommends that funding for this program not be eliminated. Continued funding is necessary to complete one project and continue a second project now being considered under an fiscal year 2004 RFP.

CONCLUSION

AF&PA appreciates the chance to provide the Subcommittee with testimony regarding fiscal year 2005 appropriations for the Forest Service and related agencies. If implemented, the funding levels proposed for the programs listed above will help promote sustainable management and forest health on our nation's public and private lands.

PREPARED STATEMENT OF THE AMERICAN SPORTFISHING ASSOCIATION

The American Sportfishing Association (ASA) recommends the following as the Interior and Related Agencies Subcommittee consider appropriations for the Fish and Wildlife Service, Bureau of Land Management (BLM), National Park Service (NPS) and the USDA Forest Service for fiscal year 2005. The American Sportfishing Association is a non-profit trade association whose 600 members include fishing tackle manufacturers, sport fishing retailers, boat builders, state fish and wildlife agencies, and the outdoor media.

The ASA makes these recommendations on the basis of briefings with agency staff and from years of experience with fisheries management in this Nation. It is important to note that sportfishing provides $116 billion in economic output to the economy of the United States each year and slightly over one million jobs across the Nation.

FISH AND WILDLIFE SERVICE

The ASA is especially pleased that the U.S. Fish and Wildlife Service's fisheries program has become more focused and driven. We value Director Williams' effort to put the "fish" back in the U.S. Fish and Wildlife Service. We are also pleased with the fiscal year 2005 budget request increases for Hatchery Operations. While the ASA is appreciative of the broad support and increases in the hatchery program, there is also a need for increases in the entire fisheries program not just hatchery operations. Since the Service is responsible for much of the fisheries mitigation projects within the Federal Government, it is important that all aspects of the program are fully funded to support restoration across all agencies. We sincerely support the proposed $57 million request by the Administration for hatchery operations and maintenance but suggest that Congress appropriate $66 million in fiscal year 2005 in order to achieve significant progress toward healthy fish for mitigation and restoration projects under this program.

Fisheries

A large and important segment of the Service's hatchery program produces fish to meet the Federal mitigation obligations at Federal water projects. The production from these mitigation hatcheries is critically important to the States, both recreationally and economically, and fulfills the Federal obligations that were mandated by Congress when these water projects were authorized. The ASA urges Congress to specify that the costs of production for mitigation related efforts be borne by the responsible agency and not by the USFWS.

The fiscal year 2005 budget proposal proposes a reduction for the Anadromous Fish Management funds and ASA urges Congress to restore this funding and allocate a total of $10.777 million to the program in order to provide funds to manage cold water fisheries that are important to recreational anglers.

The ASA would like to commend the formation of a new partnership. Public and private aquaculture interests have suffered from an almost total lack of U.S. Food and Drug Administration approved aquatic drugs and chemicals. To meet the need of drug approvals and drug development, the ASA recommends that Congress provide $450,000 (increase +$95,000) in the Fish and Wildlife Service's fiscal year 2005 budget for implementation of the "Aquatic Animal Drug Approval Partnership" program.

The Service's proposed increase of $1 million for hatchery maintenance is insufficient, and the ASA urges the Service and Congress to continue the progress towards reducing the maintenance backlog of $300 million at hatchery facilities when the majority of them are averaging 55 years in age. The ASA strongly urges Congress to provide an additional $9 million in the Service's fiscal year 2005 appropriation for hatchery maintenance.

The ASA recommends restoration of the proposed reduction of $250,000 and addition of $500,000 (+$750,000 above the President's Budget) for the Connecticut River Commission Migratory Fish Restoration Program to continue efforts to restore migratory fish in the four state basin of Connecticut, Massachusetts, New Hampshire and Vermont.

Another key element of the new strategic vision relates to fish habitat restoration and conservation. The ASA and other fishery conservation organizations have initiated work with the USFWS, and the Sport Fishing and Boating Partnership Council to develop a National Fish Habitat Initiative. The initiative envisions a plan, modeled after the highly successful North American Waterfowl Management Plan, which would encourage the development of local joint ventures to reverse the loss of fish habitat across the nation. The ASA requests an addition of $500,000 in planning and development funds to the Fisheries program budget for plan development, and an additional $15 million for the Service's Fisheries Program to work with the southeastern States and partners to develop a Southeast Aquatic Resources Partnership as a model to develop a blueprint plan for fisheries.

The ASA asks the Congress to restore full funding of $5.6 million (+$180,000) to combat aquatic nuisance species, which the Fisheries Program will use to support interdepartmental and intergovernmental efforts to control and eradicate alien invaders.

The ASA also requests that Congress restore the proposed $2.6 million reduction for fish passage and increase the budget for this program to $5.0 million (+$3.8 million) available nationwide to enable the Fisheries Program to strengthen and expand its efforts to conserve and restore critical aquatic habitats that support valuable recreational fisheries. The Service has recently reported impressive progress in its fish passage program—a program that is clearly achieving impressive results in increasing the abundance and distribution of native fishes and in providing additional angling opportunity.

The National Survey of Fishing, Hunting, and Wildlife-Associated Recreation (National Survey) is an important collaborative project between the state fish and wildlife agencies (States) and the USFWS. Since 2000, the States, the fishing tackle industry, firearms industry, and anglers and hunters have paid for the National Survey and its coordination through the Multi-state Conservation Grant Program. The States are paying for the 2006 National Survey through a Multi-state Conservation Grant (MSCG) that was awarded to the USFWS for 2004–2006. An additional 2-year MSCG was awarded to the USFWS to pay for coordinating the 2006 National Survey, however the States have requested that the USFWS, as a major beneficiary and user of the data, assume costs of coordination and the ASA requests that funds be added to the USFWS budget to assume the annual coordination cost of $345,000 for 2005.

Partners for Fish and Wildlife Program

The ASA strongly supports the President's increases for the Partners for Fish and Wildlife program for a total request of $50 million. This program has over restored over 650,000 wetlands and over 5,500 miles of stream and riparian habitat. This restoration work is essential to improving water quality and habitat for fisheries. The ASA also supports the President's requested increase of $5.023 million for the General Program Activities and increases of $4 million for the Coastal Program. Collectively, these two programs support partnerships between the U.S. Fish and

Wildlife Service and such organizations as the FishAmerica Foundation that administers fisheries restoration and conservation grants.

BUREAU OF LAND MANAGEMENT

The ASA is concerned that the fiscal year 2005 budget proposes essentially a static funding level. This will challenge BLM to maintain current levels of activity on these public lands, and does not provide the agency any capability to enhance its management presence and programs. Congress needs to carefully examine BLM's operational budget to bring it into parity with the other Federal land management agencies.

The BLM's Fish and Wildlife Priorities

While the ASA appreciates the fact the Secretary of the Interior continues to increase funding for the Cooperative Conservation Initiative and the Challenge Cost Share Program, we also recognize these undertakings are largely made possible by reallocating money from existing resource-based programs, especially the wildlife, fisheries and threatened & endangered species programs. Since these reallocated funds may be used for other purposes, the long-term implications are a reduction of program capability.

Fisheries Management

The Administration is requesting $12.46 million in fiscal year 2005 for Fisheries Management. This represents a program increase of $745,000 from the fiscal year 2004 enacted budget, but remains consistent with the fiscal year 2002 enacted budget. BLM manages over 117,000 miles of fish bearing streams and 17,000 miles of anadromous fish habitat that is essential to sportfishing. The ASA requests an additional $1 million—a small amount when considering the importance of economic output from recreational fishing to communities on and near BLM lands.

Riparian Management

The ASA supports BLM efforts in riparian areas, but remains concerned that the requested $21.54 million for this program is insufficient to meet all of the identified needs. The ASA requests that Congress add $1 million to this program, and urges BLM to continue its coordination with State fish and wildlife agencies in order to achieve optimal program results.

NATIONAL PARK SERVICE

Cooperative Ecosystem Studies Units (CESUs)

Congress intended that the Biological Resources Division (BRD) of the U.S. Geological Survey serve as the primary research arm of the Department of the Interior. Beginning with fiscal year 2001, the Service established 32 CESUs located in universities to coordinate and conduct resource research within and adjacent to the park units and to cooperate in other agencies' research. We believe it is necessary to establish a dialogue within the Department of the Interior that distinguishes the purposes of these CESUs from the existing Fish and Wildlife Cooperative Units within the BRD. The Cooperative Fish and Wildlife Units are effective, have longstanding cooperative relationships with the states, universities, private organizations and federal agencies. The ASA requests that Congress evaluate the organizational structure of the CESUs and direct NPS to establish a dialogue with several agencies and States about future direction of these units.

U.S. FOREST SERVICE

The ASA continues to object to the U.S. Forest Service budget structure. Without specific budget line items for the fisheries program, the current approach still fails to promote accountability to conservation partners and the public. We specifically request an individual line item specific to fish and watershed programs to improve performance accountability and opportunities for integrating activities with fisheries conservation organizations and state fish and wildlife management agencies.

Wildlife and Fisheries Habitat Management Program

The Association supports the President's 2005 budget of essentially level-funding at $135 million. The Association urges that the USFS coordinate use of these funds closely with fisheries conservation organizations to fully utilize the possible coordination of efforts to promote sportfishing on U.S. Forest Service lands.

Wildland Fire Management

The ASA requests reinstatement of the $3.914 million above the President's budget to at least level funding for the Rehabilitation and Restoration program. This program is essential to coordinate work with the fisheries community on fuel reduction in wildland and urban interface.

PREPARED STATEMENT OF THE APPALACHIAN TRAIL CONFERENCE

In behalf of the Appalachian Trail Conference, and for the reasons noted below, we are requesting an fiscal year 2005 appropriation from the Land and Water Conservation Fund for Appalachian National Scenic Trail land acquisition by the USDA Forest Service in the states of Virginia and Tennessee in the amount of $5 million. We also are requesting $130,000 in additional operating funds for the National Park Service Appalachian Trail Park Office to provide for the recruitment and deployment of a law-enforcement ranger position. Permit me to provide some background and additional justification for our request.

Background.—The Appalachian Trail was initially established between 1923 and 1937 and has been maintained as a continuous footpath since that time. In 1968, with the passage of the National Trails System Act, the Appalachian Trail was designated as the nation's first national scenic trail. The act also authorized federal land acquisition to establish a permanent route and protective corridor for what then, as now, was America's most prominent long-distance hiking trail. Although the authorization was established more than 35 years ago, it was not until 1978 that significant appropriations from the Land and Water Conservation Fund were made available for federal land acquisition along the trail. Nevertheless, the Appalachian Trail project has become an outstanding example of what can be achieved through the collective efforts of the Congress, the affected federal agencies, and the private sector, represented by the Appalachian Trail Conference and our club and individual volunteer affiliates.

Resource Characteristics.—The Appalachian Trail is a continuous, marked, 80-year-old footpath that traverses the Appalachian mountain chain from central Maine to northern Georgia for a distance of 2,174 miles. The footpath and its associated protective corridor form a greenway extending along much of the eastern seaboard and connecting more than 75 public land areas in 14 states, including six other units of the national park system and seven national forests, as well as many state park, forest, and game-management units. Virtually every mile of the trail is within easy access of a major population center, and some portion of the trail is within a day's drive for two-thirds of the population of the United States.

As the longest unit of the national park system, the Appalachian Trail provides opportunities for millions of visitors each year to traverse and experience much of the richness and diversity of eastern America: its highest mountains, its great rivers, its pastoral valleys, its cultural legacies. The trail also affords opportunities for continuous long-distance hiking that are unparalleled anywhere else in the world. An estimated three to four million annual visitors enjoy some portion of the trail, ranging from leisurely strolls to weekend outings to extended backpacking excursions, ranking the trail among the most heavily visited units of the national park system.

In addition to its recreational qualities, the Appalachian Trail and its associated corridor represent an important reservoir of biological diversity. For example, the trail, due to its great latitudinal extent, passes through four of the seven primary forest habitats of North America. Moreover, recent natural-diversity inventories conducted by the Appalachian Trail Conference and a variety of state natural-heritage programs have identified 2,038 occurrences of rare, threatened, or endangered plants and animals at 516 sites along trail. These findings have led a number of natural scientists to conclude that the trail and its greenway will play an increasingly important role in ensuring critical habitat for many species of flora and fauna in the eastern United States. These findings also rank the Appalachian National Scenic Trail as perhaps the most biologically diverse unit of the national park system.

A Public/Private Partnership.—For more than 75 years, the Appalachian Trail project has been recognized as one of America's most successful examples of private-citizen action in the public interest. Since the initial construction of the trail in the 1920s and '30s, volunteers affiliated with the Appalachian Trail Conference (ATC) have constructed, reconstructed, and maintained the footpath as well as a system of more than 250 shelters and associated facilities such as privies, bridges, signs, and parking areas. More recently, as a result of an unique 1984 agreement between the National Park Service and ATC, the conference has accepted management responsibility for more than 100,000 acres acquired by the National Park Service along the trail. ATC, through its network of 31 club affiliates and many thousands of volunteers, is now responsible for virtually all phases of "park" operations, including access control, structures management, public-health and -safety issues, and natural- and cultural-resources management. In 2003 for example, 4,799 volunteers contributed more than 185,000 hours of labor along the trail: an annual contribution valued in excess of $2 million. In addition, each year the conference and its club affiliates contribute more than $2 million in operating revenues to support volunteer-based stewardship of the trail and educational and other forms of assistance to its visitors.

Program Accomplishments.—The Appalachian National Scenic Trail land-acquisition programs of the National Park Service (NPS) and USDA Forest Service (USFS) surely rank among the most successful federal land-acquisition programs in the nation. With the strong support of the interior-appropriations subcommittees and the Congress as a whole, the two agencies have made truly remarkable progress in this long-term program: Since 1978, the NPS has acquired 2,527 parcels of land, encompassing more than 108,800 acres in 11 states, and protected a permanent right-of-way and associated resources along 616 miles of the trail. Similarly, the Forest Service has acquired 695 parcels, affecting 56,200 acres, within the proclamation boundaries of the seven national forests crossed by the trail and has protected more than 149 miles of right-of-way. As a result, while in 1978 more than 800 miles of the trail were located on private lands, often in areas with inferior natural or recreational qualities, including more than 200 miles along roads, today only approximately nine miles remain to be protected by the two agencies. In addition, in many instances, land acquisition has permitted relocations of the footpath to new areas possessing outstanding natural and scenic qualities.

Funding Requirements.—In fiscal year 1999, the Congress appropriated $15.1 million to complete the Appalachian Trail land acquisition program of both the National Park Service and the USDA Forest Service. The two agencies have drawn on those funds ever since. [Each agency also has received a number of line-item appropriations since 1998 for several large-acreage tracts including Ovoka Farm (NPS), and the so-called Rocky Fork, Springer Mountain, and Gulf tracts (USFS)]. While approximately 50 parcels remain in the NPS program, the expectation is that funds remaining from the earlier appropriation will prove sufficient to acquire those tracts, hopefully within the next year. In the case of the Forest Service, however, an insufficient amount of funding remains. Moreover, for a variety of reasons, not all of the remaining parcels in the USFS program are appropriate for acquisition at this time.

For fiscal year 2005, we are requesting a total appropriation of $5 million for the USDA Forest Service Appalachian Trail land acquisition program. That figure includes $1 million for various parcels in the Jefferson/George Washington National Forest (Virginia), $1 million for various parcels in the Cherokee National Forest (Tennessee), and $3 million toward the multi-phased acquisition of the so-called Rocky Fork tract (also Tennessee). Additional information concerning those properties is included in the attachments to this letter.

The Conference also is requesting an fiscal year 2005 appropriation for the National Park Service in the amount of $130,000 for additional operating funding to permit the recruitment and deployment of a second ranger position. While many visitor- and resource-management functions have been delegated by the National Park Service to ATC, law-enforcement authority can not be delegated. Funding for law-enforcement support ultimately should be incorporated in normal ONPS allowances for the National Park Service's Appalachian Trail Park Office. However, no such funding presently is included for the proposed position. An additional position is needed now in order to follow up on volunteer-identified encroachments on NPS-owned lands, including timber theft, dumping, illegal ORV intrusions, etc. An additional ranger position also could assist in coordinating with state and local law-enforcement and other emergency-management agencies.

Again, in behalf of the Appalachian Trail Conference, we wish to thank the chairman and members of the subcommittee for this opportunity to submit a request for funding, for your consideration of our request, and for the subcommittee's support throughout many years. Together, we have very nearly achieved one of the most complex and successful natural-resource conservation programs in the nation.

APPALACHIAN NATIONAL SCENIC TRAIL/VIRGINIA MOUNTAINS

State.—Virginia

Region/Forest.—Region 8, George Washington and Jefferson National Forests

Congressional District/Representatives.—6th District, Rep. Goodlatte; 9th District, Rep. Boucher

Senators.—Allen and Warner

APPROPRIATION HISTORY

Appropriations received: 1989–2002.—$4,321,179 [1]
Purchased through fiscal year 2002.—Acres: 6,209
Appropriated 2003.—$0
Appropriated 2004.—$0
2005 Administration request.—$0
2005 Conservation request.—$1,000,000
Acres.—420

The requested fiscal year 2005 appropriation is intended to address, on an opportunity-purchase/willing-seller basis, a number of land-acquisition needs related to the Appalachian National Scenic Trail in the George Washington and Jefferson National Forests, including the Mount Rogers National Recreation Area.

Appalachian National Scenic Trail ($1,000,000).—The Appalachian National Scenic Trail (A.T.) is a public footpath through 14 states across 2,173 miles of spectacular Appalachian Mountain ridgelines from Maine to Georgia. Management of the A.T. is a partnership among the USDA Forest Service, National Park Service, Appalachian Trail Conference (ATC), and local trail-maintaining clubs. This partnership has become a model for partnerships between governmental agencies and private groups. The local hiking clubs are made up of a small army of volunteers dedicated to the maintenance and protection of the A.T.

With the passage of the 1968 National Trails System Act, and 1978 amendments to that act, funds were authorized to provide a permanent, protected corridor along the entire trail route. The Congress has continually supported the acquisition of land for the protection of the A.T. The Forest Service, National Park Service and the Appalachian Trail Conference have worked in partnership to complete the trail acquisition project. Overall, about 99 percent of the entire A.T. corridor from Georgia to Maine is now in public ownership. Corridor protection within the Jefferson and George Washington national forest boundaries also is very close to completion: Since 1978, the Forest Service has acquired nearly 200 tracts and more than 15,500 acres along the trail within the two forests. Indeed, only about a dozen parcels remain to be acquired. However, not all of those parcels can or should be acquired in fiscal year 2005. The requested funding is targeted for the areas identified below, affecting seven to ten parcels, totaling approximately 420 acres.

In the New River/Pearisburg area near the Virginia/West Virginia state line, an environmental assessment is nearing completion that will determine the preferred route for the trail to eliminate road-walking along busy Route 460 and to provide greater physical separation between the footpath and the adjacent Celanese industrial complex there. Additional lands (estimated at 200 acres, more or less) will be acquired on a willing-seller basis from the Celanese corporation and, potentially, one or two other adjacent landowners.

At the Big Walker farm in the Nebo Valley of Bland County, additional land acquisition is necessary to supplement the very narrow right-of-way interests presently in national forest ownership. This area is characterized by wide-open and sweeping views of the pastoral landscapes unique to southwest Virginia, and additional public ownership (140 acres, more or less) is warranted in order to preserve that scenic and agricultural character.

The 22-acre Schliefer properties are in-holdings adjacent to the A.T. corridor within the Mt. Rogers National Recreation Area and likely will be developed if they remain in private ownership. Acquisition of the properties would help ensure the remote, primitive character of the trail in the NRA.

Other tracts include a 53-acre property in Bland County (Sudderth) adjacent to the footpath near its crossing of Interstate 77 and another parcel (Griffith) in Smyth County that has outstanding mineral rights that should be acquired in order to prevent future adverse impacts to the property.

Constituencies.—There is broad-based support for completion of the Appalachian National Scenic Trail land-acquisition program in Virginia and throughout the full range of the trail. In particular, the Appalachian Trail Conference and its network of affiliated Virginia-based, trail-maintaining clubs are strong advocates for the program. Those clubs include the Potomac Appalachian Trail Club (Vienna/Front Royal), Old Dominion Appalachian Trail Club (Richmond), Tidewater Appalachian Trail Club (Norfolk/Virginia Beach), Natural Bridge Appalachian Trail Club (Lynchburg), Roanoke Appalachian Trail Club (Roanoke/Salem), Outdoor Club of Virginia Tech (Blacksburg), Mount Rogers Appalachian Trail Club (Marion), and Piedmont

[1] Dollar amount indicated in appropriations history for the Forest includes reprogrammed money and money received from the Emergency In-holding appropriation allowance.

Appalachian Trail Hikers (North Carolina-based but maintain a trail section in Virginia).

Other national conservation organizations also have been supportive of the Appalachian Trail program, in part because it spans so many sensitive natural and scenic resources in the eastern United States. Those organizations include The Wilderness Society, Sierra Club, The Conservation Fund, The Trust for Public Land, The Nature Conservancy, the Southern Environmental Law Center, the Piedmont Environmental Trust, and the Southern Appalachian Forest Coalition.

APPALACHIAN NATIONAL SCENIC TRAIL/TENNESSEE MOUNTAINS

State.—Tennessee
Region/Forest.—Region 8, Cherokee National Forest
Congressional District.—01: Representative(s): Bill Jenkins
Senators.—William Frist and Lamar Alexander

APPROPRIATION HISTORY

Appropriations received: 1996–2002.—$5,280,000
Purchased through fiscal year 2002.—Acres: 4,800
Appropriated: 2003.—$4,400,000—Acres: 2,442
Appropriated: 2004.—$3,800,000—Acres: 2,666
2005 Administration request.—$3,000,000—Acres: 1,500
2005 Conservation request.—$4,000,000—Acres: 1,783

Significance.—The proposed acquisitions consist of in-holdings of various sizes within the Cherokee National Forest. The Cherokee National Forest shares a common border with National Forests in Georgia, North Carolina, and Virginia. The Forest encompasses several high-elevation mountain ranges in the Southern Appalachians with a rich biodiversity in both flora and fauna. Centered between the north half and south half of the Forest is the Great Smoky Mountains National Park. It is the most visited national park in the United States. Visitation to the entire area is very high and is steadily increasing due to easy access and proximity to large metropolitan areas including: Knoxville and Gatlinburg, Tennessee, that are within a thirty minute drive; Chattanooga, Tennessee, and Asheville, North Carolina, one hour; Atlanta, Georgia, and Lexington, Kentucky, two hours; Nashville, Tennessee, and Cincinnati, Ohio, three hours.

A portion of the lands proposed for acquisition would protect the Appalachian National Scenic Trail (A.T.). The A.T. is a public footpath through 14 states across 2,173 miles of spectacular Appalachian Mountain ridgelines from Maine to Georgia. About 220 miles of the A.T. cross the Cherokee National Forest. Management of the A.T. is a partnership among the USDA Forest Service, National Park Service, Appalachian Trail Conference, and local hiking clubs.

Acquisition of these key tracts in the Tennessee Mountains of the Cherokee National Forest will protect the Appalachian Trail, provide opportunities for public recreational uses (such as hunting, hiking, and fishing), improve public access, and protect critical natural resources, including wildlife habitat and fragile mountain watersheds.

This request also seeks additional funding to sustain the multi-year/multi-phased effort to acquire the 10,000-acre tract known as Rocky Fork.

Appalachian National Scenic Trail (283 acres).—A total of ten in-holdings are proposed for purchase for protection of the Appalachian National Scenic Trail (A.T.) within the Cherokee National Forest in Carter, Unicoi, and Greene counties. The tracts are located in the Sugarloaf Gap, Little Mountain, Shook Branch/Watauga, Hump Mountain, Allen Gap, and Buck Mountain areas. Acquisition of these scenic tracts will help conserve the undeveloped mountainous environment and visitor experiences along this popular segment of the Appalachian Trail.

Since the 1970s, tremendous progress has been made to acquire a continuous publicly owned corridor surrounding the A.T. across the Cherokee National Forest as well as several other southern forests. Only a relative handful of tracts remain to be purchased. While a small balance remains from prior-year appropriations, additional funds are needed, in part due to a rerouting of the A.T. in the Shook Branch/Watauga area, where the trail is being relocated off a paved road with residences and onto a much improved route through a forested area. Additional funding also is needed due to significant land-value escalation during the past several years.

The Appalachian Trail often is described as a national treasure. To complete protection of that treasure in the Tennessee Mountains requires additional funding. Not all of the remaining parcels in the A.T. program can or should be acquired in 2005. However, a number of important tracts can be purchased. An fiscal year 2005 appropriation in the amount of $1,000,000 is requested for the acquisition of ten parcels, affecting approximately 283 acres.

The Rocky Fork Tract (1,500 acres).—The Forest Service proposes to purchase approximately 1,500 acres, which will represent one of several phases in a multi-year effort to acquire the substantial (10,000-acre) in-holding known as Rocky Fork. (Purchase of phase one, potentially affecting 2,130 acres, was funded in fiscal year 2003 with an appropriation of $4 million; purchase of phase two, potentially affecting 2,649 acres, was funded in fiscal year 2004 with an appropriation of $3.8 million). An estimated $9 million in future-year appropriations (fiscal year 2006 and beyond) will be required in order to acquire the remaining approximately 4,500 acres).

The tract encompasses the northeast section of the Rocky Fork area and is situated along the crest of Rich Mountain and includes Higgins Ridge and the entire upper watershed of Higgins Creek. Numerous tributaries combine within this area to form Higgins Creek, a major tributary, which then flows into Indian Creek. Both Higgins Creek and Indian Creek are designated trout streams. The tract's northern boundary lies along the crest of Rich Mountain adjoining the Sampson Mountain Wilderness and features stunning views of distant mountain ranges and valleys in Tennessee, North Carolina and Virginia. Elevations of this tract range from 2,200 feet in the valleys to 4,400 feet on Higgins Ridge at Frozen Knob. Ridgetops, rugged terrain, abundance of water and a mixture of hardwoods and evergreens provide excellent critical habitat for a variety of native fish and wildlife.

The Rocky Fork tract is one of the largest undeveloped and pristine forested areas remaining in the rugged chain of the Appalachian Mountains. Rocky Fork harbors miles of native brook trout fisheries and vital watershed, rugged outcroppings and ridgelines featuring breathtaking views of distant mountain ranges and valleys including the Nolichucky River Valley in Unicoi and Greene Counties. Rocky Fork serves as critical wildlife habitat for black bear, deer, turkey, peregrine falcon and many other species. Much of the boundary adjoins National Forest, including the Sampson Mountain Wilderness. The Appalachian Trail is situated along the western boundary of Rocky Fork. Acquisition of Rocky Fork would close a substantial gap in public lands along of the new scenic U. S. Hwy. 23 corridor (soon to be designated I–26), enhance protection to the Appalachian Trail and Sampson Mountain Wilderness, preserve a large expanse of watershed, wildlife habitat and aesthetic beauty, and expand recreational opportunities, such as hiking, mountain biking, hunting, and fishing.

The Forest Service has sought the acquisition of Rocky Fork for many years, but since the development of the U.S. Hwy 23 corridor, ownership of this large private holding has changed twice within the last four years. Thus far, purchasers have not pursued development of this wild area. With each transaction, combined with the expected completion of the U.S. Hwy 23 corridor linking the Tri-Cities in Tennessee to Asheville in North Carolina, development of Rocky Fork becomes an increasing possibility. Should this happen, an opportunity to preserve such a magnificent mountainous area will be lost forever. The estimated cost of acquiring the next 1,500-acre portion of Rocky Fork is $3,000,000. That amount is included in the Administration's fiscal year 2005 budget request.

Constituencies.—There is growing public concern over development in areas that adversely affect critical ecosystems such as the above properties. The Cherokee Forest Land and Resource Management Plan addresses the need for significant land acquisition for recreation and ecosystem protection. Support for land acquisition by the Forest Service comes from local, state, regional, and national organizations, including the State Rivers Coordinator, The Wilderness Society, The Trust for Public Land, The Nature Conservancy, the State Historian, the Southern Appalachian Highlands Conservancy, the Tennessee Wildlife Resources Agency, The Conservation Fund, the Southern Appalachian Forest Coalition, the Southern Environmental Law Center, Partners of Cherokee National Forest, local sportsman groups, and the Appalachian Trail Conference and its local affiliates, the Tennessee Eastman Hiking Club and the Smoky Mountains Hiking Club.

Prepared Statement of Defenders of Wildlife

Defenders of Wildlife is a national non-profit organization dedicated to saving and restoring wildlife and wildlife habitat. We have substantial concerns about the Administration's fiscal year 2005 budget and make recommendations in the following priority areas.

1. *Fish and Wildlife Service (FWS) Endangered Species (ESA) Program*.—Defenders urges an increase of $12.8 million over the Administration's fiscal year 2005 budget request of $17.2 million for the FWS ESA listing account, $52 million over

the request of $58.1 million for the recovery account, $11.6 million over the request of $45.5 million for consultation and $6.2 million over the request of $8.6 million for candidate conservation for a total ESA program of $212 million.

We are extremely disappointed that the President's request for the four main FWS ESA accounts, $129.4 million, is cut by $7.5 million or 5.5 percent below enacted. Although the Administration contends that increases in grant programs will meet the same needs, these cannot substitute for mandated FWS obligations under the ESA. Recovery funding is substantially cut by $9.8 million or 14.4 percent even though FWS has said that more than listed 200 species are on the verge of extinction, primarily due to insufficient recovery funds. The increase Defenders requests for recovery includes funding specifically for wolf conservation activities conducted by the Nez Perce tribe and Idaho and Montana wildlife agencies and also includes, for grizzly bear conservation and management, $933,000 to the State of Montana, $873,000 to the State of Wyoming and $898,189 to the FWS Grizzly Bear Recovery Coordinator. Also in the increase, $1.5 million is desperately needed for health-related research proposed in the Southern Sea Otter Recovery Plan to shed light on the role of disease in precipitous otter declines as well as additional funding for actions to support recovery of both northern and southern sea otters.

The Administration requested a $5 million sorely needed increase in listing, but it is paid for by cuts in the other endangered species accounts—and even that amount will not begin to cover the $153 million listing backlog and more than 250 candidate species in need of protection under the ESA. Some of these creatures have been candidates for years and could become extinct while waiting for protection that may never come. The candidate conservation and consultation accounts also are cut below enacted levels by $1.2 million and $1.7 million respectively. Demand for efforts to conserve the long list of candidates while they await the Act's protection far exceeds funding—a $6.2 million increase over the President's request would help hire additional biologists and fund conservation projects. The number of consultations has increased from 40,000 in 1998 to more than 56,000 in 2003 and further increases are expected. Moreover, the use of Habitat Conservation Plans (HCPs), which allow development to proceed while still protecting species, continues to expand. An $11.6 million increase over the president's request for consultation would help ensure timely consultations and effective development and monitoring of 438 existing and 365 new HCPs.

2. Conservation Trust Fund (CTF).—Defenders urges that the integrity of the CTF (also known as the conservation spending category) be maintained and that it be fully funded at its dedicated fiscal year 2005 level of $1.68 billion for the Interior appropriations subcommittee portion of the fund. Unfortunately, the President's budget cuts the fund by more than $500 million below its dedicated fiscal year 2005 level. While we greatly appreciated the subcommittee's strong support for fully funding and maintaining the integrity of this historic dedicated fund during its first two years, we are dismayed that in the last two years the subcommittee has backed away from its commitment. We understand that the subcommittee continues to be under substantial funding constraints not within its control, and we again will be working to generate congressional support for a fiscal year 2005 302(b) allocation sufficient to allow full funding for the CTF. Defenders continues to believe that establishment of the CTF was the greatest piece of conservation funding legislation enacted in our lifetimes and a commitment that must be kept.

State and Tribal Wildlife Grants Program.—Defenders of Wildlife and the more than 3,000 organizations nationwide in the Teaming With Wildlife Coalition request at least $125 million, $45 million above the Administration's request, for this important program for fiscal year 2005 under the CTF. Within this amount, we strongly support increases for the tribal portion of the program which provides crucial funding for wildlife projects and assessments to conserve the many declining species on 100 million acres of tribal lands. We greatly appreciate the subcommittee's support for this program and are pleased that the Administration's budget recommends a critically needed increase of $10 million. This important program gives states desperately needed funding to develop and implement comprehensive conservation plans to protect declining species and their habitats before protection under the ESA is necessary. State fish and wildlife agencies have identified a need that totals $1 billion annually—the requested amount of $125 million is only a modest 12.5 percent of the total annual need.

The key to the program's success in its ability ultimately to avert the need to list numerous species in the future is the planning process which requires the states to produce a comprehensive wildlife conservation plan by October 1, 2005. We also believe that if the plans are done correctly, they can inform a whole range of additional programs from Land and Water Conservation Fund to farm bill conservation to transportation and more, becoming a blueprint for the state—not just for the state's wildlife grant program. To maximize its effectiveness in these two respects, we recommend direction from the subcommittee making clear that once the plans are finalized, SWGP funds are to be used to implement them and making clear that the plans are for all wildlife conservation in the state, not just under the SWGP.

Land and Water Conservation Fund (LWCF).—Defenders urges funding of at least $750 million for LWCF under the CTF or $436 million above the President's request for fiscal year 2005: $450 million for federal LWCF and $300 million for state LWCF. We further urge Congress to maintain the integrity of the LWCF and reject the Administration's continued attempts to use it to fund other programs. In particular, Defenders urges inclusion of $3.7 million for the Suwannee Wildlife Corridor between Osceola National Forest and Okefenokee National Wildlife Refuge, the President's request for needed National Landscape Conservation System (NLCS) acquisitions and an additional $1.1 million for NLCS acquisitions in Oregon and Utah.

The Administration continues to say that its request funds LWCF at its $900 million authorized level, however, the total budgeted for true LWCF purposes is $314.1 million, nearly $600 million below the authorized level. As in past years, the Administration is counting 15 other important but non-LWCF programs to make it appear to meet the authorized level. At the same time, the total for LWCF continues to erode—while the president is proposing a slight increase over the fiscal year 2004 level, the amount constitutes a major cut below enacted levels for recent years—23 percent below fiscal year 2003, 45 percent below fiscal year 2002, and 41 percent below fiscal year 2001.

Other Important Fish and Wildlife Service Grants.—Defenders recommends $100 million for the Cooperative Endangered Species Fund, $10 million over the President's request and supports the President's request of $50 million for Landowner Incentive Grants and $10 million for Private Stewardship Grants under the CTF. Eighty per cent of habitat for more than half the species listed under the ESA occurs on non-federal lands. The Cooperative Endangered Species Fund provides grants to states for conservation activities on non-federal lands both for listed and candidate species. Activities funded by these grants include: research, species status surveys, habitat restoration, captive propagation and reintroduction, and planning assistance. Landowner Incentive Grants and Private Stewardship Grants provide funding to states and private landowners specifically for efforts to conserve species at risk on private lands. While the President's budget request for the Cooperative Endangered Species Fund is $8.4 million above fiscal year 2004 levels, it is still $6 million below fiscal year 2002 and $15 million below fiscal year 2001.

3. Fish and Wildlife Service National Wildlife Refuge System Operations and Maintenance.—Defenders and the Cooperative Alliance for Refuge Enhancement are requesting an fiscal year 2005 increase of $40 million over the President's request of $387 million and urge that the bulk of it be directed to operations. We greatly appreciate the subcommittee's support in the past and ask that it be continued.

The National Wildlife Refuge System needs a major infusion of funding to carry out its mission, yet the amount proposed by the Administration for fiscal year 2005 is flat. While appearing level-funded, this is an effective cut—$16 to $18 million additional funding is needed annually just to keep up with fixed costs. Increases also are needed to help address the $931 million maintenance backlog and $312 million Tier I mission critical operations needs which include protection of wildlife, management and restoration of wildlife habitat, public outreach and visitor services, and a crippling 38 percent staff shortage—nearly 200 refuges have no staff on site. The Cooperative Alliance for Refuge Enhancement (CARE), a diverse coalition of 20 environmental, recreation and scientific organizations has recommended gradual increments to take the System from its current level of $387 million to $700 million so that it has the funds to carry out its mission as it embarks on its second century of wildlife conservation.

4. Fish and Wildlife Service Migratory Bird Programs.—Defenders requests at least an additional $2.5 million for Migratory Bird Management over the President's fiscal year 2005 budget request of $36.6 million and at least $1 million over the $4 million request for the Neotropical Migratory Bird Conservation Act under the Multinational Species Conservation Fund. As currently funded, these programs cannot fulfill their mandates to adequately monitor and plan for the conservation of 825 species of migratory birds, of which more than 750 species are nongame birds. Nearly 100 nongame birds are listed under the ESA and 131 species are on the FWS current list of Birds of Conservation Concern. Thus, over 25 percent of all U.S. migratory birds are in serious need of conservation to assure their long-term survival.

5. Fish and Wildlife Service Marine Mammals Program.—The Administration has recommended a nearly 50 percent reduction in the already meager current $4.5 million funding level for the FWS Marine Mammals program, under Fish and Wildlife Management. Defenders urges the subcommittee to reject the proposed $2.2 million cut and instead fund the program at a level of $11.8 million to improve research and conservation efforts for these species. This funding will help support badly needed revisions of stock assessments for manatees, walrus and polar bears; ongoing trend data, carcass recovery necropsies and general health assessment for declining northern sea otters; and a study into impacts of fisheries gear and comprehensive health assessment for southern sea otters.

6. U.S. Geological Survey.—Defenders supports the President's fiscal year 2005 budget for the National Biological Information Infrastructure (NBII) and recommends an increase of $6 million to establish the NBII State Grants Partnership program. This grant program will further the development, dissemination and use of sound scientific information about the nation's natural heritage and wildlife. The program will provide base funding to every state for natural heritage resources and wildlife information management and a national competitive grant pool. Ready access to this kind of information will reduce uncertainty, risks, and costs, and enhance conservation opportunities. In addition, we support $212,000 for the Interagency Grizzly Bear Study Team's work to research and monitor the grizzly bear population in the Greater Yellowstone Ecosystem.

7. Bureau of Land Management (BLM).—The President's request includes amounts intended to continue streamlining regulatory requirements and accelerating oil and gas development permitting. Some oil and gas program funds should be earmarked for monitoring of oil and gas development impacts on wildlife and habitat in areas already under lease and where drilling permits have been issued. Moreover, we urge increases for important resource protection needs including: Integrated Weed Management to curb the prolific spread of invasive species; Threatened and Endangered species to preserve the 306 listed, 59 candidate and 1,500 sensitive species on BLM lands; Sagebrush and Prairie Grassland Ecosystem Projects to apply a multi-species conservation approach across large landscapes; environmental review and monitoring of grazing permits to help improve the health of grazing lands; Recreation Resources Management to prevent off-road vehicle damage; and the National Landscape Conservation System (NLCS) which contains some of our country's most extraordinary natural and cultural resources. For the NLCS, we recommend an increase of $5 million over the President's request of $39 million.

8. Forest Service: Fire Prevention and Resource Protection.—Defenders opposes the Administration's significant reduction in State and Volunteer Fire Assistance and urges that 85 percent of funds from the Hazardous Fuels Reduction program be redirected to State Fire Assistance to fund needed fuels reductions projects on non-federal lands around communities. We urge significant reductions for Forest Products and Timber Road Construction, un-needed timber industry subsidies, and redirection of funds to road obliteration and decommissioning and to resource protection programs including Wildlife and Fisheries Habitat Management; Wildlife, Fish, Water and Air Research; Land Management Planning; and Inventory and Monitoring. In addition, we continue to urge the subcommittee to exercise rigorous oversight of the Stewardship End Results Contracting program to prevent it from being used as a vehicle for fiscal and environmental abuse.

Prepared Statement of the Eastern Forest Partnership

On behalf of the Eastern Forest Partnership, I would like to offer testimony in support of land conservation funding for the Department of the Interior and the U.S. Forest Service through the fiscal year 2005 Interior and Related Agencies Appropriations Bill, including in particular the Land and Water Conservation Fund and the Forest Legacy Program. Even in the face of challenging fiscal times, we feel that eastern forest conservation is a vital investment for America that conserves public dollars that would otherwise be needed for water treatment costs and other expenditures while also enhancing quality of life for more than half of the American people.

Our member organizations, representing in total more than 170 citizens' groups from Mississippi to Maine, are seeing the wonderful effects of federal conservation funding on local forests, water supply areas, and public lands. The major constraint is limited project funding. For just the Forest Legacy program alone, appropriations were less than a quarter of need as reflected in eligible projects on the U.S. Forest Service's list in fiscal year 2004.

These land conservation projects are desperately needed because of momentous shifts in land use that are affecting the daily lives of more than half of the American people. The eastern states are losing well over a million acres per year of rural land to development, and now see more than seventy percent of the nation's logging.

Large land sales of industrial forestland sometimes exceeding a million acres exacerbate the instability of eastern land use patterns.

Unlike the western states, where sweeping areas are already conserved, a mere 14 percent of the eastern forest landscape is protected from development through public ownership or conservation easement. Therefore, it will be critical for the federal government to continue to invest in conservation programs like the Land and Water Conservation Fund and the Forest Legacy Program that help permanently protect more land from development.

We believe that, at a minimum, the Congress should support funding for conservation programs at the level advocated in the President's fiscal year 2005 Budget. The President's impressive allocation of $100 million for Forest Legacy, in particular, would go a long way towards meeting land conservation needs in the East. However, more generous Land and Water Conservation Fund allocations beyond the President's request for both the traditional federal and state sides of the program would be invaluable to fill out existing federal land units in the eastern forests and to create new units to meet growing demand. The steep decline in federal Land and Water Conservation Fund dollars in recent years has hampered the efforts of eastern land managers to consolidate fragmented holdings and to buffer key resource areas from encroaching sprawl.

I have included below a short list of some of the top priority projects for the Eastern Forest Partnership in fiscal year 2005. By no means is this a complete list of all of the projects of importance, but rather represents a showcase of top projects that illustrate the depth of excellent land conservation opportunities across the region.

FISCAL YEAR 2005 PRIORITY EASTERN FOREST LEGACY PROJECTS

[Order reflects rank in President's budget]

[In millions of dollars]

	Amount
Walls of Jericho (TN)	5.90
Raritan River Watershed (NJ)	4.50
Dragon Run (VA)	.80
Birdsboro Waters (PA)	2.20
Catawba-Wateree Forest (SC)	3.00
Katahdin Forest (ME)	5.00
Knobs State Forest (KY)	2.40
Tahawus (NY)	2.50
13-Mile Woods (NH)	2.00
Broad Creek (MD)	1.50
Surprise Lake (NY) [1]	1.00

[1] Project not included in President's Budget.

FISCAL YEAR 2005 PRIORITY LAND AND WATER CONSERVATION FUND PROJECTS

[Not ranked]

[In millions of dollars]

	Amount
U.S. Forest Service:	
Georgia Mountain Riparian Project (GA)	3.000
Sumter NF Watershed Protection (SC)	3.400
Francis Marion National Forest (SC)	5.800
Chattooga Watershed (NC, SC, GA)	2.700
Tennessee Mountains (TN)	3.000
National Forests in Alabama (AL)	2.300
Daniel Boone National Forest (KY)	3.480
Suwannee Wildlife Corridor (FL)	2.000
Green Mountain National Forest (VT)	2.000
U.S. Fish and Wildlife:	
Service Wallkill NWR (NJ)	1.600
Lake Umbagog NWR (NH)	1.200
National Park Service:	
Appalachian Trail (ME)	1.730
Obed Wild and Scenic River (TN)	1.569

In conclusion, we feel that these projects are all uniquely important given the combination of limited open spaces and pressing land use changes that threaten the continued existence of the eastern states' remaining "green infrastructure." While we respect the critical need for land conservation funding across the nation, we feel that these projects illustrate the unique and historic conservation opportunities across the eastern forests—opportunities that are quickly being lost to unchecked development. We would be grateful for your consideration of this testimony as you move through the appropriations process.

PREPARED STATEMENT OF THE ENEWETAK/UJELANG LOCAL GOVERNMENT COUNCIL

Mr. Chairman and distinguished members of this Subcommittee: Thank you for providing this opportunity to the people of Enewetak to describe issues that relate to our ability to live on Enewetak Atoll. Of immediate concern is the funding of the Enewetak Food and Agriculture Program. In the Compact of Free Association, as amended (hereinafter "Compact"), Congress provided an annual sum of "not less than $1.3 million" for the Enewetak Food and Agriculture Program. That funding in the Compact is much appreciated. However, Congress has funded the program at a level of $1.7 million these past several years and that is the minimum amount necessary to provide food, transportation, and the continuation of the soil rehabilitation and agriculture work. Accordingly, this statement includes a request to increase the Compact funded Enewetak Food and Agriculture Program by $400,000 from $1.3 million to $1.7 million.

Other issues that relate to our ability to live on Enewetak Atoll are: Funding of the health care program; funding of the just compensation award issued by the Nuclear Claims Tribunal; resettlement of the Enjebi people on their home island of Enjebi; monitoring of the our people for radiation exposure; continued monitoring of the environment to determine current radiation levels; and, monitoring of the Runit dome.

We would first like to address the continuing challenges that life on Enewetak presents. These challenges are the result of the severe damage inflicted on our atoll by the U.S. Nuclear Testing Program. This committee has helped us meet some of these challenges by funding the Enewetak Food and Agriculture Program.

INCREASED FUNDING OF THE ENEWETAK FOOD AND AGRICULTURE PROGRAM

This program is necessary because over one-half of Enewetak remains contaminated by radiation. The remaining fifty percent of the land was turned into a desert-like wasteland in the course of the nuclear testing program. As a result of such activities, there is insufficient food and other resources on Enewetak atoll to support the people.

Congress has provided a sum of not less than $1.3 million annually for 20 years for the Enewetak Food and Agriculture Program in the Compact. The Enewetak people greatly appreciate such mandatory funding. However, the program has been funded at a level of $1.7 million for the past several years and such funding level needs to continue to maintain the minimum components of the program. The components of the program include a soil and agriculture rehabilitation program, the importation of food, and the operation of a vessel.

Much progress has occurred over the past several years with regard to the agriculture rehabilitation effort. In addition, we have become more and more involved with the soil rehabilitation effort and the planting and maintenance of food bearing plants. Funding of the program at the $1.7 million level these past several years has helped the program keep up with inflation and has created a momentum that we would like to maintain.

However, the growing population, much improved agriculture rehabilitation techniques, and transportation expenses have increased the costs of the program. These costs are the costs of the necessary food imports; transportation costs for food imports; transportation costs of equipment, material, supplies, and fuel for the agriculture rehabilitation program; and labor costs for the accelerated agriculture effort. To meet these costs, the program funding needs to be increased to the sum of $1.7 million in fiscal year 2005. The $1.7 million is broken down as follows: Food and cooking fuel costs, $550,000; agriculture costs (labor, equipment, material, supplies, fuel, operations and maintenance), $850,000; transportation costs (labor, fuel, operations and maintenance), $300,000. Included in the three foregoing categories is the cost of administration of the program. Due to the foregoing, we respectfully request that this committee increase the amount provided under the Compact for this program for fiscal year 2005 by the amount of $400,000, for a total of $1.7 million.

We would now like to describe the award of $386 million made to us by the Marshall Islands Nuclear Claims Tribunal for damages we suffered as a result of the U.S. Nuclear Testing Program.

FUNDING OF THE JUST COMPENSATION AWARD ISSUED BY THE NUCLEAR CLAIMS TRIBUNAL

The issue most important to us is the funding of the $386 million award for just compensation made to the Enewetak people by the Nuclear Claims Tribunal. Enewetak was the site for forty-three of the sixty-seven nuclear bombs detonated by the United States in the Marshall Islands. The damages of the U.S. Nuclear Testing Program affect us to this day. It is important to remember that in 1947, prior to the removal of our people from Enewetak, the United States promised us that we would have all constitutional rights accruing to U.S. citizens, that we would be taken care of during our exile to Ujelang, and that we would not be exposed to any greater danger than the people of the United States.

The constitutional rights to which we are entitled include the right to be justly compensated for the damages we suffered as a result of the U.S. nuclear testing program. In addition to the well documented promises made to us, the United States in the Compact (1) accepted responsibility for the just compensation owing for loss or damage resulting from its nuclear testing program and (2) agreed that the Marshall Islands Nuclear Claims Tribunal ("Tribunal") make a final determination of the amount that would satisfy the constitutional requirement of just compensation.

The Tribunal, following well established U.S. constitutional, legal, and regulatory principles, determined that the just compensation to be provided to us was an amount of $386 million in addition to what we received or will be receiving under the Compact. The funding of this amount by the United States would satisfy its constitutional obligation to us. This funding could be provided through the Changed Circumstances Petition process that has been presented to the U.S. Congress. Alternatively, the Congress could direct the U.S. Court of Appeal for the Federal Circuit to review and certify, or to reject in whole or in part, the award of the Tribunal similar to an existing Congressional provision that deals with judgments of the Marshall Islands courts against the United States arising from its administration of the Marshall Islands under the U.N. Trusteeship.

It is important to note that this funding would provide us with the resources to rid our land of radiological contamination, rehabilitate the soil, revegetate the land, resettle the Enjebi people on their home island, and provide the means by which we could establish a local economy in the fishing and tourism sectors. The foregoing would permit us to once again become self-reliant and self-sufficient. Until this funding materializes, we require continued and increased funding of the Enewetak Food and Agriculture Program.

RESETTLEMENT OF THE ENJEBI PEOPLE ON THEIR HOME ISLAND OF ENJEBI

We, the Enewetak people, consist of two groups: The people of the southern part of the atoll, the Enewetak group; and, the people of the northern part of the atoll, the Enjebi group. The Enjebi people have been exiled from their home island for a period of over 56 years. They have not been able to resettle their home island because it remains contaminated. As a result, the Enjebi people need to share the limited land and resources with the other Enewetak people on the islands of Enewetak, Medren and Japtan. As the populations grow, this is becoming an increasingly difficult situation. Yet Enjebi cannot be resettled in the near term because insufficient funding exists for the cleanup and resettlement.

The situation at Enjebi is difficult since Enjebi Island was ground zero for a number of tests. In addition, it underwent bulldozing, scrapping and soil removal during the 1977–80 partial cleanup activities. In order to make the island habitable again, radiological remediation and soil and plant rehabilitation are required. As determined by the experts, the cost for the radiological remediation and soil and plant rehabilitation is approximately $118 million, which includes the cleanup and rehabilitation of the other northern islands which are part of the Enjebi people's resources for food from land and marine areas. These costs are part of the just compensation award made to the Enewetak people by the Tribunal.

In addition, the people require the housing, infrastructure, and other buildings necessary to permit them to live on the island while the rehabilitation is ongoing. These costs are estimated at $30 million.

In short, the cleanup and resettlement of Enjebi is projected to cost $148 million. The best solution is to fund the Tribunal award which would provide the funding for the cleanup and rehabilitation of all the northern islands including Enjebi, and which would provide the funding for the housing and other necessary infrastructure at Enjebi.

RADIATION MONITORING OF THE PEOPLE, THE ENVIRONMENT, AND THE RUNIT DOME

Because of the residual radiation contamination at Enewetak Atoll, we and our environment need to be monitored. The U.S. Department of Energy (DOE) and the Enewetak/Ujelang Local Government Council have reached an agreement on an appropriate whole body counting and plutonium detection regime. The DOE responsibilities under such a regime need to continue until Enewetak is radiologically remediated. In addition, the Runit Dome (Cactus Crater Containment Site) contains over 110,000 cubic yards of material including plutonium and other radioactive debris. This site needs to be monitored to assure the integrity of the structure and to assure that no health risks from the radioactive waste site are suffered by us. To effect the foregoing, a long-term stewardship program of the Runit Dome needs to be implemented by the United States.

FUNDING OF THE HEALTH CARE PROGRAM

In Section 102 of Public Law 96–205, the U.S. Congress, authorized a program of medical care and treatment for the peoples of the atolls of Bikini, Enewetak, Rongelap, Utrik and other Marshallese determined to be affected as a result of the U.S. Nuclear Testing Program in the Marshall Islands. The funding for such program continued, in an amount of $2 million annually for 15 years, under the terms of the Compact. The funding for such medical care and treatment program expired as of October 21, 2001. The RMI has provided funding for the continuation of this program from the Section 177 trust fund. However, that fund is now so depleted that the RMI cannot fund the program as of September 30, 2004. The Congress in Section 104 of Public Law 96–205, intended such medical care and treatment program to continue unless terminated by the express approval of the Congress. Congress has not approved termination. The program needs to continue and the funding needs to be increased to $4 million annually to provide a medical safety net for the people of the 4 atolls and other Marshallese determined to have been affected by nuclear testing. Even at the $4 million level, the program will only be able to expend $28 per person per month for the program costs. The $4 million should include an inflation factor by being tied to the U.S. medical CPI.

ENEWETAK FOOD AND AGRICULTURE PROGRAM

The Enewetak Food and Agriculture Program enables us to live on Enewetak. It provides funding for imported food, continued agriculture rehabilitation, operation of a motor vessel that brings us the imported food, and an operation and maintenance component conducted out of a facility on Enewetak known as the field station.

1. *Efforts made to increase food production*.—The most significant aspects of the agriculture rehabilitation program are the infusion of nutrients into the soil and the planting of buffer plants along the island's shore to protect the interior plants from salt spray. The infusion of nutrients into the soil is accomplished by digging trenches and placing organic material in the trenches along with a compost mixture of copra cake and chicken manure. This activity is extremely labor intensive and requires the importation of copra cake and chicken manure. Although the work is progressing, additional funding is required to provide greater manpower and the necessary equipment, materials and supplies.

2. *Importation of food*.—Imported food is required because of the poor soil condition of the land available to us and the radiation contamination of other lands. Imported food is now approximately $550,000 of the program budget and is expected to increase because of the increase in food costs and because of our growing population. These issues further illustrate the need to increase the program to $1.7 million.

3. *Vessel*.—In 1999, we purchased, repaired, and refitted a 104-foot motor-vessel as a replacement vessel for our 54-foot motor-sailer, which sank. This replacement vessel, named the KAWEWA, has greater capacity for cargo and passengers than the previous vessel. The KAWEWA permits us to transport machinery, equipment, supplies and other necessary cargo. It also provides transportation to members of our community. Both the transport of cargo and people has become extremely difficult in the Marshall Islands because of the lack of transport vessels and aircraft. The KAWEWA provides the necessary lifeline for goods, materials, and transportation for our community.

4. *Field Station*.—Operation and maintenance of the entire program is conducted out of a facility referred to as the Field Station. Field Station personnel provide all the required agricultural work; maintain, service, and operate the equipment re-

quired by the various components of the program; make payments and maintain books of accounts; and coordinate the procurement of food, material and equipment.

CONCLUSION

We thank the Congress for its past support and its consideration of the items described above.

Prepared Statement of the Forest Landowners Association

The Forest Landowners Association (3776 Lavista Road, Suite 250, Tucker, Georgia, 30084; telephone 404–325–2954) appreciates this opportunity to submit written testimony to the Senate Committee on Appropriations, Subcommittee for Interior and Related Agencies, regarding appropriations for the United States Forest Service, and in particular funding for the following programs.

1. State and Private Forestry, Forest Health Management: The Emerging Pests and Pathogens Fund (proposed funding by administration in fiscal year 2005 Budget: $10,000,000).
2. State and Private Forestry, Forest Health Management: Federal Lands and Cooperative Lands (proposed funding by administration in fiscal year 2005 Budget: $71,226,000).
3. State and Private Forestry, Cooperative Fire Protection: State Fire Assistance (proposed funding by administration in fiscal year 2005 Budget: $25,062,000).
4. State and Private Forestry, Cooperative Fire Protection: Volunteer Fire Assistance (proposed funding by administration in fiscal year 2005 Budget: $5,043,000).
5. Wildfire Fire Management, State and Private Forestry: Forest Health Management, Federal Lands (proposed funding by administration in fiscal year 2005 Budget: $7,171,000) and Forest Health Management, Cooperative Lands (proposed funding by administration in fiscal year 2005 Budget: $5,482,000).
6. Wildfire Fire Management, State and Private Forestry: State Fire Assistance (proposed funding by administration in fiscal year 2005 Budget: $34,245,000) and Volunteer Fire Assistance (proposed funding by administration in fiscal year 2005 Budget: $8,000,000).
7. State and Private Forestry, Cooperative Forestry: Forest Legacy Program (proposed funding by administration in fiscal year 2005 Budget: $100,019,000).

1. STATE AND PRIVATE FORESTRY, FOREST HEALTH MANAGEMENT: EMERGING PESTS AND PATHOGENS FUND

FLA supports the creation of the Emerging Pests and Pathogens Fund, and the proposed funding request of $10,000,000. This fund would fulfill the promise of the Healthy Forests Restoration Act of 2003 (HFRA), Title IV, Insect Infestation and Related Diseases provisions passed by Congress and signed by President Bush. As Congress itself stated in Title IV, Section 401(a)(10), "only through the full funding, development, and assessment of potential applied silvicultural assessments over specific time frames across an array of environmental and climatic conditions can the most innovative and cost effective management applications be determined that will help reduce the susceptibility of forest ecosystems to attack by forest pests." The Forest Landowners Association believes Congress should appropriate this new fund as follows.

a. $5,000,000 for HFRA, Section 403, Accelerated Information Gathering Regarding Forest-Damaging Insects: HFRA, Section 401(b) states one purpose of the title is "to require the Secretary to Develop an accelerated basic and applied assessment program to combat infestations by forest-damaging insects and associated diseases," and to "enlist the assistance of colleges and universities (including forestry schools, land grant colleges and universities, and 1890 Institutions), State agencies, and private landowners to carry out the program." By appropriating $5,000,000 for the execution of HFRA, Section 403, the subcommittee would be helping to fund new research on pests and pathogens that currently threaten America's forests, both public and private.

b. $5,000,000 for HFRA, Section 404, Applied Silvicultural Assessments: The third purpose of HFRA, Section 401(b) is "to carry out applied silvicultural assessments." By appropriating $5,000,000 for the execution of HFRA, Section 404, the subcommittee would be starting the process of addressing with positive solutions the pests and pathogens that currently threaten America's forests, both public and private.

2. FOREST HEALTH MANAGEMENT: FEDERAL LANDS AND COOPERATIVE LANDS

As America's forests are besieged by fire; pests and pathogens; weather; and other threats, it is imperative that forest health management efforts be continued, and even strengthened, to protect this natural resource. In fact, Congress recognized the dangers when it passed the Healthy Forests Restoration Act of 2003. The proposed fiscal year 2005 Budget, however, would cut funding for forest health management efforts by $28,039,000 from fiscal year 2004 Budget levels. FLA encourages the subcommittee to restore funds for Forest Health Management, Federal Lands and Cooperative Lands, to fiscal year 2004 levels of $98,570,000.

3. STATE AND PRIVATE FORESTRY, COOPERATIVE FIRE PROTECTION: STATE FIRE ASSISTANCE

As state budget resources continue to be stretched to the limit, Federal assistance to enhance state fire fighting capabilities is critical. The destruction of public and private forests has been horribly demonstrated during the past three years, leading to billions of dollars of losses, and the deaths of those charged with fighting these mighty blazes. The dangers of such fires, in fact, was promoted as a crucial reason for the passage of the Healthy Forests Restoration Act of 2003. The proposed fiscal year 2005 Budget, however, would cut funding for State Fire Assistance by $33,267,000 from fiscal year 2004 Budget levels. Such severe cuts seems counterproductive to the stated purpose of the government to help prevent and fight such fires in the future. FLA encourages the subcommittee to restore funds for Cooperative Fire Protection, State Fire Assistance, to fiscal year 2004 levels of $58,236,000.

4. STATE AND PRIVATE FORESTRY, COOPERATIVE FIRE PROTECTION: VOLUNTEER FIRE ASSISTANCE

The proposed fiscal year 2005 Budget proposes $5,043,000 for Volunteer Fire Assistance, an increase of $6,000 from the fiscal year 2004 Budget level. While FLA believes a larger increase in funding is warranted by fires of the past three years, we recognize the current budget restraints, and support the proposed appropriation of $5,043,000 for Cooperative Fire Protection, Volunteer Fire Assistance.

5. WILDFIRE FIRE MANAGEMENT, STATE AND PRIVATE FORESTRY: FOREST HEALTH MANAGEMENT, FEDERAL AND COOPERATIVE LANDS

As previously stated, maintaining and enhancing all fire fighting capabilities is crucial to saving both forests and lives. The proposed fiscal year 2005 Budget, however, would cut funding for Wildfire Fire Management, both Federal and Cooperative Lands by a combined $12,110,000 from fiscal year 2004 Budget levels. Again, such severe cuts seems counter-productive to the stated purpose of the government to help prevent and fight such fires in the future. FLA encourages the subcommittee to restore funds for Wildfire Fire Management, both Federal and Cooperative Lands, to fiscal year 2004 levels of $24,692,000.

6. WILDFIRE FIRE MANAGEMENT, STATE AND PRIVATE FORESTRY: STATE AND VOLUNTEER FIRE ASSISTANCE

Again, FLA believes in the need for maintenance and enhancement of all fire fighting capabilities to save both forests and lives. The proposed fiscal year 2005 Budget, however, would cut funding for Wildfire Fire Management, State and Private Forestry, both State and Volunteer Fire Assistance, by a combined $16,419,000 from fiscal year 2004 Budget levels. Once again, such severe cuts seems counterproductive to the stated purpose of the government to help prevent and fight such fires in the future. FLA encourages the subcommittee to restore funds to Wildfire Fire Management, State and Private Forestry, State and Volunteer Fire Assistance, to fiscal year 2004 levels of $59,201,000.

7. STATE AND PRIVATE FORESTRY, COOPERATIVE FORESTRY: FOREST LEGACY PROGRAM

The Forest Landowners Association recognizes that in light of large operating budget deficits, Congress and the administration must cap spending to previous levels, or only increase spending by minimal amounts. The proposed fiscal year 2005 Budget, however, would increase funding for State and Private Forestry, Cooperative Forestry, Forest Legacy Program, by $35,844,000 over fiscal year 2004 Budget levels, to $100,019,000 in fiscal year 2005. Such a large increase seems unwarranted when other programs are facing actual cuts from fiscal year 2004 levels of 50 percent or more. Therefore, FLA encourages the subcommittee to reduce proposed fiscal year 2005 funds for State and Private Forestry, Cooperative Forestry, Forest Legacy Program, to the fiscal year 2004 level of $64,134,000.

The Forest Landowners Association thanks the Appropriations Subcommittee for Interior and Related Agencies for the opportunity to submit written testimony regarding fiscal year 2005 appropriations for the United States Forest Service. If the subcommittee has any questions or comments regarding this written testimony, it should contact Dr. Vernon R. Hayes, Jr., FLA's government affairs director, at his office (8204 Foxhall Road, Clinton, Maryland, 20735; telephone 301–877–6898; fax 301–877–6899).

Prepared Statement of the High Plains Partnership

The High Plains Partnership (HPP) mission is to establish and fully implement a public/private partnership, based on existing programs and organizations, to conserve and enrich the natural heritage of the High Plains region in cooperation with private landowners. The long-term vision of HPP is to facilitate the conservation and stewardship of native short, mixed and desert grasslands and dependent fish and wildlife resources in a landowner-friendly manner.

The HPP partners are State Fish and Wildlife Agencies in 11 states (AZ, CO, KS, MT, ND, NE, NM, OK, SD, TX, and WY), Natural Resources Conservation Service, U.S. Forest Service, and other federal agencies; and many private organizations listed at the bottom of this testimony.

Nearly 90 percent of the High Plains is privately owned; therefore, it is essential that public/private partnerships be developed to meet the shared goals of conserving and restoring declining and at-risk wildlife species and the native grassland habitats upon which they depend. HPP promotes the concept that the program can also contribute to the economic viability of private lands by offering private landowners a diverse set of incentive options. Private lands with diverse vegetative and wildlife communities will become increasingly more valuable, both financially and aesthetically, to individual landowners and the country at large in the future.

The High Plains Partnership was begun in 1998 as a pilot project in the form of a public/private initiative to proactively conserve declining habitats on private lands in 5 states in the southern High Plains. The remarkable success of the program has led to the current initiative to expand to 11 states, and address many more declining and at-risk wildlife species. In keeping with the Secretary of the Interior's 4-C's philosophy of consultation, communication and cooperation in the service of conservation, the current initiative seeks to increase grassland project funding for all collaborators while providing on-the-ground technical support and financial assistance to private landowners who want to implement habitat management practices that benefit the land and wildlife.

Ultimately, the goal of the HPP is to improve the status of "at-risk" species and ecosystems on private lands to reduce or remove the need for their protection under the Endangered Species Act. Specific Goals are:

1. Improve the status of High Plains species at-risk to reduce or remove their need for protection under authority of the ESA;
  - —restore, protect, or enhance 2 million acres of High Plains habitat in 10 years;
  - —remove the need to list candidates such as the lesser prairie-chicken and black-tailed prairie dog;
  - —recover or down-list species such as the black-footed ferret;
  - —preclude the listing of numerous other declining grassland species; and
2. Improve the economic viability of lands that are voluntarily managed for declining species in the High Plains by offering a diverse array of financial incentives to private landowners.

A number of funding sources have been utilized during the pilot phase of the HPP. These sources will continue to be utilized as opportunities arise. However, to achieve the HPP goals, more stable funding is needed. To this end, we request that the U.S. Congress appropriate at least the $5 million line item amount President Bush requested be added to the Fish and Wildlife Service's Partners for Fish and Wildlife Program in his budget request for fiscal year 2005.

Prepared Statement of the International Society of Tropical Foresters

As a former member of the Forest Service Research Program and current President of the International Society of Tropical Foresters, I am pleased to see an increase of $14,267,000 in the President's fiscal year 2005 budget for Forest Service Research and Development (FS R&D). However, I see problems with the lack of recognition of the need for additional silviculturists to strengthen the Healthy Forests Restoration program.

Silviculturists in Forest Service Programs generally (in National Forests, Research and Development, and State and Private forestry) have been reduced in numbers at an alarming rate during the past several years. Yet, they are needed to plan and carry out thinning of fire hazardous forest lands and in restoring cut and burned over forest lands through planting or natural regeneration programs. Silviculturists have always been the backbone of Forest Service management programs, and they are essential to current Healthy Forests Restoration programs working together with other specialists in water, fire, insects, diseases, ecology and wildlife habitat. I recommend that the Forest Service recognize the need for more silviculturists in Research and Development as well as in non-research programs of the Forest Service. This would require at least an increase in funding of $2,000,000 more for Research and Development and additional funding for the other two branches of the Forest Service.

I also notice that the President's fiscal year 2005 budget for Sudden Oak Death Disease and for Forest Inventory and Analysis have stayed the same as the enacted budgets for fiscal year 2004. I recommend that these important programs be increased by $3,000,000 for Forest Inventory and Analysis and $1,013,000 for Sudden Oak Death Disease.

The rest of the President's fiscal year 2005 budget looks good to me, although I would like to add a little special detail on two International Research Institutes that are a part of the overall Research programs.

INTERNATIONAL INSTITUTE OF TROPICAL FORESTRY IN PUERTO RICO

The International Institute of Tropical Forestry (IITF) has a mission of research that contributes to the sustainable use of forest resources, the conservation of primary forests, the rehabilitation of degraded lands and the management of wildlife and watersheds. This work is conducted in an extensive network of collaborators with the Institute in Puerto Rico, other Caribbean islands, and in Latin America. The increase of $323,000 in the fiscal year 2005 budget for IITF will be used to increase research on watershed conditions and invasive plants and animals and to optimize the delivery and practical use of all of the research programs of IITF.

I would like to be sure that the $323,000 increase in the President's fiscal year 2005 budget for IITF be retained in the overall FS R&D budget.

INSTITUTE OF PACIFIC ISLANDS FORESTRY IN HAWAII

The Institute of Pacific Islands Forestry (IPIF) in Hawaii has a mission of research on invasive species, forested wetlands, and ecosystem restoration. The President's fiscal year 2005 budget for IPIF includes a $331,000 increase over fiscal year 2004. This increase will be used to strengthen research on invasive species and ecosystem restoration programs. However, other programs that supplement or support research on invasive species and ecosystem restoration include watershed research, fire research (especially since invasive plants have made fire prone situations) and wetlands research.

I am pleased to see that previous FS budgets have made possible the construction of an office and laboratory facility to house the IPIF R&D and outreach programs. The construction of this $9,076,628 facility in Hilo, Hawaii will begin in early 2004.

Again, as in the IITF in Puerto Rico, I would like to be sure that the $331,000 increase in the President's fiscal year 2005 budget for IPIF be retained in the overall FS R&D budget.

PREPARED STATEMENT OF THE MOTHER LODE CHAPTER, SIERRA CLUB

The request: $3.2 million in Forest Service Land and Water Conservation Fund appropriations to purchase Sierra Nevada Inholdings. Funds for these purchases are included in the President's budget.

The requested appropriation would purchase inholdings in three areas:

(1) along the North Fork American Wild River in Tahoe National Forest,

(2) along the Middle Fork American River on the boundary between Tahoe National Forest and Eldorado National Forest, and

(3) at Barker Pass in Tahoe National Forest, on the Pacific Crest Trail and the west rim of the Lake Tahoe Basin.

The Mother Lode Chapter of the Sierra Club strongly urges the Subcommittee to recommend this appropriation.

NORTH FORK AMERICAN WILD RIVER

The requested appropriation would purchase 1,220 acres of private lands along the North Fork American Wild River in Tahoe National Forest, California, for about $1 million. The Forest Service has already acquired 8,200 acres along and near the Wild River, and the proposed purchase would finally complete the acquisitions of presently available large inholdings in and near the Wild River Zone.

The North Fork American River flows down the western slope of the Sierra Nevada in a beautiful wild rugged canyon more than half a mile deep. Most of the canyon is steep-walled and narrow.

Both the federal government and the State of California designated a 42-mile stretch of the North Fork American as a Wild River in the 1970's. The designations recognized the river's outstanding wildness and beauty and its exceptionally pure waters.

The river supports an excellent self-sustaining trout fishery managed as a Wild Trout Stream by the State of California. The canyon is home to numerous large mammals, including black bear and mountain lion, and provides habitat for 150 species of birds, including peregrine falcons, golden eagles, and goshawks. The canyon's varied ecosystems and vegetation, including a large acreage of old-growth forest, are almost unspoiled. Ten challenging trails descend steeply into the canyon, providing access for rugged hikers, backpackers, and fishermen seeking solitude and strenuous adventure.

Though the canyon is remote and rugged, development which would degrade the beauty and naturalness of these private lands could still occur. A previous owner filed helicopter logging plans on the two parcels to be acquired. Cabin sites could be developed on these parcels, which would significantly degrade their naturalness and limit public recreational access.

MIDDLE FORK AMERICAN RIVER

The requested appropriation would begin purchase of private lands in the canyon of the Middle Fork American River, the first major drainage to the south of the North Fork American. The appropriation would purchase 1,400 of the available 4,760 acres.

The available lands include almost all the private land in a 25-mile stretch of the Middle Fork canyon. This stretch of the Middle Fork is the boundary between Tahoe and Eldorado National Forests.

The canyon of the Middle Fork is even more narrow, steep, rugged, and remote than the canyon of the North Fork, and also possesses all the same outstanding features. The clean waters of the river support a high-quality trout fishery sustained by natural reproduction. Large mammals, including black bear and mountain lion, are found in the canyon. The canyon is an imiporant winter deer range. This remote unspoiled canyon provides habitat for the species of birds found in the North Fork, including several sensitive species—spotted owls, peregrine falcons, golden eagles, and goshawks. Fishermen, hunters, hikers and naturalists who make the strenuous descent into the canyon are rewarded by pristine conditions and solitude.

The Middle Fork is a major source of high-quality water for Placer County and fast-growing downstream areas. Placer County has developed the Middle Fork for water supply and hydroelectric power; this development directly affects only a small proportion of the 25 miles of canyon. Unified management of the Middle Fork Canyon by the Forest Service would better protect water quality and better guarantee preservation of its outstanding natural attributes. Possible future mining and logging on private lands in the canyon could significantly degrade the canyon's naturalness and the purity of the Middle Fork's waters.

The requested appropriation for purchasing lands in the North Fork American and the Middle Fork American is supported by the Placer County Board of Supervisors, the Board of Directors of the Placer County Water Agency, and civic and environmental organizations in Placer County.

PACIFIC CREST TRAIL LANDS AT BARKER PASS

The requested appropriation would purchase the remaining 773-acre inholding at Barker Pass on the west rim of the Lake Tahoe Basin. This inholding is near the Pacific Crest Trail and adjacent to the Granite Chief Wilderness. Approximately 640 acres of adjacent lands were purchased with an appropriation for fiscal year 2003.

The Barker Pass inholding includes potential habitat for two sensitive species, the California spotted owl and northern goshawk. There is also potential habitat for marten, wolverine, and Pacific fisher on the property.

The Barker Pass area is heavily used by hikers, including long-distance hikers on the Pacific Crest Trail, and by fishermen and campers, who enjoy the area's attractive and relatively unspoiled forests and meadows.

Development and roadbuilding on this inholding in the watersheds of Powderhorn and Little Powderhorn Creeks would have significant adverse effects on the Pacific Crest Trail, the Granite Chief Wilderness, and major trails into the Wilderness. Development and roadbuilding would increase erosion and siltation in these tributaries of pristine Five Lakes Creek, which flows through a beautiful wilderness canyon and supports an outstanding population of wild rainbow trout. Much of the inholding could be developed for summer residences, which would be especially appealing to purchasers preferring an isolated location. These lands are easily accessible from Lake Tahoe in summer by the high-standard Blackwood Canyon Road.

Acquisition of this inholding near Barker Pass will foreclose the possibility of development adversely affecting the Pacific Crest Trail and the watersheds of the Granite Chief Wilderness.

Prepared Statement of the National Association of State Foresters

INTRODUCTION

The National Association of State Foresters (NASF) is pleased to provide testimony on the U.S. Forest Service (USFS) $4.98 billion budget request for fiscal year 2005. Representing the directors of state forestry agencies from all fifty states, eight U.S. territories, and the District of Columbia, our testimony centers around those program areas most relevant to the long term forestry operations of our constituents. State and Private Forestry programs multiply the public benefits of Federal funding by leveraging in-kind contributions through cost-share programs and matching funds from states. Wildland Fire Management supports essential State and Private and Federal programs to address wildland fire. We commend the President's commitment to the Healthy Forests Restoration Act and the Healthy Forests Initiative in the USFS budget for fiscal year 2005. Our recommendations include our top three priorities (FLEP, Forest Health, and State Fire Assistance) and discuss other opportunities for Congress to further the advancement of sustainable management on both public and private forestland nationwide.

STATE AND PRIVATE FORESTRY PROGRAMS

Forest Land Enhancement Program (FLEP)

NASF urges Congress to fund FLEP at $20 million for fiscal year 2005. The 2002 Farm Bill provided $100 million for FLEP over five years. Replacing the Forestry Incentives Program (FIP) and the Stewardship Incentives Program (SIP) by combining the best attributes of these predecessor programs, FLEP is able to better meet the needs of family forest landowners. FLEP implementation began in fiscal year 2003 with $20 million. The result was an enormously successful and popular forestry cost-share, technical assistance, and educational program. However, $50 million was transferred from FLEP to help pay for Forest Service fire suppression efforts during the 2003 fire season, with $10 million repaid by Congress. Congress' help is now needed to ensure that the $10 million for FLEP in fiscal year 2004 is made available to the Forest Service and funds are appropriated for fiscal year 2005.

Family forest owners have demonstrated funding needs for three to five times the amount that could be funded in the first year. The President's fiscal year 2005 budget proposes the remaining $40 million in the FLEP account, including the $10 million appropriated for fiscal year 2004, would be "canceled". No other program provides direct assistance to help landowners implement forest management practices on family forest lands. Financial assistance typically results in a two-to-four-fold increase in the implementation of sustainable forestry practices on private lands, allowing landowners to better meet long-term public demand for timber, clean water, and other forest resources while providing environmental benefits for the general public. NASF recommends funding FLEP at $20 million in fiscal year 2005 by rejecting the language in the Administration's budget and instead reinstating the $40 million remaining in the account.

Forest Health Management (FHM)

The Forest Health Management (FHM) programs within State and Private Forestry are the only federal programs that address the breadth of forest health threats across all of our nation's forests. Every year, invasive species cost the American public $138 billion in losses, detection, and control. Providing for the prevention, detection, and suppression of damaging insects, diseases, and plants, this program also assists in the development and application of new technologies to address forest health problems on all lands. FHM is funded under both State and Private Forestry (S&PF) and Wildland Fire Management.

NASF recommends funding S&PF Forest Health Management for Federal and Cooperative Lands at fiscal year 2004 levels ($54 million for Federal lands and $45 million for Cooperative lands) to provide the tools needed to address Forest Health issues across the many forest types and ownerships in the United States.

NASF also recommends $15 million for Federal lands and $10 million for Cooperative lands to continue level support for Forest Health Management under Wildland Fire Management to address forest health problems that increase the risk of catastrophic wildland fire. Forest health management helps states achieve the goals of the Healthy Forests Initiative.

State Fire Assistance (SFA)

State Fire Assistance (SFA) provides much-needed financial and technical assistance to states for wildland fire management. It ensures that state resources receive the best training and can acquire and maintain equipment necessary to prepare them to act as the first line of defense for their local forests and communities. These fire fighting resources serve both as "first responders" for local situations and as "ready reserves" for large federally managed catastrophic fires. Further, it is the only program that currently provides some funding for fuel reduction work on non-federal lands. SFA is funded under both Cooperative Fire Protection (State and Private Forestry) and Wildland Fire Management in the Forest Service budget. Together with Volunteer Fire Assistance, these programs provide critical support for the wildland firefighting community.

SFA provides the flexibility to meet different state needs, which may include firefighting preparedness, firefighter training, fire suppression, and hazardous fuel reduction, as well as prevention activities. In addition, the renewed focus on hazardous fuel reduction will wear out equipment more quickly, requiring more frequent repair and replacement. A reduction in SFA will be counterproductive, making it more difficult for states—often the first line of defense—to extinguish small fires quickly before they grow into large, costly fires.

NASF recommends continued level funding for State Fire Assistance at $28 million under Cooperative Fire Protection and $51 million under Wildland Fire Management, as well as funding for Volunteer Fire Assistance at $5.0 million under Cooperative Fire Protection and $8.1 million under Wildland Fire Management. Funding these line items at last year's level provides continued protection for local communities from catastrophic wildland fire, many of which originate on federal lands.

NASF also recommends funding Community and Private Land Fire Assistance (CPLFA). The model for this program began with National Fire Plan funding in fiscal year 2001. Subsequently authorized in the 2002 Farm Bill at $35 million per year, NASF recommends $20 million to begin implementation of the program in fiscal year 2005. CPLFA is the perfect tool to help communities leverage limited wildfire mitigation dollars and achieve the goals laid out in the Healthy Forests Restoration Act: to prepare community wildfire protection plans, restore unhealthy forests on private lands, and to reduce fuels around communities.

Forest Stewardship Program

The Forest Stewardship Program continues to serve as the foundation program for promoting sustainable forest management on family forest lands. The program compliments the Forest Land Enhancement Program (FLEP) by providing landowners assistance in creating sustainable forestry Stewardship Plans that can be implemented with cost-share funds from FLEP. From 1991 to 2002, the Forest Stewardship program turned out more than 217,000 Stewardship Plans covering more than 25 million acres. NASF supports the President's proposed funding of $41 million in fiscal year 2005 for the Forest Stewardship Program.

Watershed Forestry Assistance Program (WFAP)

NASF recommends funding the Watershed Forestry Assistance Program (WFAP) with the full $15 million authorized in Title III of the Healthy Forests Restoration Act for fiscal year 2005. Through forestry practices in targeted watersheds and collaborative approaches to watershed restoration, WFAP provides landowners, communities, and organizations with the technical and financial tools necessary to protect and restore water resources. By focusing on priority watersheds within each state, this unique program is able to leverage funding and support from local watershed partnerships to measurably increase water quality and overall watershed health.

Urban and Community Forestry

NASF recommends funding the Urban and Community Forestry program at $36 million in fiscal year 2005. The program leverages existing local efforts by assisting rural and urban communities to manage, maintain, and improve their tree cover and green spaces, achieving important social and economic benefits.

Forest Inventory and Analysis (FIA)

The Forest Inventory and Analysis program provides crucial forest information to policy makers and land managers, enabling them to make informed forestry-related decisions. Increasing funding for this program will enable the important work to continue, while improving the quality of information being provided. NASF recommends $64 million for FIA to continue progress toward implementation of the FIA strategic plan. Together with a well funded research program, FIA will continue to provide essential inventory data for addressing long-term forest management needs.

Economic Action Program (EAP)

The Economic Action Program is the only federal assistance program that targets forest-based economic development. With our current forest health threats across the country, EAP helps find local solutions to forest health problems while fostering economic sustainability in communities. State Foresters will continue to work with the Forest Service and rural communities to help communities deliver a focused and results oriented forest-based economic development program. NASF supports level funding for the Economic Action Program at $11 million, not including Congressional earmarks.

OTHER FEDERAL PROGRAMS

Federal Wildland Fire Management

NASF recommends continued funding of federal wildland fire management at the 10-year average. Funding is integral to quickly suppress small fires before they grow into large and costly fires. The increasing costs of wildfires—due mainly to drought, fuel accumulation, and the rapid expansion of the wildland-urban interface—makes adequate suppression funding critical. We support continued funding for preparedness, fire operations, and hazardous fuels treatment on federal land, including the $15 million provided under State and Private Forestry Appropriations that may be used on non-Federal land to protect communities at risk from adjacent USFS lands where hazard reduction activities are planned.

DOI Conservation Grant Programs

NASF supports the Department of the Interior conservation grant programs for private landowners to manage their land for a variety of public benefits. Continued funding will ensure these programs remain viable.

CONCLUSION

NASF seeks the Subcommittee's support for a Forest Service fiscal year 2005 budget that will ensure the continued delivery of a broad range of public benefits from privately owned forest lands. Collaboration among stakeholders across the landscape—federal, state, and local government agencies, private landowners, industry, and non-profit organizations—is necessary to manage for the wide range of forest resources and values found on all ownerships. Cooperative Forestry, State and Private Forestry (S&PF), and Wildland Fire Management provide these links, and the federal share leverages private dollars and provides an important catalyst for collaboration in order to take the work far beyond the usual boundaries of federal land management. Thank you for the opportunity to provide our testimony.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

Mr. Chairman, on behalf of the NASULGC Board on Natural Resources, thank you for your support of science and research programs within the Departments of Interior and Agriculture. We recommend the following amounts for fiscal year 2005: $1 billion for U.S. Geological Survey; $686 million for Department of Energy Fossil Energy Research and Development; $96.8 million for the Department of Energy's Industries of the Future; a $15 million increase in USDA Forest Service Research and Development for cooperative agreements with universities and competitive grants; $5 million for Technology Transfer within the USDA Forest Service State and Private Forestry Cooperative Forestry Program; and $1.275 million for the Cooperative Ecosystem Studies Units. Further details on these levels are below.

USGS

As a member of the USGS Coalition, NASULGC supports $1 billion for USGS, which would restore the damaging cuts proposed in the President's budget and provide a 6.5 percent increase over the fiscal year 2004 level to cover uncontrollable costs ($8.1 million of which would be absorbed through program reductions under the President's proposal), inflation, and ongoing science initiatives to support public policy decisions. We appreciate the report language in both your fiscal year 2003 and fiscal year 2004 legislation emphasizing the importance of cooperative USGS initiatives. Partnerships with the academic community should be encouraged because they provide the USGS and the Department of the Interior with increased flexibility that can be used, among other things, to combat an aging workforce and massive looming retirements. This is a good beginning, but more substantial, targeted and well thought out investment is needed in this area.

We recommend the following amounts for USGS budget lines

$8,775,000 for the Water Resources Research Institutes, an increase of $2,354,000 over the fiscal year 2004 appropriation. The Administration's proposal to eliminate funding for this excellent partnership with state governments and universities is unjustified. The institutes generate $19 for each federal dollar Congress appropriates, but continued federal support is vital to the maintenance of these matching funds. This program is essential to solving emerging and future state, regional and inter-jurisdictional water resources problems, and it also provides this country's next generation of water scientists and engineers.

$75,774,000 for the Mineral Resources Program (MRP), which would restore the MRP to its fiscal year 2003 level and provide for the creation of a $20 million Mineral Education and Research Initiative (MERIT), a peer-reviewed external grants program for applied research and education in mineral resources and material flows analysis conducted by universities, state organizations, and individuals in the private sector. MRP recently announced it has committed $200,000 for grants in fiscal year 2004, but additional funds are needed to expand upon this first step. The establishment of a consistently well-funded MERIT would follow the recommendations of three recent National Research Council reports and would help arrest the dramatic decline of minerals expertise in the United States.

$27,000,000 for Energy Resources, an increase of approximately $2 million over the fiscal year 2004 level. USGS provides unbiased, scientifically valid assessments of potential energy resources of the United States and the world, and examines the environmental consequences of developing these resources. Such information is critical if we are to meet increasing energy needs and develop a long-term energy strategy. This increase would enable restart of a long dormant effort to assess the nation's geothermal resources.

$31,901,000 for the National Cooperative Geologic Mapping Program, an increase of $6 million over fiscal year 2004. This program contains FedMap, StateMap, and EdMap, which have widespread use in land-use planning and are key to understanding geologic hazards and minerals. EdMap is a training program for geologic mappers and is linked to many of our universities.

$59,000,000 for Earthquake Hazards, including a $10,000,000 increase for the Advanced National Seismic System (ANSS), which has been grossly under funded over the last several years. ANSS is focused on modernizing earthquake monitoring equipment and activities with a concentration in urban areas where increased capability could save a huge number of lives and billions of dollars in economic costs. Universities are full partners in ANSS.

$80,843,000 for Cooperative Topographic Mapping, a restoration to the fiscal year 2004 appropriated level. This program provides state, local and federal emergency responders with current, reliable, and easily accessible geographic information and maps in emergency situations. The National Map, through partnerships, will provide the base geographic framework for the country and form the foundation for integrating, sharing, and using other data easily.

$183,529,000 for Biological Resources, including $16,113,000 to allow full staffing for the Cooperative Fish and Wildlife Research Units. This is one of the most successful partnership arrangements in all of government, and is essential for information and outreach to resource managers. The units serve as a strong link between USGS and federal and state management agencies. Federal support is augmented by state and university cooperator contributions of expertise, equipment, facilities, and project funding, thereby enhancing the program's cost-effectiveness.

NATIONAL PARK SERVICE

NASULGC recommends $1,275,000 in support of the Cooperative Ecosystem Studies Units.—CESU host universities provide research, technical assistance, and education consistent with the CESU mission. This small appropriation would provide base funding to each host institution and for the national office to cover operating costs. We suggest this funding be placed within the National Park Service under external programs on behalf of all thirteen federal agencies involved with CESU.

DEPARTMENT OF ENERGY

We oppose the cuts to the Industries of the Future programs proposed in the President's budget, and urge you to restore them to the fiscal year 2003 appropriated level of $96,824,000, including $5,484,000 for Mining Industry of the Future.—These programs facilitate the formation of diverse, collaborative partnerships among manufacturers, suppliers, and universities to develop innovative technologies essential to the future competitiveness of U.S. industry.

We also oppose the proposed cuts within Fossil Energy Research and Development.—Low cost fossil fuels are vital to maintaining U.S. economic growth and to sustaining our high standard of living. Universities are a substantial contributor to these research efforts, and the Office of Fossil Energy is a major supporter of research being performed at universities in partnership with industry and the national laboratories. NASULGC recommends $46 million for Natural Gas Technologies, $41 million for Oil Technology and $4 million for Advanced Separation, under Solid Fuels and Feedstocks, which funds a consortium of seven universities established to develop new technologies to help the U.S. mining industry produce cleaner coal and improve minerals recovery. We support the requested amounts for Sequestration Research and Development ($49 million), University Coal Research ($3 million) and Education and Training at Historically Black Colleges and Universities and Other Minority Institutions ($1 million).

USDA FOREST SERVICE

NASULGC recommends the creation of a $5 million Technology Transfer line under Cooperative Forestry Programs in Forest Service State and Private Forestry (S&PF).—There is currently no formal link between S&PF and the university-based research, extension, and technology transfer capabilities in states. We believe such a link would greatly strengthen cooperation among S&PF, state forestry agencies, forestry schools, industry, and landowners. Criteria for grants and cooperative programs should be established by consulting with university forestry and related natural resources schools and other educational or technology transfer entities.

We urge the strengthening of Forest Service Research and Development (R&D) through increased ties to university forestry research programs via cooperative agreements and competitive grants. Incremental increases for funding of cooperative agreements over the next five years would return their share of the R&D budget to historic levels of approximately 20 percent. For fiscal year 2005, we recommend a $5 million increase in R&D dollars committed to cooperative agreements. We also support the establishment of a major external competitive grant program in R&D to engage the broader research community in addressing critical research and outreach needs. In the fiscal year 2005 budget we recommend designation of $10 million for this purpose, eventually building to $40 million.

Prepared Statement of the National Wildlife Federation

Mr. Chairman, on behalf of our more than four million members and supporters of the National Wildlife Federation, thank you for the opportunity to express to your Subcommittee our funding recommendations for Interior Department and U.S. Forest Service programs in fiscal year 2005. The purpose of our testimony is to recommend levels of funding for a few specific programs that are vital to our mission to educate, inspire and assist individuals and organizations of diverse cultures to conserve wildlife and other natural resources and to protect Earth's environment in order to achieve a peaceful, equitable and sustainable future.

LAND CONSERVATION, PRESERVATION AND INFRASTRUCTURE IMPROVEMENT FUND (LCPII)

Enacted at the close of the 106th Congress, the fiscal year 2001 Interior appropriations conference report established the LCPII fund to address loss of open space, wildlife habitat, wildlands, and cultural treasures endangered by urban sprawl and development. We urge you to restore the commitment to fully fund LCPII at its originally dedicated level of $2.24 billion in fiscal year 2005, while the DOI appropriations portion of LCPII should receive $1.68 billion.

U.S. FWS

Endangered Species Program

The Endangered Species Act (ESA) is one of our nation's most important environmental laws and we are disappointed that the Endangered Species Program has not been funded at the level needed to carry out its critical purpose of preventing extinction and recovering our irreplaceable wildlife. The President's budget proposal is seeking to cut funding for the endangered species program by $7.6 million, or more than 5 percent. Out of the four core endangered species programs, the species recovery program would suffer the deepest cuts of more then 14 percent. Funding for candidate conservation and consultation also face significant reductions. The President's budget request allots only $129 million to ESA protections, although the needs of the FWS are much greater. In order for the FWS to fulfill its mission, we urge the Committee to appropriate at least $212 million toward the Endangered Species Program to fund the following critical activities:

—*Listing Program*.—While the President proposes a $5 million increase in the listing and critical habitat account, that amount will not begin to cover the backlog of species awaiting action on proposed listings and critical habitat designations. More than 250 candidate species have been denied the benefits of the ESA's safety net due to lack of resources. Candidates awaiting ESA protection include the Washington ground squirrel, sheath-tailed bat, gunnison sage grouse, friendly ground dove, lesser prairie chicken, band-rumped storm petrel and the elfin woods warbler. Some of these creatures have been candidates for years and could become extinct while waiting for ESA protection. In order to address the backlog of listings and critical habitat designations, FWS needs $30 million, or a $12.774 million increase in the listing account. (In April 2003, FWS estimated that it would take $30.6 million a year for five years, or $153 million, to clean up this backlog.).

—*Recovery Program*.—Under the President's budget the recovery program would be reduced by $9.8 million, or 14.4 percent below fiscal year 2004, even though FWS has said that more than 200 species currently listed under the Act are on the verge of extinction, primarily because not enough funds are available for recovery activities. The cut to recovery activities includes a $1.4 million decrease for wolf recovery in Montana, Idaho and Wyoming, thus potentially undermining one of the nation's greatest wildlife recovery success stories. Within this program, the Subcommittee should maintain its support of the Platte and Upper Colorado River Recovery Programs at last year's levels of $982,000 and $691,000, respectively. Loss of this funding would deny the Subcommittee the benefits of its past investments, since the Platte and Upper Colorado recovery programs are just now being implemented. In order to develop and implement recovery plans for all species that need them, FWS needs $110 million—a $51.8 million increase over the President's request.

—*Consultation Program*.—Consultation was cut by $1.7 million, even though it is projected that FWS will review approximately 77,000 federal actions under Section 7 in 2004, up from 56,000 in 2003. On top of this, FWS is responsible for monitoring about 370 approved Habitat Conservation Plans and will be reviewing 280 more that are currently in the pipeline. FWS will also be responsible for consulting with the Department of Defense (DOD) for over 300 Integrated Natural Resource Plans, due in 2006, to ensure the DOD is adequately protecting wildlife and natural resources on military installations. In order to ensure consultations are successfully completed in a timely manner, we urge the Committee to increase funding for consultation to $57.146 million, which is $11.696 million over the Presidents request.

—*Candidate Conservation*.—Candidate species are plants and animals for which the Service has sufficient information on their biological status and threats to propose them for listing as endangered or threatened under the Endangered Species Act, but for which listing is precluded due to lack of resources and other higher priority listing activities. The President has also proposed reducing the Candidate Conservation program by $1.198 million, despite the fact that efforts to protect candidate species at an early stage are cost-effective, reducing the difficulty and expense of species recovery. We request an increase to $14.808 million, which is $6.198 million over the Presidents request.

National Wildlife Refuge System Operations and Maintenance

NWF supports the Cooperative Alliance for Refuge Enhancement (CARE) recommendation of a $40 million increase over the fiscal year 2004 level to help reduce the $931 million maintenance backlog and address critical operations needs in the National Wildlife Refuge System.

State and Tribal Wildlife Grants

NWF commends the Administration for requesting $80 million for this program, but the need is much larger and growing, so we ask the Subcommittee to increase its support to $125 million. This is the nation's only program to keep the species of every state common. The State and Tribal Wildlife Grant program reflects the wisdom and experience federal, state, and private partners have gained over the last century in restoring game species and more recently in reversing the decline of the non-game species that citizens enjoy in their communities and rural areas. The program provides states and their partners a broad suite of conservation tools early enough to allow for meaningful and effective species conservation. The program strategically focuses resources on those species most in need of conservation, leverages state and private funding, and promotes scientific understanding of these species and their habitats.

Habitat Conservation

NWF supports the Administration's request of $5 million for the High Plains Partnership, which is a public-private partnership to proactively conserve declining grassland habitats and their wide-ranging species. The program stretches across the eleven High Plains states where 90 percent of the land is privately owned. The program uses land owner incentives and technical assistance to address the needs of species like the sage grouse, lesser prairie chicken, and black tailed prairie dog while making the private lands more economically viable.

Multinational Species Conservation Fund

Congress demonstrated its continued commitment to the Fund last year by increasing the appropriation to $5.6 million for the four mammal programs and $4 million for migratory birds. We ask for fiscal year 2005 that you again support these successful programs by appropriating $2 million each for the Asian Elephant and African Elephant Conservation Funds, $3 million each for the Great Apes and the Rhinoceros and Tiger Conservation Funds, and $5 million for the Neotropical Migratory Bird Conservation Fund. These funds will enable the Department of Interior to expand critical support for threatened populations of elephants, rhinos, tigers, great apes, and neotropical migratory birds in their natural habitats.

BLM NATIONAL LANDSCAPE CONSERVATION SYSTEM (NLCS)

We request an increase of $4.6 million in operations for the NLCS over the fiscal year 2004 budget for resource protection, archeological inventories, and law enforcement capability. Additionally, we request an additional $1.8 million in critical land acquisitions needs above the President's fiscal year 2005 request.

The NLCS is an American treasure that consists of 26 million acres of spectacular Western National Monuments, Conservation and Wilderness Areas, Trails, and Rivers. From red rock canyons to mountain peaks, from thousand-year-old archeological sites to dinosaur remains, these lands offer unparalleled opportunities for recreation, scientific learning, and protection of our nation's cultural history. Since its creation in June 2000, however, the nation's newest and most innovative conservation system has been underfunded, and is in critical need of adequate resources just to meet the planning requirements and to manage the growing number of visitors for these new units. The BLM is charged with conserving, protecting, and restoring the nationally significant landscapes of the NLCS. A shoestring budget, however, means critical needs go unmet; illegal and irresponsible off-road vehicle traffic increases, invasive species spread, land acquisition opportunities slip away, and ancient artifacts are vandalized.

NLCS Operations request of $4.6 million

—Headwaters Forest Reserve, California: $500,000 for restoration, scientific monitoring, and visitor education.
—Grand Staircase-Escalante National Monument, Utah: $1.5 million to study and protect geological and palentological resources and support essential science programs.
—Vermillion Cliffs National Monument, Arizona: $600,000 for resource protection and inventories.

—Grand Canyon-Parashant National Monument, Arizona: $400,000 for cultural and historic site research and protection.
—Canyons of the Ancients National Monument, Colorado: $150,000 to prevent looting and vandalism and protect cultural treasures.
—Carrizo Plain National Monument, California: $100,000 to restore wildlife habitat.
—Santa Rosa and San Jacinto Mountains National Monument, California: $500,000 for tamarisk removal, watershed assessment, and visitor education.
—Ironwood Forest National Monument, Arizona: $150,000 for an increased field presence and visitor education.
—Aqua Fria National Monument, Arizona: $350,000 for cultural resource protection and to improve the visitor experience.
—Upper Missouri River Breaks National Monument, Montana: $150,000 for an increased field presence, law enforcement, and visitor education.
—Black Rock-High Rock Emigrant Trail National Conservation Area, Nevada: $200,000 for wilderness boundary analysis and protection.

NLCS Land Acquisition request of an additional $1.8 million

We support the President's fiscal year 2005 request for Land and Water Conservation Fund projects for Canyons of the Ancients, Santa Rosa and San Jacinto Mountains, and Agua Fria National Monuments; El Malpais, and Colorado Canyons National Conservation Areas; and other NLCS units. In addition to those projects, we urge the Subcommittee to fund $512,000 for land acquisition along Ankle Creek in Steens Mountain Cooperative Management and Protection Area, Oregon; $500,000 to acquire Soda Mountain inholdings in Cascade-Siskiyou National Monument, Oregon; and $770,000 to acquire the Calf Creek parcel in Grand Staircase-Escalante National Monument, Utah.

U.S. FOREST SERVICE FOREST LEGACY PROGRAM

NWF commends the Administration for requesting $100 million for the Forest Legacy Program, but the need is much larger and growing, so we ask the Subcommittee to appropriate $150 million for the program. Forest Legacy protects environmentally important forests that are threatened with conversion to non-forest uses and protects local communities and their way of life. The program has been especially important in states where there are few federal land holdings and where timber companies are consolidating and selling their lands.

LAND AND WATER CONSERVATION FUND (LWCF)

The federal LWCF provides funding for the acquisition of valuable wildlife habitat by the federal land management agencies. Stateside LWCF provides matching funds for state and local recreation and conservation programs. The LWCF is an important tool to help halt the destruction and fragmentation of millions of acres of habitat that occurs annually throughout the U.S. LWCF funding also helps to conserve and restore declining native species prior to a necessity to list them as endangered or threatened under the Endangered Species Act (ESA). We urge the Subcommittee to provide $450 million for Federal LWCF and $300 million for Stateside LWCF in keeping with the previously agreed-upon levels of funding for LCPII.

Thank you for providing us with this opportunity to testify on the budget requests for the Interior Department and U.S. Forest Service.

PREPARED STATEMENT OF THE NEW ENGLAND FORESTRY FOUNDATION

I respectfully request an appropriation of $3 million in the fiscal year 2005 Interior budget in Forest Service budget as part of the State and Private Forestry allocation for the Forest Stewardship Program and $2 million in Forest Legacy Program. These funds would be used in support of the Downeast Lakes Forestry Partnership in Washington County, Maine.

Led by the New England Forestry Foundation, the partnership will permanently conserve 339,000 acres of forestland strategically positioned between more than 600,000 acres of conserved lands in New Brunswick and 200,000 acres of state, federal and Native American lands in Maine making the overall conservation impact one million acres of essentially uninterrupted habitat across an international boundary. Partners include the Downeast Lakes Land Trust, Passamaquoddy Tribe, Domtar Industries, Maine Department of Conservation, Sportsman's Alliance of Maine, and the National Wildlife Federation to name just a few. The most important bird breeding area identified by the US Fish and Wildlife Service in Bird Conservation Region 14, conservation of these lands is critical. The forest resource values of these lands are unparalleled in the northeast.

The Partnership will:

—Strengthen the economy of the Grand Lake Stream area by assuring the continued availability of the natural resource base for traditional uses;
—Assure the easement lands will continue to be managed as forestlands;
—Enable the locally based Downeast Lakes Land Trust to own and manage forestland for the benefit of the local economy and ecology;
—Provide uninterrupted habitat for resident and migratory species
—Assure the integrity of water quality on more that 60 lakes;

The Natural Resources Conserved include:

—More than 445 miles of lake shoreline;
—More than 1,500 miles of river and stream shore;
—A least eight active Bald Eagle nests;
—More than 10 percent of the loons of northern Maine;
—More than 54,000 acres of productive wetland;
—A tremendous cold water fishery for salmon and bass;
—Habitat for more than 183 bird species including at least 23 warblers;
—Habitat for loons, American black ducks, Canada geese, wood ducks;
—Habitat for bear, moose, deer, pine marten, beaver, otter and other mammals; and
—Historic Native American canoe routes

Thanks you for your consideration and for this opportunity. If there are questions please do not hesitate to communicate with me.

Prepared Statement of the Northern Forest Alliance

The 26-million-acre Northern Forest stretching from Maine's St. Croix River through New Hampshire and Vermont to the Adirondacks and Tug Hill in New York is a lifeline to millions of Americans. Clean air, clean water, wilderness and abundant wildlife are but a few of the gifts the forest offers to the 70 million people living within a day's drive. The forest's capacity to grow quality timber for high-value manufacturing; to lure visitors with breathtaking displays of natural beauty; and to showcase a rich cultural and historical tradition are the cornerstones on which to build a robust regional economy.

The Northern Forest Alliance is a coalition of more than 40 state, regional and national organizations dedicated to the protection and stewardship of the region. Together we represent the interests of more than one million people. On behalf of the Alliance I am submitting testimony in strong support of a significant increase in funding for the Forest Legacy Program to at least $150 million, and for full funding of the Land and Water Conservation Fund. Also, as you know, in 2000 Congress approved Title VIII, the Conservation Trust Fund (Title VIII), which should be funded in fiscal year 2005 at $2.24 billion, as originally authorized. It is critical for conservation efforts not only in our region but across the country that the array of programs included in this title be fully funded.

THE CASE FOR SIGNIFICANTLY INCREASED FUNDING FOR THE FOREST LEGACY PROGRAM

In recent years the number of compelling projects in need of funding under the Forest Legacy Program, along with its popularity, has grown exponentially. A major reason for the success of the program is that the conservation mechanisms available under the program are able to address a range of legitimate conservation needs of the 21st century: the program enables landowners to retain ownership of their land and continue to earn income from it; conserves open space, scenic lands, wildlife habitat, and clean water; and ensures continued opportunities for outdoor recreational activities such as hunting, fishing, and hiking. In addition, with its minimum requirement of 25 percent non-federal matching funds, the program leverages state and private dollars to complement federal money, creating partnerships that have lasting value.

Authorized by Congress in 1990, the Forest Legacy Program helps preserve working forestlands and protect critical resources. As our population grows and land values rise, many private productive forests are in danger of conversion to housing subdivisions or second-home development. The United States loses more than half a million acres of privately-owned timberland to development each year. These changes are impacting the economic integrity of our forest-based communities, and they are also limiting the amount of recreational open space and critical wildlife habitat we all enjoy. The Forest Legacy Program, administered by the U.S. Forest Service through grants to states, provides a mechanism and a small pot of federal funds for protecting forestland and the multiple benefits these lands provide. It is increasingly apparent, however, that the modest funds historically provided for this program, despite the increase in fiscal year 2003, is woefully inadequate to meet current and future projected demand.

FOREST LEGACY SUPPORTS WORKING FORESTS

A central purpose of the Forest Legacy Program is to ensure the continuation of a traditional working forest rather than fragmentation and subdivision. Under a Forest Legacy easement, the landowner or other parties may continue to harvest timber according to the terms of the agreement. If a landowner chooses to sell the timber harvesting rights, they may do so, but under many existing Forest Legacy easements, the landowner has retained harvesting rights and agreed to specific language governing harvest methods.

With a tradition of using the forest that goes back hundreds of years, Northern Forest residents are not eager to see the forest subdivided and the lakeshores built up. Converting woods to house lots puts an end to local forest dependent businesses ranging from timber and paper production to guiding and cultural tourism. Breaking up the forest disrupts wildlife and jeopardizes water quality. Private driveways and "No Trespassing" signs change the culture and character of the region. And so local residents have banded together to identify the most important places that are for sale. They're working with state agencies, legislatures, non-profits and private donors to protect more than 800,000 acres in the Northern Forest from development this year.

But they cannot do it on their own; they need assistance from the Forest Legacy Program to realize their goals. To meet growing national demands, the Forest Legacy Program should be funded at $150 million in fiscal year 2004. In the Northern Forest, we're depending on a $38- million-dollar investment this year to realize the potential of this public-private collaboration for protecting our intact forests. It's an opportunity that cannot be missed, for the sake of conserving a landscape, a regional economy, and a cherished way of life.

FOREST LEGACY SUPPORTS PRIVATE LANDOWNERS' RIGHTS

Through conservation easements, a landowner can voluntarily sell development rights, continue to generate economic activity, and maintain a traditional landscape for the next generation to enjoy. Through the purchase of conservation easements, a landowner's private property rights are being protected. It is the landowner who decides whether or not to limit development of their property, and they are fairly compensated for the rights purchased.

FOREST LEGACY PROMOTES PARTNERSHIPS AND LEVERAGES FUNDS

The Forest Legacy Program offers the opportunity for the federal government to work in partnership with states, local communities and private landowners to ensure that the multiple benefits found on forest lands—economic sustainability, wildlife habitat protection, and recreational opportunities—are secured for future generations. Since its inception, the program has proven extremely popular but unable to meet the demand across the nation. In fiscal year 2003 states submitted funding requests totaling over $300 million in Forest Legacy funding, yet less than a third was appropriated. In addition, several other states are in the process of enrolling in the program in the near future, increasing the demand for funding.

SUMMARY: FISCAL YEAR 2005 NORTHERN FOREST REQUESTS

[Dollars in millions]

Property	Total project acreage	Fiscal year 2005 legacy request	Total project cost
Forest Legacy:			
Maine:			
Katahdin Forest	236,000	$5.00	$50.00
Machias River Headwaters	32,630	4.00	9.15
New Hampshire: 13-Mile Woods	5,316	2.00	3.8
New York:			
Tahawus: Headwaters of the Hudson	10,035	5.00	8.50
Sable Highlands	104,000	5.00	8.50
North Branch of the Moose River	2,000	1.50	8.70

SUMMARY: FISCAL YEAR 2005 NORTHERN FOREST REQUESTS—Continued

[Dollars in millions]

Property	Total project acreage	Fiscal year 2005 legacy request	Total project cost
Total Forest Legacy	389,981	22.50	....
LWCF—Federal Grants Program:			
White Mountain NF (NH & ME)	4,945	2.76	....
Silvio Conte NWR (NH & VT)	2,000	1.0	....
Lake Umbagog NWR (NH)	10	1.20	
Total LWCF—Federal Grants Program	6,955	4.96	....
LWCF—State Grants Program—the Long Trail (VY)	410	.20	....
Various Funding Sources:			
Katahdin Iron Works	37,000	14.20	
Downeast Lakes	339,000	35.0	....
Total Various Funding Sources	376,000	49.20	....

[Dollars in millions]

Agency/Program	Region	Request
Economic Programs:		
USDA State and Private Forestry Division:		
Land Owner Assistance Programs	National	$50
Economic Action Programs	National	$50
USDA Rural Development Division: Rural Business Enterprise and Opportunity Grants	Northern Forest States	$4

FOREST LEGACY IS A POPULAR AND GROWING PROGRAM

Thirty-six States are currently enrolled in the Forest Legacy Program, and several other states are currently developing plans for enrollment in the program or considering beginning the planning process.

Congressional support for the program has steadily grown, with funding levels increasing from $7 million in fiscal year 1999 to over $70 million in fiscal year 2004 Significantly the Administration has requested $100 million for the program for fiscal year 2004, and increase of $9 million over last year. Even at this level, however, several properties being offered for protection by willing landowners and states through the Forest Legacy Program could not be fully funded and will have to be carried over to the following year. The Northeast in particular has an abundance of worthwhile projects and documented needs for Forest Legacy funding which will go unmet unless Forest Legacy is significantly increased or other sources of funding are identified.

The Forest Legacy Program must be funded at $150 million annually on a dependable basis to meet the nation's need for conserving large tracts of forest with easements. Legacy is an essential tool in land conservation because it enables a public/private partnership for protecting the many public benefits of large tracts of forest land. It is clear that Forest Legacy will play an important role in completing the emerging conservation projects in the Northern Forest.

We challenge Congress to fully fund the Land & Water Conservation Fund at $900 million annually, State Wildlife Grants at $350 million annually, and to fund the Forest Legacy Program at a minimum level of $150 million, and the Conservation Trust Fund at $2.24 billion to meet the conservation needs of the 21st century.

Mr. Chairman and ranking member, as we begin the 21st Century we are faced with an historic opportunity to conserve places of extraordinary natural and public value. The work of protecting and caring for these special places must be a partnership that engages government, businesses and non-profit organizations. But federal funds, leadership and expertise are a critical element of this partnership. We urge the continued commitment of Congress to work with the people of Maine, Vermont, New Hampshire and New York to protect these irreplaceable resources. Thank you for considering our request.

PREPARED STATEMENT OF THE ORNITHOLOGICAL COUNCIL

The Ornithological Council appreciates the opportunity to submit this written testimony regarding the fiscal year 2005 funding for the U.S. Fish and Wildlife Service, the U.S. Geological Survey, and the Forest Service.

The Ornithological Council consists of eleven leading scientific ornithological societies—the American Ornithologists' Union, Association of Field Ornithologists, Secc'on Mexicana Consejo Internac'onal para la Preservacion de las Aves (CIPAMEX), Cooper Ornithological Society, Neotropical Ornithological Society, Pacific Seabird Group, Raptor Research Foundation, Society of Canadian Ornithologists, Society of Caribbean Ornithology, Waterbird Society, and Wilson Ornithological Society—that have a collective membership of nearly 6,500 ornithologists. It is our mission to provide scientific information about birds to legislators, regulatory agencies, industry decision makers, conservation organizations and others, and to promote the use of that scientific information in the making of policies that affect birds and the science of ornithology.

U.S. FISH AND WILDLIFE SERVICE

We recommend that the Neotropical Migratory Bird Conservation Act be funded at the full $5 million that is authorized.—This small program, which has only been funded for 2 years, has proved to be extremely effective in generating leveraged funds for bird conservation. Although the required match is 3:1, the Congressional appropriations for the NMBCA have actually been matched at a ration of 4:1. Since the termination of a USAID program for Neotropical Migratory Birds, the NMBCA funds are critical to projects that protect, restore, and manage habitat for migratory birds and other wildlife in Latin America and the Caribbean. This work, in turn, is critical to bird conservation efforts within the United States. If we don't conserve the birds throughout their range, funds spent in the United States will not be as effective.

For the Division of Migratory Bird Management, we request a $2.5 million more than was requested by the President's budget request.—These funds are needed for essential bird monitoring and research. This science support is critical as we continue to improve capacity to deliver effective bird conservation. Basic population surveys are lacking for many species to make key management decisions. The President's proposed budget includes an increase of $4.6 million, but much of that increase is earmarked for specific projects. This still leaves the Division $2.5 million short of its requirements to deliver the minimum scientific services needed.

As an organization whose members must obtain a wide variety of permits to conduct research on wild birds, we strongly recommend that the $767,000 in the budget be approved to fill a documented operating deficit in the permits program. This funding is included in the President's request. We stress its importance, however, not just because our members must have permits for their research, but because the research they conduct generates millions of dollars worth of scientific information needed for bird conservation and management.

We also wish to express strong support for the proposed Science Excellence Initiative and request that it be funded with $2 million, as requested by the President.—Ever since the transfer of research biologists from the Department of Interior management agencies to the USGS, there have been challenges in assuring that the biological information needed by these agencies is conducted and the information transferred back to the agencies. The USFWS and the USGS have now started to create a positive, forward-looking program to address these challenges, and we hope that the Congress would encourage this effort. The President's request, however, failed to include the $500,000 that the USGS needed to fully participate in this effort. We hope that the Congress will provide these funds to USGS.

We join with our colleagues in the Bird Conservation Funding Coalition in supporting the President's requests for:

North American Wetlands Conservation Act—$54 million

Joint Ventures—$11.6 million

We also join with our colleagues in the Bird Conservation Funding Coalition in calling for an appropriation of $125 million for the State Wildlife Grants.

UNITED STATES GEOLOGICAL SURVEY

We join with our colleagues in the USGS Coalition in urging Congress to increase the budget of the U.S. Geological Survey to $1 billion in fiscal year 2005—the 125th anniversary of this vitally important federal agency.—The USGS Coalition is an alliance of 58 organizations united by a commitment to the continued vitality of the unique combination of biological, geographical, geological, and hydrological programs of the United States Geological Survey.

In addition to a 4 percent direct cut, the proposed USGS budget contains $17.2 million in uncontrollable cost increases, of which $9.1 million would be funded in the budget and $8.1 million would be "absorbed" by various programs. Without full funding of uncontrollable cost increases, USGS program managers may be forced to curtail on-going research, hindering or preventing the delivery of data needed by natural resource managers and others.

As biologists, we are of course particularly worried about the proposed 1.6 percent cut to the Biological Resources Discipline. The proposed $172 million would continue a trend of deteriorating staffing levels, including research and support staff and insufficient funding for research staff to actually do research! Without equipment, vehicles, research technicians, and travel funds, the scientists cannot do the work they are being paid to do, and that the Department of the Interior agencies need for proper natural resource management.

FOREST SERVICE

We support the President's requested increase of $15 million for Forest and Rangeland Research.—This is a vital program that generates world-class scientific information for the proper management of the natural resources managed by the Forest Service.

PREPARED STATEMENT OF THE WASHINGTON TRAILS ASSOCIATION AND THE PACIFIC CREST TRAIL ASSOCIATION

On October 20, 2003, heavy rains pummeled the North Cascades mountain range, bringing record floods that uprooted old growth trees like matchsticks and revealed ash from an eighteenth-century eruption of Glacier Peak. During the resulting floods, dozens of road and trail bridges were washed out, and some of the most popular trails and campgrounds along the west slope of the Cascades were severely damaged. To repair the trails and campgrounds damaged by these floods, the Mt. Baker-Snoqualmie National Forest requires an additional $4.4 million in emergency appropriations.

Current agency budgets cannot accommodate the additional burden of storm damage repair. Indeed, with recent cuts, recreation budgets for Northwest forests are barely sufficient to meet daily operational needs. Congress must make emergency funding available to address this damage. Without additional funding, more than two dozen campgrounds and trails enjoyed by a combined total of more than 100,000 visitors per year, will remain closed to the public for the foreseeable future.

Many of the most popular hiking and climbing trails in Washington are no longer accessible or navigable, including:

—a 35-mile section of the Pacific Crest National Scenic Trail

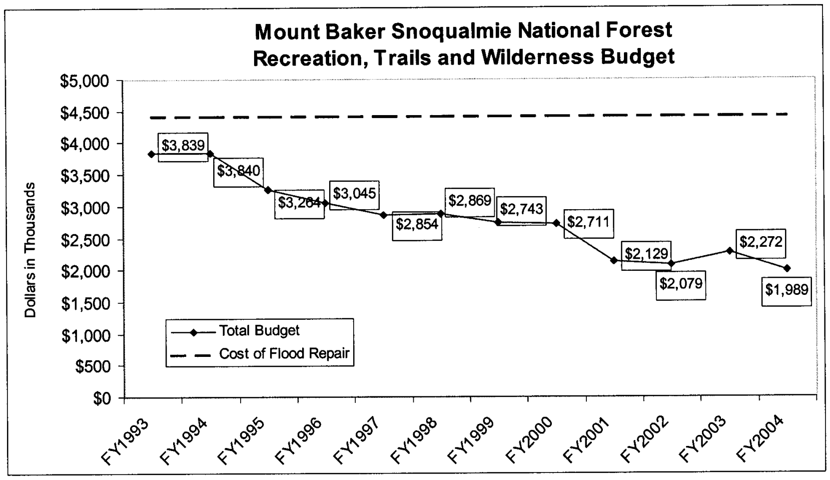
—access to the main climbers' route up Glacier Peak

—eagle and wildlife viewing trails along the Suiattle and Sauk river

—the wildflower meadows of Mt. Baker's southwest flank.

In many cases, the barriers to access are road and bridge washouts that will be addressed through Emergency Relief for Federally Owned Roads (ERFO) funding. However, emergency money has not been made available for trails and campgrounds. To fully restore these recreation opportunities, ERFO funding must be made available for trails and related facilities or Congress must appropriate an additional $4.4 million to cover the cost of repairing flooded campgrounds and reconstructing several popular trails.

Existing Forest Service budgets cannot absorb the costs associated with repairing these facilities. A combination of Congressional appropriations and user fees have allowed the Forest Service to conduct a bare minimum of maintenance and operations in recent years. There is no contingency for acts of nature and other disasters.



The cost of bridge replacement and tread repair along the Pacific Crest National Scenic Trail ($1.2 million) is almost the entire size of the Mount Baker Snoqualmie National Forest's annual recreation budget.

The Pacific Crest Trail bridges, and others included in this request, cross substantial glacial streams and are necessary for the safe passage of hikers and equestrians. In other places, hikers seeking to circumnavigate a section of washed out trail will be forced to scramble through dense forest and rough terrain—or, more likely, to turn back altogether. Because of the scale of the damage and the rugged terrain, the missing bridges and washed out trails included in this request represent a significant, and in some cases, insurmountable, hazard.

The job of repairing these facilities will not be easy—nor will it be inexpensive. Particularly along the Pacific Crest Trail, extensive surveys will be needed to find new locations for washed out bridges and their approaches, as the water channels may themselves have changed locations. Several washed out trails will have to be relocated entirely because the previous site no longer exists or is stable enough to support recreation traffic.

Volunteer groups such as Washington Trails Association have already pledged to leverage any repair funds provided by coordinating volunteer work parties wherever possible. This in kind contribution could easily total more than one hundred thousand dollars. This summer, Washington Trails Association has scheduled more than ten weeks of work to rebuild and repair storm damaged trails throughout the Cascades, in addition to its regular workload of annual maintenance. However, volunteers cannot do the engineering, surveys or bridge construction that will form the bulk of the storm damage repair. Additional funding from Congress is needed for this work.

In the meantime, tens of thousands of Washington residents will be impacted by the loss of access to trails and campground facilities:

—The Pacific Crest National Scenic Trail attracts more than 5,000 hikers annually, including many thru-hikers' from around the country who pass through the area as they travel the trail's route from Mexico to Canada.

—The Whitechuck Trail, which was destroyed by the floods, is used by several thousand visitors each year, including the more than 1,000 climbers who use this trail as their main access route for Glacier Peak.

—With 10,000 visitors each year, the Park Butte Trail is one of the most popular day hikes in the North Cascades.

Businesses and outfitters who depend upon these opportunities will be negatively impacted until the flood damage can be repaired.

Outdoor recreation contributes $4.1 billion to Washington's economy each year, possible only if our public lands are available to local residents and travelers from around the country and around the world. To ensure that recreation continues to be a key part of both a strong economy and a healthy community, Congress must support our parks and forests with adequate annual appropriations and the additional investment required by unusual and disastrous storm events.

Thank you for considering this information. Please let us know if we can provide further information that would be helpful to the committee's work.

PREPARED STATEMENT OF THE SOCIETY OF AMERICAN FORESTERS

The Society of American Foresters (SAF) represents approximately 17,000 forestry professionals in all sectors of the profession. SAF members pledge to use their conservation ethic to ensure the continued health and use of forest ecosystems and the present and future availability of forest resources to benefit society. We offer the following suggestions for moving toward these ideals through federal appropriations to the land management Agencies' charged with sustaining the health, diversity, and productivity of our nation's forests. With the understandable restriction on the length of this testimony, it is difficult to provide the in-depth analysis we would normally provide but we will gladly provide any details which need further explanation. The attached table outlines those items for which we offer specific suggestions.

State and Private Forestry.—While we recognize the need to address pressing forest health and other management issues on national forest system lands, we are concerned with the apparent lack of attention given to family forest initiatives in the proposed budget. This lack of attention is evident in the reductions proposed for programs like Forest Health Management, State Fire Assistance, as well as in the "cancellation" of the Forest Land Enhancement Program.

Family-owned forests constitute over 50 percent of the nation's forest lands. Almost all endangered species spend at least part of their time on private land. More than 80 percent of our nation's total precipitation falls first on private lands and 70 percent of eastern watersheds run through private lands. These forests are inflicted with some of the same problems as our federal forest lands. The goals of the Healthy Forest Restoration Act and the Healthy Forest Initiative, and the mission of the Agencies can only be met through a comprehensive approach to forest management, addressing these issues on both private and public forests.

Forest Health Management.—With over 70 million acres of U.S. forestland threatened by forest health issues such as insects, disease, and invasive species, and over 73 million acres at risk of catastrophic wildfire, the Forest Health Management program is increasingly important for both federal and non-federal lands. Through this program, in both State and Private Forestry and Wildland Fire Management, damaging insect outbreaks are slowed, communities are protected, and invasive species damage is mitigated. Additionally, this program minimizes the likelihood of these occurrences in the future. Congress should fund this program at least at 2004 enacted levels to maintain our nation's proactive approach for these issues.

Forest Land Enhancement Program.—FLEP has been subject to several problems since implementation began in fiscal year 2003, including a $50 million transfer of funds to cover wildfire suppression costs with only $10 million restored, a failure to release funding for the program in fiscal year 2004, and now the proposed elimination of the program in the fiscal year 2005 budget. FLEP is unique in that it assists family forest owners in implementing conservation practices on their land. FLEP helps make owning forestland and meeting conservation goals an economically viable option for family owners. Landowners can then keep their land as forests, rather than converting to other, often higher paying uses. This program assists the over 9.9 million families who own forests across this nation as well the hundreds of millions of people who rely on the clean water and air and other benefits these forests provide. We urge Congress to reject the proposed language and to restore funding and implementation of this program.

Emerging Pests and Pathogens Fund.—While we support the concept behind this fund, we recommend incorporating the proposed funding into Forest Health Management accounts. The objectives of this fund can be achieved through existing mechanisms and therefore creation of a separate fund is unnecessary. Additionally, inadvertently, creating this separate fund could preclude the Agency from addressing forest health issues that aren't covered under this Fund but are equally important.

State and Volunteer Fire Assistance.—Unfortunately, wildfires do not respect ownership boundaries. Thus it is important to conduct fire planning and prevention, community and natural resource protection, and hazardous fuels treatment on both federal and non-federal lands. State Fire Assistance makes these actions possible on non-federal lands. Because local fire departments or state agencies are often the first to arrive at both federal and non-federal lands wildfires, preparedness, training, and planning among these local resources is key. Funding for these Assistance programs under both state and private forestry and wildland fire management should at least be maintained at fiscal year 2004 enacted levels, to maintain the level of preparedness and protection among the over 22,000 communities at risk of wildfires.

Economic Action Programs (EAP).—With the enactment of the Healthy Forest Restoration Act, the Healthy Forest Initiative, and the massive accumulation of fuels in forests across the country, community-based forestry as a means to address these issues is increasingly important. EAP assists communities in capacity and infrastructure development and in improving coordination with federal agencies to address natural resource issues on both public and private lands. Because of the increasing need to improve rural community economies and address forestry issues through integrated approaches, EAP should at least be maintained at fiscal year 2004 levels in fiscal year 2005.

National Forest System.—National forest system lands are an integral component of this country's forested landscape. Because of the interrelationships between these federally owned lands and other public and private lands, land management planning for these lands is imperative. However, the Agency spends astounding amounts of time and resources on planning, both project level and forest level planning. The proposed budget includes a decrease in funding for Land Management Planning, and we hope this decrease reflects expected efficiencies in planning rather than a decline in capability. We urge the Agency to produce forest planning regulations that will result in efficiencies and an overall reduction of the time and resources needed to conduct planning.

Healthy Forest Initiative/Healthy Forest Restoration Act.—Management of fuel loads through mechanical treatment combined with other approaches such as prescribed fire and wildland fire use will improve the health and viability of the nation's forests. We are encouraged to see emphasis on forest health issues and the increase in the number of acres to be treated in fiscal year 2005. We encourage the use of stewardship contracting and other mechanisms to accomplish this work. Along with this emphasis, we encourage Congress and the Administration to address infrastructure issues associated with this work, including maintaining existing capacity and also building capacity where necessary.

Wildland Fire Management.—Last year, wildfires burned over 3 million acres. The 2004 season looks to be similar or worse than the 2003 season. The costs of preparedness and suppression continue to rise as droughts persist, fuels build up, and the wildland urban interface areas become increasingly complex. For the past two years, inadequate suppression funding has led the Agencies to transfer funds from other projects to cover suppression costs. Projects that can mitigate wildfire risk and ultimately reduce costs as well as other critical forest management projects were delayed or discontinued altogether. We urge Congress to find a solution to the suppression funding problem. Any solution should include cost containment and accountability mechanisms to ensure the Agencies reduce costs to the greatest extent possible given safety and resource protection concerns.

Rehabilitation and Restoration.—The goals of the Healthy Forest Initiative and the Healthy Forest Restoration Act of 2003 can only be achieved if fuel loads are reduced and our forests are restored to ecosystems that are resilient to disturbance events such as fire and insect outbreaks. Only then will our communities, water supplies, wildlife and other natural resources be protected. Congress should recognize the need to conduct preventative treatments such as hazardous fuels projects as well as rehabilitate and restore forests after fires to protect these valuable resources.

Forest and Rangeland Research.—The Forest Service's research program is the largest forestry research effort in the United States. This program is critical for finding solutions to many of the forestry problems we face as a nation, through both short and long term research endeavors. We encourage the Agencies to begin utilization of the tools in Title IV of the Healthy Forest Restoration Act. Equally as important, is the transfer of knowledge to forest managers and land owners to implement new ideas and solutions on-the-ground. We strongly support the focus in the proposed budget on technology transfer of research findings and encourage the Agency to utilize existing mechanisms such as State and Private Forestry Programs and Extension Agents at universities across the country, to achieve this goal. Through this renewed emphasis, there should also be an effort to improve connections between the user of forest research and the researchers.

Forest Inventory and Analysis.—The FIA program is the crucial source of information assessing the sustainability of the nation's forests. Today, FIA is the only program that monitors the extent, condition, uses, impacts of management, and health of the forest ecosystems across all ownerships in the United States. The program provides comprehensive analysis of resource trends as a basis for improved resource management and protection. We strongly urge Congress to fund the FIA program at the level authorized in the 1998 Farm Bill. This funding is necessary to implement the program as mandated in the Farm Bill, including implementing an annual inventory in all states.

National Forest Foundation.—The National Forest Foundation continues to provide outstanding leadership in natural resource management, providing valuable programs and services to the Agency and the public. We encourage you to increase funding for the NFF.

Bureau of Land Management.—The BLM manages a total of 262 million acres of public lands, 55 million of which are forested lands. There is a significant disconnect between the number of acres of forest land the BLM manages and the number of forest management experts that are employed by the BLM. Congress should appropriate increases in funding to address this disconnect, especially in light of the additional authority granted under the Stewardship Contracting provisions as well as the Healthy Forest Initiative and related legislation.

[In millions of dollars]

Discretionary Appropriations	Fiscal year			
	2003 enacted	2004 enacted	2005 proposed	2005 SAF request
Forest and Rangeland Research [1]	250.0	214.7	229.0	214.7
Forest Inventory and Analysis [2]	55.1	56.7	56.7	68.9
State and Private Forestry Total [1]	284.7	[3] 294.8	294.8	359.0
Forest Health Management-Federal	50.0	53.8	46.0	53.8
Forest Health Management-Cooperative	30.8	44.7	25.2	44.7
Emerging Pest and Pathogens Fund	......	......	10.0	......
State Fire Assistance	25.5	[3] 28.3	25.1	28.3
Volunteer Fire Assistance	5.0	5.0	5.0	5.0
Forest Stewardship	32.0	31.9	40.7	40.7
Watershed Forestry Assistance	......	......	......	15.0
Forest Legacy Program	68.4	64.1	100.0	100.0
Urban and Community Forestry	36.0	34.9	32.0	40.0
Economic Action Programs	26.3	25.6	......	25.6
International Forestry	5.7	5.9	5.4	6.0
National Forest System Total	1,353.4	1,624.2	1,655.8	1,655.8
Land Management Planning	71.7	70.0	59.1	59.1
Inventory and Monitoring	......	169.7	191.3	191.3
Forest Products	263.6	265.0	274.3	274.3
Hazardous Fuels	226.6	258.3	266.2	266.2
Expedited Consultation	......	......	......	......
Wildland Fire Management Total	1,371.0	1,688.7	1,428.9	1,494.5
Preparedness	612.0	671.6	[4] 658.2	658.2
Fire Operations	418.0	[5] 896.4	685.4	685.4
Rehabilitation and Restoration	7.1	6.9	3.0	10.0
Fire Research and Development	21.2	22.0	19.4	22.0
Joint Fire Sciences Program	7.9	7.9	8.0	10.0
Forest Health Management—Federal	......	14.8	7.2	14.8
Forest Health Management—Cooperative	9.9	9.9	5.5	9.9
Economic Action Programs	5.0	......	......	5.0
State Fire Assistance	46.2	51.1	34.2	51.1
Volunteer Fire Assistance	8.2	8.1	8.0	8.1
Community and Private Land Fire Assistance	......	......	......	20.0
Capital Improvement and Maintenance Total	548.5	555.2	501.1	431.2
Facilities	202.3	214.4	191.3	191.3
Roads	231.3	234.5	227.9	227.9
Infrastructure Improvement	45.6	31.6	10.0	12.0
Land Acquisition/L&WCF Total	132.9	67.7	68.2	25.0

[In millions of dollars]

Discretionary Appropriations	Fiscal year			
	2003 enacted	2004 enacted	2005 proposed	2005 SAF request
Other Appropriations	10.3	8.5	9.1	9.1

[1] This number does not include funding for FIA, as it is broken out in a separate line.
[2] This includes funding allocated under S&PF and Research in the proposed budget.
[3] This figure does not include $30 million in supplemental funding for California in the fiscal year 2004 Interior Appropriations bill.
[4] This figure does not include $8 million for Joint Fire Sciences, as we chose to separate JFS as another line item.
[5] Includes regular appropriations and supplemental appropriations.

Prepared Statement of the State of Delaware, Department of Natural Resources & Environmental Control, Division of Fish & Wildlife

On behalf of the Teaming with Wildlife Steering Committee, we request your support for the State Wildlife Grants program in fiscal year 2005 Interior and Related Agencies Appropriations. Teaming with Wildlife is a broad coalition of more than 3,000 groups who have united to enhance America's wildlife resources. We are dedicated to achieving increased federal funding for state-level fish and wildlife conservation, education, and recreation, to ensure a bright future for all fish and wildlife and the habitat on which they depend. We strongly urge you to appropriate $125 million for State Wildlife Grants in fiscal year 2005.

The State Wildlife Grants program is the nation's core program for preventing wildlife from becoming endangered in every state. The program leverages federal funds to assist state fish and wildlife agencies in conserving wildlife and habitat. The federal government and states have had a strong partnership for decades in the conservation of wildlife species that are hunted and fished—this program extends the same support to all wildlife.

State Wildlife Grants provide essential resources to state agencies to conserve fish, wildlife, and habitat, and to prevent further declines in at-risk fish and wildlife populations. More than 1,000 species are imperiled, or listed as federally threatened or endangered, with many more under consideration for listing. While we understand that Congress must make difficult programmatic decisions during this time of fiscal constraints, it is critical to recognize that State Wildlife Grants ultimately save federal taxpayer dollars. Experience shows that efforts to restore imperiled wildlife are difficult and costly. State Wildlife Grants enable states to be proactive and avert such conservation catastrophes, saving wildlife and taxpayer dollars, and improving our

The Honorable Conrad Burns April 30, 2004 Page Two quality of life by conserving wildlife for the benefit of millions of Americans. Further, in difficult budget times, the State Wildlife Grants program is even more effective, as it leverages federal dollars with state and private funds furthering national goals at less federal expense.

We are very pleased that the President has recognized the significance of this program and supported $80 million for State Wildlife Grants in fiscal year 2005, an increase above fiscal year 2004's enacted level. However, funding has been variable over the last few years and we hope to see this funding restored to the Conservation Trust Fund's anticipated higher level. A funding level of $125 million will ensure that every state receives at least $1 million to maintain the critical on-the-ground conservation work that they are doing. Reliable funding is essential for these activities to succeed over the long term.

Because the State Wildlife Grants program is so effective, it enjoys consistent, bipartisan support in Congress. Even in a tight budget year, Members of Congress are asking for additional funding for this effective program. As you know, 52 Senators from both parties and every part of the nation recently signed a letter supporting a funding level of $100 million for State Wildlife Grants. A second letter, supporting full funding for the Conservation Trust Fund and, therefore, an effective funding level of $165 million for State Wildlife Grants, recently attracted the support of 50 Senators. The State Wildlife Grants program also enjoys strong support in the House of Representatives, where 111 Representatives recently signed on to a letter of support for a funding level of $100 million.

We understand the many pressing needs of the nation at this time, but we stress that a nation strong in its international role must be strong in its support for and conservation of its natural resources, including fish and wildlife. We need and sincerely appreciate your help with annual funding, and are hopeful that we can work together to bring dependability to these funds, which will be necessary to achieve long-term fish and wildlife conservation objectives for all citizens.

PREPARED STATEMENT OF THE UPPER MISSISSIPPI RIVER BASIN ASSOCIATION

The Upper Mississippi River Basin Association (UMRBA) is the organization created in 1981 by the Governors of Illinois, Iowa, Minnesota, Missouri, and Wisconsin to serve as a forum for coordinating the five states' river-related programs and policies and for collaborating with federal agencies on regional water resource issues. As such, the UMRBA has an interest in the budget for both the U.S. Fish and Wildlife Service and the U.S. Geological Survey.

U.S. FISH AND WILDLIFE SERVICE

The U.S. Fish and Wildlife Service has important responsibilities in the Upper Mississippi River Basin, including management of federal refuge lands and coordination with other federal, state, and local agencies on river-related ecological issues. The UMRBA strongly supports funding necessary to enable the Fish and Wildlife Service to fulfill its responsibilities in the Upper Mississippi River Basin.

National Wildlife Refuge System.—The U.S. Fish and Wildlife Service administers over 250,000 acres of land and water scattered along the Mississippi and Illinois Rivers from the most northerly unit near Wabasha, Minnesota to the most southerly unit near Gape Girardeau, Missouri. This includes the Upper Mississippi River National Wildlife and Fish Refuge (NWFR), Mark Twain NWR Complex, and Illinois River NWFR Complex. The existence of this extensive national refuge system is, in part, the reason that, in 1986, Congress designated the Upper Mississippi River System as a "nationally significant ecosystem and a nationally significant commercial navigation system."

The UMRBA strongly supports funding for Refuge Operations and Maintenance. In fiscal year 2004, operation and maintenance funding for the three refuges along the Upper Mississippi and Illinois Rivers will likely total $6 million. For the past few years, the baseline budgets for the refuges along the Upper Mississippi and Illinois Rivers have been supplemented by carryover funds from flood-related supplemental appropriations. However, those supplemental funds, which total approximately 32 percent of the fiscal year 2004 budgets for the three river refuges, will be fully expended this year. Yet there continues to be a backlog in routine maintenance and a need for additional personnel to address law enforcement, biological needs, flood plain forest management, technical assistance to private landowners, environmental education, and other refuge management needs. In particular, the refuges along the Upper Mississippi River System have responsibility for the operation and maintenance (O&M) of projects that the Corps of Engineers constructs on those refuges, under the authority of the Environmental Management Program (EMP). Currently, those annual O&M costs are estimated to be $360,000, but will likely increase within 10 years to more than $560,000. Fully funding the O&M of EMP projects is vital to ensuring that these habitat restoration and enhancement projects are fully operational and provide lasting environmental and public use benefits.

Land Acquisition.—The President's fiscal year 2005 budget request for acquisition of new refuge lands totals $45 million, including approximately $29 million for line-item acquisitions and easements. In fiscal year 2005, these specified projects include $500,000 for acquisition of 228 acres for the Upper Mississippi River NWFR Complex. Yet there are outstanding unmet acquisition opportunities totaling $8 million/year for the refuges along the Upper Mississippi and Illinois Rivers. The UMRBA supports the fiscal year 2005 budget request for refuge land acquisition and is pleased that the Upper Mississippi River NWFR Complex is included in the Administration's list of specified projects.

Ecological Services.—Funding from the Ecological Services account supports field offices in Rock Island (IL), the Twin Cities (MN), and Marion (IL), which provide most of the ecological services work on the Upper Mississippi River (UMR) and its tributaries. This includes work on threatened and endangered species, environmental contaminants, habitat conservation, and Partners for Fish and Wildlife. In fiscal year 2004, work being done by these Ecological Services field offices related to the Upper Mississippi River is estimated to be $375,000. The UMRBA supports this base funding for Ecological Services offices on the UMR and thus supports, at a minimum, the President's fiscal year 2005 budget for Ecological Services.

Fisheries.—Most of the Service's fish management on the Upper Mississippi River is conducted out of the La Crosse (WI), Columbia (MO), and Carterville (IL) Fisheries Resource Offices. These offices assess inter jurisdictional fish and threatened and endangered species (paddlefish, pallid and shovelnose sturgeon, and freshwater mussels), help combat aquatic nuisance species (e.g., Asian carp), and restore fish habitat. The UMRBA supports this important work and is thus concerned about the 17 percent cut proposed for Fish and Wildlife Management Assistance in the fiscal year 2005 Fisheries account. Portions of that cut will affect both general program activities (−$287,000) and activities related to aquatic nuisance species control (−$180,000). At a minimum, funding for these items should be restored to fiscal year 2004 levels.

The UMRBA is particularly pleased that the President's fiscal year 2004 budget recognizes the needs related to hatcheries, by proposing an increase of nearly $2 million for hatchery operation and maintenance funding. The National Fish Hatchery established in 1932 on the banks of the Mississippi River at Genoa, Wisconsin has become a center of excellence in the recovery of endangered mussels. The Genoa Hatchery cultures endangered Higgins eye pearly mussels and rears 20 species of fish. The Fish Health Center in La Crosse, Wisconsin, which is also supported by funding from the hatchery budget, provides critical diagnostics for diseases such as largemouth bass virus and spring viremia of carp.

U.S. GEOLOGICAL SURVEY

The President's fiscal year 2005 budget for the U.S. Geological Survey reflects an overall decrease of $18.2 million, with reductions in water resources and biological research of $13 million and $6.9 million, respectively. While a portion of these reductions can be attributed to budget restructuring that consolidates bureau-wide information functions, most of USGS' water resources and biology programs are still funded at levels below what has been provided the past 2 years.

The states of the Upper Mississippi River Basin are concerned that the USGS' ability to provide timely and unbiased scientific information about complex natural systems not be compromised. There are several specific research and monitoring programs in the Water Resources and Biological Research accounts that are of particular interest to the UMRBA.

Water Resources Investigations.—The UMRBA strongly supports increased funding for the National Streamflow Information Program (NSIP). The stream gaging network is essential to protecting public health and safety by forecasting floods and droughts, managing the nation's navigation system, and monitoring water quality. There are currently 333 stream gages operated by USGS in the five UMRBA states. Yet, this represents less than 65 percent of the 524 gages that are supposed to be operated in the five states, under the NSIP plan. The NSIP plan calls for 82 new gages and reactivation of 80 gages that have become inactive due to funding shortfalls in the past. However, it will be difficult to make any progress on these goals with the fiscal year 2005 proposed budget for NSIP below what was provided in fiscal year 2004 and fiscal year 2003. The loss of gages means the loss of the historical record that is needed for managing our nation's water resources. The UMRBA shares the commitment of water resource managers across the nation to the long-term stability and security of the nation's stream gaging program. Toward that end, UMRBA joins other organizations, such as the Interstate Council on Water Policy (ICWP), in urging Congress to increase the Administration's fiscal year 2005 proposed budget for NSIP by a minimum of $2 million.

The UMRBA also strongly supports funding for the Cooperative Water Program. The Cooperative Program is an essential tool in meeting state and local water science needs, including both interpretive studies and stream gaging. For most of its 108 years, the Cooperative Water Program has been a 50:50 cost-shared program between USGS and non-federal cooperators. Over time, increased requests by cooperators for USGS services, coupled with stagnant federal funding, has altered that proportion. In fiscal year 2003, USGS was able to provide only 36 percent of the total Cooperative Program budget. The fiscal year 2003 shortfall in USGS funds for the Upper Mississippi River Basin included $1.48 million in Wisconsin, $222,733 in Illinois, and $4,000 in Iowa. Nationally, the shortfall was $60 million. Similar USGS shortfalls are anticipated in fiscal year 2004 and fiscal year 2005. USGS funding for the Cooperative Program will need to increase by 28 percent to close this gap.

The President's fiscal year 2005 budget proposes $12.6 million for the Toxic Substances Hydrology program, a cut of 15 percent. The Toxics Program, which conducts research on the behavior of toxic substances in the nation's hydrologic environments, is particularly important to the states of the Upper Midwest. Under this program, USGS has been studying the occurrence, transport, and fate of agricultural chemicals in a 12-state area in the Upper Midwest. This research effort, called the "Midcontinent Agricultural Chemical Research Project," is helping to identify factors that affect dispersal of agricultural chemicals in surface and ground waters and evaluating the resulting effects in small streams and large rivers. The goal is to provide the general scientific basis needed to develop agricultural management practices that protect the quality of this region's water resources. Through its Toxics Program, USGS is also studying questions associated with hypoxia in the Gulf of Mexico, including the loads and sources of nutrients from the Mississippi River Basin. Given the important work underway in the USGS Toxic Substances Hydrology Program, UMRBA urges Congress to provide $14.9 million, at a minimum, commensurate with the fiscal year 2004 level of funding.

The UMRBA continues to support funding for the National Water Quality Assessment (NAWQA), which is slated for $62.5 million under the President's fiscal year 2005 budget. NAWQA is designed to answer basic questions about the status and trends in the quality of our nation's ground and surface waters, assessing 42 major river basins and aquifers across the nation on a rotating basis every 3–4 years. The Upper Mississippi River Basin includes four NAWQA study units (Upper Mississippi, Eastern Iowa, Lower Illinois, and Upper Illinois). The first three of these are in the assessment cycle that began in fiscal year 2004.

Biological Research.—The President's budget request for USGS Biological Research is $167.6 million, reflecting an overall decrease of nearly $7 million from fiscal year 2004. Of particular concern is the reduction of $500,000 for pallid sturgeon research. Understanding the movements and habitat needs of this ancient, but endangered, species is critical to its recovery on the Mississippi and Missouri Rivers. While the funding cut for pallid sturgeon research is troubling, the President's budget also includes some good news for other biological research of interest to this region. In particular, a $1 million increase is proposed for invasive species research, including innovative control methodologies for Asian carp. These species are spreading throughout the Mississippi River Basin, displacing native fish and threatening already imperiled native mussels. The Amphibian Research Monitoring program ($500,000) will also improve our ability to address amphibian declines in the Upper Midwest, by developing better population estimates and enhancing understanding of the causes of malformation. Given these needs, the UMRBA recommends that, at a minimum, Biological Research be funded at the fiscal year 2004 level.

PREPARED STATEMENT OF THE WILDLIFE SOCIETY

The Wildlife Society appreciates the opportunity to provide comments on the proposed fiscal year 2004 budget for the Department of the Interior and Related Agencies. The Wildlife Society is the association of nearly 9,000 professional wildlife biologists and managers dedicated to excellence in wildlife stewardship through science and education. The Society supports all aspects of federal programs that benefit wildlife and wildlife habitat. The following table summarizes The Wildlife Society's recommendations for the U.S. Fish and Wildlife Service, Bureau of Land Management, USGS Biological Resources Division, and U.S. Forest Service:

[In thousands of dollars]

USDOI agency/program	Fiscal year		
	2004 enacted	2005 President's budget	2005 TWS recommended
U.S. Fish and Wildlife Service:			
State Wildlife Grants	69,137	80,000	125,000
North American Wetlands Conservation Act	37,532	54,000	65,000
Neotropical Migratory Bird Conservation Fund	3,951	4,000	5,000
Partners for Fish and Wildlife Program	42,950	50,000	50,000
Migratory Bird Management	32,096	36,668	42,096
National Wildlife Refuge System (Op. and Maint.)	391,493	387,657	431,493
Endangered Species Program	137,000	129,000	142,000
High Plains Partnership	....	5,000	5,000
Science Excellence Initiative	....	2,000	4,000
Bureau of Land Management:			
Wildlife and Fisheries Management	34,098	37,884	41,884
Threatened and Endangered Species Management	21,452	21,940	26,940
Riparian Management	21,540	21,540	22,540
U.S. Geological Survey:			
Total Funding	938,000	920,000	1,000,000
Biological Resources Division	174,529	167,604	183,529
Cooperative Fish and Wildlife Research Units	14,942	14,113	16,113

[In thousands of dollars]

USDOI agency/program	Fiscal year		
	2004 enacted	2005 President's budget	2005 TWS recommended
U.S. Forest Service:			
Forest and Rangeland Research	269,710	281,000	281,000
Wildlife, Fish, Threatened & Endangered Species	137,375	134,522	150,000
National Fire Plan—Restoration and Rehabilitation	6,914	3,000	6,914

We appreciate report language in recent appropriations legislation emphasizing the importance of cooperative Department of Interior initiatives. Partnerships, particularly with the academic community, provide the Department of Interior with increased flexibility to combat an aging workforce and looming retirements, and more investment is needed in those areas.

U.S. FISH AND WILDLIFE SERVICE

Funding assistance for state wildlife conservation is one of the highest priority needs for wildlife at this time, providing essential resources to conserve wildlife, fish, and habitat, and to prevent further declines in at-risk wildlife populations in every state. We appreciate the Administration's recognition of the importance of this program through the $80 million request, but we strongly encourage even greater funding to achieve all species conservation. We recommend that $125 million be appropriated for State Wildlife Grants in fiscal year 2005.

The North American Wetlands Conservation Act is a cooperative, non-regulatory, incentive based program that has shown unprecedented success in restoring wetlands, waterfowl and other migratory bird populations. We are pleased by the Administration's requested increase for this program, but ask you to recognize that the authorized level for this program in fiscal year 2005 is $65 million. We recommend Congress appropriate the highest possible funding for the North American Wetlands Conservation Fund in fiscal year 2005.

The Neotropical Migratory Bird Conservation Act provides a broad-spectrum approach to bird conservation sought by gamebird and non-gamebird advocates alike. The Wildlife Society recommends that Congress fund the Neotropical Migratory Bird Conservation Act at its full authorization of $5 million in fiscal year 2005. The Act has the potential to serve as a major delivery mechanism to further develop bird conservation strategies for songbirds, shorebirds, waterbirds, and other Neotropical bird species in need of conservation.

We are pleased by the $4.5 million increase in Migratory Bird Management requested by the Administration for fiscal year 2005, especially at a time when public interest in migratory birds and the need for migratory bird management are increasing. However, we strongly encourage an additional $10 million to support the full spectrum of migratory bird conservation and monitoring efforts; to cover the Program's eroded base funding level; to enhance the Webless Migratory Gamebird Program; and to begin implementing the Migratory Bird Program's Strategic Plan, the U.S. Shorebird Conservation Plan, the Waterbird Conservation for the Americas plan, and the North American Landbird Conservation Plan.

The Cooperative Alliance for Refuge Enhancement (CARE) was created several years ago to address the growing backlog of National Wildlife Refuge System needs. The Wildlife Society continues to support the CARE recommendations to eliminate the backlog of Refuge Operations and Maintenance, and strongly urges these recommendations be used to guide future budget requests. We request $40 million above the fiscal year 2004 enacted level, an approximate 10 percent increase. This will help prevent backsliding on the gains we have all worked hard to obtain, while providing additional resources to implement the goals of the National Wildlife Refuge System Improvement Act, address essential operations needs, and to continue to reduce the $931 million maintenance backlog.

We are concerned about the decrease in funding for the Endangered Species Program, which includes funding for candidate conservation, listing, consultation, and recovery of federally endangered species. We ask you to restore funding for these important components of the program to their fiscal year 2004 levels, and maintain the requested increase for listing efforts, for a total appropriation of $142 million in fiscal year 2005.

We strongly support $4 million for the Administration's new Science Excellence Initiative to elevate science within the Fish and Wildlife Service. The initiative is aimed at enhancing partnerships with agencies, universities, and professional societies and improving application of scientific information to better guide conservation goals and support adaptive management and research. The President's budget should be increased to $4 million to adequately fund this important initiative. Part of the money would be dedicated to information acquisition, and part to building "communities of practice." These communities would be a means for FWS to call on a group of scientists with particular expertise to work together on scientific issues within the bureau. Additional funding is needed to strengthen the Service's ability to analyze and address conservation issues that are impacting its mission.

We support the Administration's inclusion of $5 million for the High Plains Partnership in the fiscal year 2005 budget. This collaborative effort is aimed at proactively conserving declining populations of wildlife and their habitats on private lands in the High Plains region, to prevent listing under the Endangered Species Act. We recommend Congress support this program.

BUREAU OF LAND MANAGEMENT

Wildlife and Fisheries Management would receive a $3.789 increase in fiscal year 2005, largely directed to the Bureau's Sage Grouse Conservation Initiative. We support this increase, provided the Initiative is consistent with current state sage grouse management efforts, but we are concerned that no additional base funds are provided to the Bureau. This erodes the agency's staff and resources that are needed to ensure sound management and protection of a diversity of wildlife, fish and habitats, while providing for recreational and commercial uses of the land. We encourage Congress to appropriate an additional $4 million for Wildlife and Fisheries Management, to provide for adequate staff and operational funds.

The Administration has requested a $488,000 decrease for the Threatened and Endangered Species Program. The request is inadequate to meet identified needs or allow the BLM to carry out its responsibilities under the Endangered Species Act. Significant increases in funding are needed in fiscal year 2005 and the next several years to stabilize funding and personnel needs until species recovery becomes effective. In light of the inequity between resource needs and funding levels, we strongly encourage Congress to appropriate an additional $5 million to the Threatened and Endangered Species fiscal year 2005 budget.

BLM manages over 23 million acres of riparian or wetland areas, supporting some of the most ecologically diverse plant and animal communities on public lands. Inadequate funding for Riparian Management will result in the continued degradation of the environment, and continued inflation of future restoration costs. The Wildlife Society requests that Congress provide an addition $1 million for Riparian Management to restore these vital habitats.

The Wildlife Society is gravely concerned about current staffing levels at the Bureau. The staff shortfall is not addressed in the fiscal year 2005 budget, and given the increased emphasis on accelerating completion of land use plans and expanding energy development on public lands, staffing shortages are resulting in fish and wildlife resources being inadequately addressed in agency actions. Additional resources must be allocated to filling vacant wildlife, fishery, and botany positions within the agency.

U.S. GEOLOGICAL SURVEY BIOLOGICAL RESOURCES DIVISION

As a member of the USGS Coalition, The Wildlife Society supports $1 billion for USGS in fiscal year 2005. This level of funding would restore the cuts proposed in the President's budget and provide a 6.5 percent increase over the fiscal year 2004 level to cover uncontrollable costs, inflation, and ongoing science initiatives that support public policy decisions.

We recommend that Congress appropriate an additional $15.925 million for the Biological Resources Division to allow critical monitoring and research projects to continue, and to eradicate the budget decline (in real dollars) that the program has accumulated. We recommend that of this amount, $1.556 million be dedicated to fully funding uncontrollable costs in the Division to prevent significant losses in operational activities. Further, we recommend that $2 million of the increase be allocated to the Cooperative Fish and Wildlife Research Units. The Units serve as a link between USGS, state agencies, nongovernmental organizations, and universities. Since 2001, insufficient funding for the Units has eroded critical staff positions, including at the newly established Nebraska Unit. We strongly encourage you to support $16.113 million for the Units in fiscal year 2005.

U.S. FOREST SERVICE

We are concerned about the funding decrease in the Wildlife, Fisheries, and Threatened & Endangered Species programs. These programs have recognized almost $250 million in project opportunities in fiscal year 2005, yet their budget is nearly half that. To ensure that each National Forest has a base infrastructure of personnel to administer viable natural resource programs and provide base level funding for biologists to implement management, monitoring, and research projects, we recommend that Congress appropriate $150 million in fiscal year 2005 for these programs.

We recommend that Congress include at least $6.914 million—level with fiscal year 2004—for National Fire Plan rehabilitation and restoration in fiscal year 2005. At a time when more than 20 million acres of forestland have burned in the past four years, funds must be included in the Forest Service National Fire Plan budget for the exclusive purpose of rehabilitation and restoration of forest habitats. Furthermore, the Fire Program should be instructed to work with wildlife staff and partners, to identify ways in which wildlife benefits can be derived from fuel management projects.

Thank you for considering the comments of wildlife professionals. We are available to work with you and your staff throughout the appropriations process. Please include this testimony in the official record.

DEPARTMENT OF ENERGY

PREPARED STATEMENT OF TECHNOLOGY ACUMENTRICS, WESTWOOD, MA

Acumentrics is seeking an increase (to $50M) in the Department of Energy's Fossil Energy Research and Development line item for solid oxide fuel cell research and development under the Innovative Concepts program.

[In millions of dollars]

Interior Appropriations line item	Fiscal year		
	2004 enacted	2005 President's request	2005 request
Department of Energy: Fossil Energy Research and Development Fuels and Power Systems Distributed Generation Systems—Fuel Cells Innovative Concepts	47	23	[1] 50

[1] +$27 million.

Background.—The objective of SECA is to drastically reduce fuel cell costs to make them a broadly applicable and more widespread commodity in the competitive, mature distributed generation and auxiliary power markets. SECA is engaged in the development of common modules for diverse applications—supporting the employment of solid state (semi-conductor chip) manufacturing technology to mass produce low-cost fuel cells for powering homes, businesses, and for providing auxiliary power for vehicles. This is consistent with the President's initiative to "reverse America's growing dependence on foreign oil by developing the technology for commercially viable hydrogen-powered fuel cells to power cars, trucks, homes and businesses with no pollution or greenhouse gases."——[White House web page]

Significant milestones were achieved in fiscal year 2004:

—Fuel cell stack performance of over 4,000 hours with average degradation rates below 0.25 percent per 500 hours;

—Advanced fuel cell stack gross electrical efficiency to 49 percent; and

—Reduced stack cost by demonstrating a 20 percent increase in power per unit stack volume over previous designs.

Given these accomplishments, SECA is poised to realize the commercial benefits of high-efficiency, environmentally clean fuel cell energy technology.

The national benefits of SECA are significant:

—Enhances National Security by providing affordable distributed electrical generation technology that is inherently more robust than a centralized generation and transmission infrastructure;

—Reduces greenhouse gas emissions through efficiency gains and potential renewable resource use;

—Responds to increasing energy demands and pollutant emission concerns, while providing low-cost, reliable energy, which is essential to maintaining competitiveness in the world market;

—Positions the United States to export distributed generation products in a rapidly growing world energy market, the largest portion of which is devoid of a transmission and distribution grid.

Why Congress Should Provide $50 million in fiscal year 2005 for SECA?

—The SECA fuel cell is needed to provide auxiliary power for the Army's 21st Century Truck Program.
—SECA is the research and development into solid oxide fuel cell technology that enables the DOE's cost-efficient, zero emission power plant technologies, such as FutureGen.

When the SECA program meets its target of $400 per kilowatt, the following benefits can be expected within the next 10 years:

—Worldwide sales of $3.2 billion per year, including domestic sales of $1 billion per year based on a 10 percent share of expected electricity demands.
—Provide domestic fuel cell power to a market of 25 million homes in the United States and 50 million homes in Europe.
—Approximately $800 million per year from the sale of auxiliary power units for trucks, which can substantially reduce the emissions from idling truck engines.
—Virtual elimination of NO_X from stationary and transportation applications, and 50 percent reduction of CO_2 through the use of highly efficient (60 percent) hybrid fuel cell systems.

Recommendation.—Provide $50 million, an increase of $27 million, in funding for Innovative Concepts/SECA in fiscal year 2005.

PREPARED STATEMENT OF THE ALLIANCE TO SAVE ENERGY

My name is Kateri Callahan, President of the Alliance to Save Energy, a bipartisan, nonprofit coalition of business, government, environmental, and consumer leaders committed to promoting energy efficiency worldwide to achieve a healthier economy, a cleaner environment, and energy security. The Alliance was founded in 1977 by Senators Charles Percy (R-IL) and Hubert Humphrey (D-MN). The current Chair is Senator Byron Dorgan, and Vice-Chairs are Senators Susan Collins, Jeff Bingaman, and James Jeffords and Representative Ed Markey. More than 75 companies and organizations currently support the Alliance as Associates. I appreciate this opportunity to comment on the fiscal year 2005 budget for energy efficiency programs at DOE.

The Alliance has a long history of researching and evaluating federal energy efficiency programs. We also have a long history of supporting efforts to promote energy efficiency based on partnerships between government and business and between the federal and state governments. Energy efficiency programs at the Department of Energy (DOE) are largely voluntary programs that further the national goals of broad-based economic growth, environmental protection, national security, and economic competitiveness. The Office of Energy Efficiency and Renewable Energy does this through the development of new energy-efficient technologies in cooperation with the national laboratories, by working with the private sector to deploy those technologies, and by fostering energy efficiency activities in the states.

BACKGROUND

Why these programs are needed.—Our nation in recent years has been gripped by a series of energy crises. For the third winter in four years, natural gas spot prices are more than twice the price of just a few years ago. The high prices have already caused plant closings and loss of manufacturing jobs, and have made many low-income homeowners unable to pay their heating bills. Last September, the National Petroleum Council, in a report requested by the Secretary of Energy, concluded that supply from traditional North American production will not be able to meet projected natural gas demand, and that "greater energy efficiency and conservation are vital near-term and long-term mechanisms for moderating price levels and reducing volatility."

Recently 70,000 Californians faced a short blackout when hot weather created unexpected electricity demand. When a series of similar rolling blackouts and electricity price spikes hit California in 2000–2001, the state undertook a massive electricity efficiency outreach campaign that reduced electricity use by 7 percent in just one year, and thus helped avoid further shortages.

Energy efficiency is the nation's greatest energy resource—we now save more energy each year due to actions since 1973 to increase energy efficiency than we get from any single energy source. Many of those efficiency improvements rely on technologies that were developed and deployed in part through DOE programs. If we tried to run today's economy without the energy efficiency improvements that have taken place since 1973, we would need to provide about 40 percent more energy than we do now.

A record of success.—Federal energy efficiency programs provide enormous economic and environmental returns. A 2001 National Research Council report found that every dollar invested in 17 DOE energy efficiency research and development (R&D) programs returned nearly $20 to the U.S. economy in the form of new products, new jobs, and energy cost savings to American homes and businesses. Environmental benefits were estimated to be of a similar magnitude. DOE itself estimates that its efficiency and renewables programs will result in major savings, including $134 billion in energy bills, 153 GW of avoided new conventional power plants, 1.9 quads of natural gas, and 213 MMT of greenhouse gas emissions in 2025.

We cannot reap these savings without federal support, as the private sector alone cannot, or will not, make the needed investment—energy R&D spending is the lowest by any major industry and has declined dramatically since the 1980's.

Budget studies and recommendations.—A series of reports and bills has supported a substantial increase in funding for DOE energy efficiency programs. In 1997, the President's Committee of Advisors on Science and Technology, Panel on Energy Research and Development, recommended that DOE energy efficiency R&D programs be more than doubled over six years, from $373 to $880 million (the fiscal year 2004 budget for these R&D programs is roughly $550 million). The pending energy bill conference report would authorize $695 million for energy efficiency R&D and $600 million for grants in fiscal year 2005. The authorization increases up to a total of $1.625 billion in fiscal year 2008, an increase of 85 percent over the actual fiscal year 2004 appropriation.

Summary of the President's Request.—The President's overall fiscal year 2005 budget request for DOE energy efficiency programs is $876 million, down $2 million from the fiscal year 2004 appropriation. This continues a gradual slide from the $913 million appropriated in fiscal year 2002. Once again the President has requested major increases for weatherization of low-income homes and for fuel cell vehicle research. The money for those increases was taken from other energy efficiency programs—thus overall RD&D programs in energy efficiency other than the weatherization and state energy grants would be cut 10 percent from fiscal year 2004; if one excludes the long-term FreedomCar fuel cell vehicle program as well, remaining RD&D programs would be cut 17 percent overall in a year.

ALLIANCE RECOMMENDATIONS

We believe that a substantial increase in support for DOE energy efficiency programs is vital for addressing the critical energy problems facing our nation, and that the proven track record of DOE programs in reducing energy demand provides a solid foundation for such an increase. Thus, the Alliance recommends a doubling of federal support for energy efficiency over the next five years (2005–2009). Specifically, in 2005 we support a 20 percent increase in funding for DOE energy efficiency RD&D programs, as well as the increase requested in the President's budget for weatherization.

This year there is an especially critical need for increased funding for current programs and new initiatives that will reduce natural gas demand. In some cases this is done by reducing electricity demand, as most "peaking" power plants and most new power plants are fueled by natural gas.

It is important that these budget increases—and the increases proposed by the administration for weatherization and for fuel cell vehicles—not be taken from other efficiency programs, as most of them also reduce natural gas use and further other national energy priorities. While we fully support the weatherization and fuel cell programs, they do not take the place of core RD&D programs that can have a broader energy savings impact than weatherization and a more certain and more near-term impact than fuel cells. In particular the Alliance opposes deep cuts, such as those to the Industries of the Future (specific) and Insulation and Building Materials R&D programs.

Increases needed for current programs

Building Technologies.—Of all the DOE energy efficiency programs, Building Technologies has had perhaps the greatest success at reducing energy use. This year the buildings programs are absorbing the Zero Energy Buildings program. Yet the overall Buildings Technologies budget is reduced by 3 percent. This area is a priority for funding increases, with particular needs in the following areas.

—*Equipment Standards and Analysis*.—Federal appliance standards already save an estimated 2.5 percent of all United States electricity use and save consumers billions of dollars. However, a number of standards are many years behind schedule and appear stalled. There are currently 15 high-priority (and 19 other) rulemakings in progress, along with seven high-priority (and 19 other) test procedures under development. No new rules (other than two test procedures) have been issued in the past three years. In addition, if the consensus standards provision in the energy bill passes, it would add 11 more products to DOE's plate.

Yet the Administration's budget proposes to reduce this line by 25 percent. The Alliance recommends a $2 million increase over the fiscal year 2004 appropriations level for total funding of $12.4 million.

—*Residential and Commercial Building Energy Codes*.—While residential and commercial building codes are implemented at a state level, the states rely on DOE for technical specifications, training, and implementation assistance. There are 15 states that have efficiency codes well below the newest model codes; if those states upgraded their codes, they would save 4.9 Quads of energy, primarily electricity and natural gas. Additional support is needed for technical assistance that can only be efficiently provided at a national level. Funding is especially needed this year to support work occurring on improved ASHRAE commercial codes. The Alliance recommends a $0.5 million increase for residential codes, for total funding of $1.1 million, and a $1 million increase for commercial codes, for total funding of $1.5 million.

—*Windows R&D*.—The Windows R&D program has played a critical role in the development and deployment of much more efficient windows technologies, including dual-pane glass, low-E coatings, simulation tools, and efficiency ratings and labels. For a modest investment, these technologies have saved consumers and businesses billions of dollars of energy. New advanced technologies, such as electrochromics and aerogels, as well as more widespread deployment of existing technologies, could save billions more. Yet the program has been cut in recent years. The Alliance recommends a $3 million increase, for total funding of $8 million.

Energy Star.—Energy Star is a successful voluntary deployment program that has made it easy for consumers to find and buy many energy-efficient products. For every federal dollar spent, Energy Star produces average energy bill savings of $75 and sparks $15 in investment in new technology. Last year alone, Americans, with the help of Energy Star, saved enough energy to power 20 million homes and avoid greenhouse gas emissions equivalent to those from 18 million cars—all while saving $9 billion. Additional funding is needed both to add new products and to increase consumer awareness and market penetration of Energy Star products. The President proposed a significant increase, from $3.7 to $5 million, but even more is needed. The Alliance recommends a $3 million increase for total funding of $6.7 million in Weatherization and Intergovernmental Programs.

Building Codes Training and Assistance.—This account focuses on assistance to states for code implementation. Even in states that have adopted strong codes, compliance remains a serious problem. To strengthen enforcement and compliance, funds are especially needed to provide training for state and local code officials. Funds also are needed for improved tools to help builders and designers comply with the codes. The Alliance recommends a $2 million increase, for total funding of $6.4 million in Weatherization and Intergovernmental Programs.

Federal Energy Management Program.—The federal government is the nation's largest energy consumer and energy waster, with Federal agencies using 1 percent of all energy consumed in the United States. However, leadership from DOE's Federal Energy Management Program (FEMP) has resulted in a 23.6 percent reduction in federal building energy use and billions of dollars in savings for the U.S. taxpayer since 1985. But federal energy management is facing a serious crisis because of the lapsed authority to utilize Energy Service Performance Contracts (ESPCs), an essential financing mechanism for implementing efficiency retrofits. FEMP needs increased support to maintain the technical assistance capacity that agencies need in order to identify and implement energy savings projects, and to be prepared to implement the many changes in the pending national energy policy legislation. Unlike the other efficiency programs, the savings from FEMP return directly to the federal treasury. The Alliance recommends a $3 million increase, for total funding of $22.7 million.

Energy Information Administration (EIA) End-Use Surveys.—Policy makers need detailed and up-to-date data on how energy is used in order to accurately evaluate various energy policy options. Congressional staffs, national laboratories and industry use this data to evaluate appliance standards, tax incentives, and R&D spending. Businesses use the data to identify market opportunities, utilities for load forecasting, students for research projects. EIA itself uses the data to project future energy use trends. As funding for EIA's energy consumption surveys has fallen, EIA has been forced to cancel the transportation survey, limit surveys to every four years (rather than three), and drop key questions from the surveys. Continued funding at the current level of $2.2 million could force the EIA to drop another of the three remaining surveys. In order to reverse these cuts, and enable EIA to prepare a special report on the contributions of energy efficiency to the U.S. economy, the Alliance recommends a $3 million increase, for total funding of $5.2 million.

New initiatives

Public awareness campaign.—As a public education campaign is the quickest way of impacting consumer behavior and reducing natural gas demand, the Alliance recommends $3.5 million for a major national public campaign on natural gas efficiency.

Energizing U.S. manufacturing performance.—The DOE Industrial Best Practices Program, through plant-wide energy assessments, training, and software and technical references, has saved an estimated 82 trillion BTU in 2002, worth $492 million. The Alliance recommends a $5 million increase to impact thousands, as opposed to hundreds, of U.S. factories.

Natural gas strategic plan.—In order to assure that DOE's energy efficiency programs effectively target and coordinate R&D and deployment efforts that relate to natural gas, the Alliance recommends $0.2 million for a strategic plan.

CONCLUSION

DOE's energy efficiency programs have a remarkable track record of developing and deploying new energy efficiency technologies. A series of recent price spikes and blackouts shows a compelling need to boost these programs this year, as energy efficiency is generally the quickest, cheapest, and cleanest way of making energy supplies meet energy needs. We recognize that the fiscal situation is tight, but the returns will be large, and the cost of not making the investment—to the economy, to energy security and reliability, and to the environment—is simply too high.

Thank you again for the opportunity to testify and for your support for energy efficiency programs.

PREPARED STATEMENT OF THE AMERICAN CHEMISTRY COUNCIL

The American Chemistry Council represents the nation's largest industrial users of natural gas. Last year, the U.S. chemical industry's natural gas bill increased by $6.5 billion. Higher costs mean U.S. producers are losing market share to foreign competitors. It means U.S. companies have less money to invest in their businesses. It means U.S. companies are reducing production and cutting jobs. U.S. chemical manufacturing has lost more than 90,000 jobs since 2000 according to the Bureau of Labor Statistics. In order to keep the chemical industry in the United States, we must enact policies that promote conservation and efficiency, diversify the nation's fuel portfolio, increase natural gas supply and lower the price that consumers pay for natural gas.

We strongly support the Interior Appropriations Committee for its effort to provide adequate funding to federal agency programs and initiatives that promote increased domestic production of natural gas and that fund research and development to diversify the nation's energy portfolio. We urge this subcommittee and the Congress to recognize that the current natural gas crisis makes continuing strong financial support for these programs critical to the survival of the domestic chemical industry.

High natural gas price and volatility have taken a terrible toll on the chemical industry

Three years of high prices and extreme volatility for natural gas have taken a terrible toll on the chemical industry. Affordably-priced natural gas helped make chemicals the nation's largest export industry. In the late 1990's the industry posted the largest commercial trade surpluses in the nation's history—$19.7 billion. Those exports have sustained hundreds of thousands of good-paying jobs.

The United States has become a net importer ($9.6 billion last year) of chemical products—and much of this stunning decline can be traced to natural gas prices. Five years ago, chemical products poured from the U.S. Gulf Coast to Asia. Today, we are being beaten by Asian importers in our own backyards.

Stephen Brown of the Federal Reserve Bank in Dallas recently told the Louisiana Public Service Commission, "You're looking at the gradual destruction of employment in certain petrochemical firms. Given the prices of natural gas and oil, the petrochemical industry here could be gone in 10 to 20 years."

"We have the highest natural gas prices in the industrialized world," R. William Jewell, vice president for energy at Dow Chemical, told the Washington Post in a recent article examining the impact of high natural gas prices on U.S. chemical industry employment. In the past two years, Dow has closed four major chemical factories in North America and replaced them with production from Germany, the Netherlands, Kuwait, Malaysia and Argentina.

At a March 22 hearing of the Senate Environment and Public Works Committee Senator George Voinovich (R-OH) said higher prices have hurt Ohio especially, which has lost 200,000 manufacturing jobs since 2000, including many from the chemical industry.

Natural gas price volatility is making chemical companies re-think their investment strategies. Should we put our capital spending into a plant in Texas, Delaware, Ohio or New Jersey that is fast becoming non-competitive, or should we put those same dollars into a facility in China? Sustained, high natural gas prices could tip the scales in making those decisions. "You don't give up plants very lightly," Attila Molnar, president and chief executive officer at Bayer Corporation, told the Chicago Tribune last week. "But," the paper reported, "Bayer has made no secret that its future plant investment will be in Asia."

The National Petroleum Council's report on natural gas correctly states that federal policies that drive demand for natural gas must be accompanied by federal policies that increase domestic natural gas production and polices that increase the diversity of fuels used to make power

Last fall, the National Petroleum Council (NPC) issued a definitive report on natural gas markets. The NPC report projects that natural gas consumption by the chemical industry will decline by 25 percent in the next five years. Some of that will result from efficiencies, some will come from fuel switching, but most of that decline will come as a result of natural gas consuming factories shutting their doors and moving away.

The NPC report is the most important wake-up call ever issued on natural gas. It is nothing less than an indictment of business as usual energy policies—policies that are fundamentally contradictory. The NPC stated it most succinctly:

"Government policy encourages the use of natural gas but does not address the corresponding need for additional natural gas supplies. A status quo approach to these conflicting policies will result in undesirable impacts to consumers and the economy, if not addressed. The solution is a balanced portfolio that includes increased energy efficiency and conservation; alternate energy sources for industrial consumers and power generators, including renewables; gas resources from previously inaccessible areas of the United States; liquefied natural gas (LNG) imports; and gas from the Arctic."

We have carefully reviewed the reports finding and recommendations and find ourselves agreeing with nearly everything it says.

—The nation must use gas more efficiently. Some experts estimate that reducing power consumption by 5 percent would reduce natural gas consumption by 1.5 trillion cubic feet a year—enough natural gas to heat 18 million homes.
—The nation must maintain a diverse fuel base and create more opportunities for consumers to switch fuels when market conditions warrant.
—The nation must invest in energy infrastructure.
—And the nation must increase natural gas supplies.

ACC strongly supports funding Department of Interior and Energy programs and initiatives that promote increased domestic oil and gas production, improved natural gas infrastructure and research that promote energy fuel diversification and alleviate demand for natural gas

Congress can help stem this unprecedented job loss in the chemical industry by identifying those programs and initiatives that most closely respond to the recommendations made by the NPC and providing adequate and sustained funding to them.

First, ACC strongly supports funding programs and initiatives that result in increased domestic oil and gas production on Federal lands. This can be achieved by allocating adequate resources to the Bureau of Land Management's (BLM) Oil and Gas Management Program. The Administration's fiscal year 2005 budget request reduces funding for this program by $3 million and raises fees on oil and gas producers for each lease application or drilling permit that they apply for to make up for the funding shortfall.

Given the current crisis in the natural gas market, we have grave concerns with the Administration's request for this program. Instead of imposing additional fees on domestic oil and gas producers, Congress should provide funding—at or above the fiscal year 2004 funding level—sufficient to allow BLM to effectively deal with the current backlog in oil and gas lease applications and drilling permits on Federal lands.

Second, ACC supports funding programs that enhance our national energy infrastructure. The Department of Energy's Infrastructure and Operations Program was created to make long-term investments in strengthening the reliability and efficiency of the nation's natural gas infrastructure. Congress appropriated $8.9 million to this program in fiscal year 2004. The Administration, however, has proposed no funding for this program in fiscal year 2005. As a dominant consumer of natural gas, the chemical industry strongly supports this program, and asks the Congress to provide funds at no less than last year's level.

Third, ACC supports the Committee's decision last year to decrease funding for a proposed initiative for converting Natural Gas to Hydrogen. We agree with the Committee's skepticism regarding supporting a new initiative to turn natural gas into hydrogen when the result is to potentially add more stress to natural gas markets by increasing demand on limited natural gas supplies. Instead, we agree with the Committee and strongly support federal funding on research initiatives to convert coal into hydrogen, as well as other clean coal initiatives.

CONCLUSION

We recognize that there is no quick fix to this country's current imbalance between domestic energy production and consumption. However, we believe that a sustained financial commitment to the programs outlined above will help set the stage for a long-term improvement in our nation's energy security. ACC greatly appreciates the Committee's past support and consideration of these programs.

PREPARED STATEMENT OF THE AMERICAN COUNCIL FOR AN ENERGY-EFFICIENT ECONOMY

DOE's fiscal year 2005 budget request reflects a continuing decline in support for important energy efficiency research, development, and deployment programs at a time when expanded support for energy efficiency is needed more than ever to protect national energy security, save American jobs, control rising consumer bills, and stem air pollution emissions. Cuts in the fiscal year 2005 budgets would starve a host of technologies and programs that can deliver important benefits. DOE's efficiency funding remains far short of the levels recommended by independent review panels such as the President's Council of Advisors on Science and Technology. ACEEE recommends overall that the Subcommittee fund energy efficiency programs at $900 million for fiscal year 2005.

Within the overall funding picture, we recommend that the subcommittee increase funding for 11 especially high-priority programs for a total of $69 million above the Administration's request. For the most part, these amounts partly or fully restore funding cuts in these key programs relative to fiscal year 2004 appropriations. These increases can be largely covered by offsets in other parts of the bill.

Our analyses of high-priority programs meriting increased support are described below. The program categories are listed in the order presented in the request, and thus do not represent an ACEEE priority ranking. Within each program category, ACEEE priorities are ranked in descending order.

VEHICLE TECHNOLOGIES

The budget request for the Vehicles Technologies program for fiscal year 2005 is 12 percent lower than 2004 levels, and subprograms aimed at near-term efficiency improvements have shown even steeper declines. As DOE steps up R&D on hydrogen and fuel cell vehicles, it is essential that work on technologies available in the next 10 years be sustained. Our overall funding recommendation for the Vehicle Technologies program category is $176 million, a $19.6 million increase above the request. Within the program, we support the following three priorities.

Heavy Vehicle Systems.—The multi-agency 21st Century Truck Partnership is slated for a 29 percent cut from 2004 levels, despite the enormous efficiency gains currently within reach for both light- and heavy-duty trucks. We recommend a $1.5 million addition under Heavy Vehicle Systems to the request to keep this program level-funded at DOE. *Recommended funding level: $10.6 million.*

Advanced Combustion Engine.—The budget request reduces funding by 34 percent from 2004 levels, which would eliminate some programs and cripple others. Specifically, additional resources are needed in Heavy Truck Engines to ensure truck efficiency gains along with attainment of the 2007 emissions standards; we recommend adding $3.5 million to the request for this program. The Off-Highway Vehicle budget of $3.5 million in 2004, which was zeroed out in the request, should also be restored. Railroad interests' request that DOE coordinate a locomotive efficiency R&D effort merits a positive response. *Recommended funding level: $43 million.*

Fuels Technology.—The request would cut this program category by $10 million, 59 percent below 2004 levels. Of greatest concern, the heavy-duty vehicle portion of Advanced Petroleum-Based Fuels is cut $6 million or 60 percent in the request, down from $10.2 million in 2004; we recommend increasing the request by $3.2 million. The Environmental Impacts activity is also terminated in the request, with the inadequate explanation that the "work is aligned with the mission of other agencies." We believe this activity should be continued at least at the 2004 level. Both of these activities address fast-approaching and important deadlines in the clean-up of diesel fuel. Cutting this key program now could jeopardize federal air quality standards, and reducing oil use in heavy vehicles, at a time when the public policy imperative for these goals has never been stronger. *Recommended funding level: $12 million.*

WEATHERIZATION AND INTERGOVERNMENTAL PROGRAMS

We believe that proposed increases in grants program funding should be reallocated to support R&D and Gateway Deployment programs. In the Gateway area our priorities are as follows:

Energy Star.—The Energy Star program is the Administration's most effective climate change response program, and yet it has not received the funding increases needed to make it truly a national program. While the 2005 request is an increase, it is too small ($1.3 million) to meet the rising need for energy-efficient products to help counter higher consumer gas and electricity prices. We recommend the request be increased by $1 million for Energy Star, to enable the program to reach the majority of states, where there is currently too little Energy Star activity. The market share of Energy Star products thus continues to lag in areas where support is not active. *Recommended funding level: $6 million.*

Building Codes Implementation Grants.—The Department of Energy in 2003 succeeded in overhauling the International Energy Conservation Code, the nation's model for building energy codes. However, states will need assistance in order to review and adopt it under their EPAct mandates. To keep EPAct's building codes provisions from becoming an unfunded mandate, DOE needs to increase its codes implementation grant support. We recommend that $.7 million be added to the request. *Recommended funding level: $5.5 million.*

Clean Cities.—The fiscal year 2004 request would cut Clean Cities 36 percent from the 2004 level. This program has been the Department's most effective deployment program for transportation technologies that move the United States away from oil. Beyond its direct impacts on fuel savings, Clean Cities is a strategic asset in developing the infrastructure for alternative fuels and new transportation technologies. We therefore recommend Clean Cities be funded at its full 2004 level by adding $4 million to the request. *Recommended funding level: $11 million.*

DISTRIBUTED ENERGY RESOURCES

The 2005 request would cut this program category by 20 percent. Key program cuts include Industrial Gas Turbines (24 percent), Advanced Reciprocating Engines (35 percent), and Thermally-Activated Technologies (32 percent). We have found that these programs are making significant advances in addressing emissions and cost issues. Given the historic highs reached by natural gas prices, our recovering economy needs these kinds of technologies in the near future to sustain economic growth. We recommend adding $1 million to Industrial Gas Turbines, adding $4.3 million to Advanced Reciprocating Engines, and adding $2.4 million to Thermally-Activated Technologies. *Recommended funding level: $61 Million.*

BUILDINGS TECHNOLOGIES

Appliance Standards.—DOE standards produce the greatest energy savings of any DOE program. DOE's analysis estimates that 12 standards to date have saved consumers about $25 billion, from a federal investment of less than $10 million a year. However, the standards program lacks the funding needed to address the backlog of current rulemakings, and pending legislation is very likely to add new rulemakings to the Department's agenda. Yet the fiscal year 2005 request cuts this program by 25 percent, which runs counter both to the National Energy Plan and pending Congressional mandates. We recommend that $4.2 million be added to this vital and cost-effective program so that DOE can catch up on its current backlog and also gear up for pending legislative mandates. *Recommended funding level: $12 million.*

Emerging Technologies.—The fiscal year 2005 budget request cuts this important program area by $5 million or 16 percent. Several key technologies in this area are essential to respond to the challenge of higher natural gas prices. They include residential and commercial AC systems, heat pump water heaters and commercial refrigerators, and windows and insulation systems. We recommend that $2 million be added to the Space Conditioning and Refrigeration program, $225,000 to the Appliances and Emerging Technologies program, and $3 million to the Building Envelope program. *Recommended funding level: $30 million.*

INDUSTRIAL TECHNOLOGIES

The 2005 request would cut the Industrial Technologies program by $35 million, or 38 percent. This is unsupportable in the face of the growing need for energy efficiency in a manufacturing sector that is in crisis. Rising natural gas prices have already cost more than 80,000 jobs, and combined with increasing oil and electricity prices are threatening to hobble the economic recovery. We recommend increases in the request that would level-fund the key Industrial Technologies programs as described below.

Industries of the Future (Specific).—This program is slated for the deepest cuts in the entire request: 53 percent from 2004 levels, and 64 percent from 2002 levels. These cuts would cripple if not kill important initiatives in key sectors of the U.S. economy, and should be rejected. We recommend that IOF Specific be level-funded by adding $25 million to the request. *Recommended funding level: $47.2 million*

Industries of the Future (Crosscutting).—The crosscutting programs target key efficiency technology and practice areas such as steam, compressed air, and other systems, and are the source of direct technical assistance to thousands of manufacturers. They are especially important to smaller firms, whose economic survival is most at risk. As with IOF Specific, we recommend that the crosscutting programs be level funded by adding $8 million to the request. *Recommended funding level: $39.9 million.*

We are also concerned about cuts in Industrial Technologies headquarters staffing that are approaching levels that would make effective administration possible. Current plans would reduce staffing by two-thirds; to ensure that these programs are well-managed, we recommend that report language call for staff levels that are commensurate with funding levels.

SUPPORT FOR ADMINISTRATION INCREASES IN THE FISCAL YEAR 2005 REQUEST

ACEEE also supports some of the Administration's proposed increases in the request. Boosts in Residential and Commercial Buildings Integration programs are especially helpful. We also support a moderate increase in Weatherization, in the context of a balanced request that also funds a sound portfolio of R&D programs. *Management Support: $5.991 million.*

PREPARED STATEMENT OF THE AMERICAN GAS ASSOCIATION

Mr. Chairman and Members of the Subcommittee: The American Gas Association (AGA) is an advocate for 192 natural gas distribution (utility) companies that serve 53 million homes and businesses in all 50 states. We appreciate the opportunity to assist you with consideration of the U.S. Department of Energy's (DOE) fiscal year 2005 budget request.

AGA is pleased with the productive partnership it has with this subcommittee and with DOE to advance cost-shared research projects that serve the national interest.

Natural gas meets one-fourth of the United States' energy needs. Almost all of this natural gas is produced in the United States or Canada, making natural gas a vital, domestic form of energy. Local natural gas utilities deliver natural gas through more than 1 million miles of underground pipelines. The terrorist acts of September 11, 2001 and the war with Iraq have made clear the need for re-investment in the United States' energy infrastructure, both to facilitate greater reliance on domestic energy resources and to ensure their reliable delivery. Energy is the lifeblood of the U.S. economy, and innovative technologies such as distributed energy helps ensure a reliable electricity supply—even if a central power station or the electric grid is compromised.

AGA continues to support DOE research programs such as natural gas vehicles and industrial research and development (R&D). Via this testimony, however, AGA wishes to outline two top priorities of particular benefit to natural gas utilities and the customers they serve:

1. The Office of Fossil Energy's natural gas infrastructure research program, for which AGA urges Congress to appropriate $25 million in fiscal year 2005 (an increase of $16.1 million over the current funding leve); and

2. The Office of Energy Efficiency and Renewable Energy's end-use system integration and interface program activity within the distributed energy resource (DER) programs, for which AGA recommends a $30 million appropriation for fiscal year 2005 (an increase of $10 million over the current funding level).

1. Office of Fossil Energy: Natural Gas Infrastructure

The American Gas Association strongly supports DOE's natural gas industry Infrastructure and operations program, which was established in fiscal year 2001 with an initial appropriation of $4.9 million. The program's goal is to make long-term investments in strengthening the reliability and efficiency of the nation's natural gas infrastructure. Projects funded by it include development of more corrosion-resistant material that can transport gas at higher pressure, fuel-efficient compressors capable of flexible compression operation, improved automated data acquisition, system monitoring and control techniques, no-dig technologies, innovative excavation and restoration systems, and plastic pipe technology.

Natural gas industry response to this program has been enthusiastic, as evidenced by submission of more than 100 cost-sharing proposals by industry partners in the first year alone. These early proposals, totaling more than $75 million, exceeded the available dollars by a nine-to-one margin. All proposals met or exceeded DOE's 50 percent cost-sharing requirement.

For fiscal year 2004, Congress appropriated $8.9 million for fiscal year 2004. For the next fiscal year, however, the Administration has requested no funding.

Given the importance of revitalizing the nation's aging natural gas infrastructure in anticipation of significantly growing demand for natural gas, the American Gas Association requests that Congress appropriate $25 million for the DOE's Fossil Energy natural gas infrastructure research program in fiscal year 2005.

The natural gas industry provides substantial cost-sharing in the development of the technologies necessary to develop this new infrastructure. Significant benefits that will continue to accrue to all Americans as a result of an infrastructure research partnership. Major and novel system improvements are needed for natural gas to be delivered in the volumes that DOE believes will be required in the future. These improvements depend on new, highly efficient technologies.

Some in the Office of Management and Budget argue that all natural gas infrastructure research should be conducted exclusively by the U.S. Department of Transportation. While DOT's Office of Pipeline Safety (OPS) conducts limited infrastructure-related work that is consistent with its role as a pipeline safety regulatory agency, OPS's pipeline R&D has focused on near-term safety, security and damage prevention projects and technologies, and codes and standards development. In contrast, DOE focuses on the long-term energy delivery issues related to natural gas infrastructure. Although, both departments are involved in R&D, the departments have different missions and their R&D programs reflect it. Each is essential in its own way.

The natural gas industry's commitment to partnering with the Departments of Energy and Transportation is underscored by AGA's advocacy for passage of legislation that seeks to set aside industry funds to create a collaborative natural gas industry-funded research partnership that would complement federal research expenditures on natural gas infrastructure.

2. Office of Energy Efficiency and Renewable Energy: National Accounts Energy Alliance (NAEA)/End-Use System Integration and Interface

The nation's electric grid faces many technological challenges, ranging from generation shortfalls to transmission and distribution constraints. Distributed energy resources (DER) is widely considered to be the cheapest, cleanest and most obtainable near-term solution to many of these challenges. DER systems can be sited where electricity is needed. When waste heat from the on-site power systems is captured and re-used for other purposes (such as heating water, or driving dehumidification systems), the efficiency of distributed energy systems can reach 85 percent—a far more efficient use of energy resources than the 29 percent efficiency level for typical coal-fired electric power generation.

Further, high-efficiency distributed energy resource systems inherently yield lower emissions, because they use less fuel and typically cleaner fuels than larger central power plants to achieve a given unit of power output. Many electric utilities are now exploring greater use of distributed energy resources to reduce the strain on congested transmission systems.

Although DOE has spent hundreds of millions of dollars over the years developing DER technologies, many technical, regulatory and institutional barriers remain. This is especially true for incorporation into new construction or retrofits of large commercial facilities. To help commercial customers take better advantage of distributed energy, National Accounts Energy Alliance was established several years ago by the American Gas Association, the American Gas Foundation and the Gas Technology Institute. At its inception, the NAEA programs and membership were concentrated in the retail, supermarket and food service industries to help them develop new and standardized construction models that incorporate advanced distributed energy systems. In fiscal year 2005 and beyond, NAEA will seek to expand its membership to include a broader segment of the healthcare, high-tech and telecommunications, hotel, and targeted manufacturing industries.

Typically, all of these construction efforts are based on a central construction model, with a handful of geographic-based options. For example, a major supermarket might retrofit a store that can generate part of its own electricity, then capture the clean waste heat from that on-site power system to remove humidity, thus improving indoor air quality and reducing total energy usage.

National Accounts Energy Alliance participants have worked closely with manufacturers, local natural gas utilities and other partners through DOE's system interface and integration program to test and verify cutting-edge distributed energy resources.

DER testing and technology adoption by national accounts is the fastest way to perform testing, disseminate the results widely, make necessary technology and applications corrections and subsequently rapidly deploy improved systems. Because of fierce competition, standardization, central design services and extensive building programs, it is extremely difficult for retailers, hospitals and other national accounts customers to perform such tests on newly emerging technologies like DER on their own.

Efforts to test and deploy technologies being developed under the DER program in DOE's Office of Energy Efficiency and Renewable Energy are significantly underfunded. Private sector interest in these technologies is compelling: DOE's Office of Power Technologies receives nearly 10 solicitation applications (each application is typically developed by an entire team of companies) for every award it makes. While more manufacturers are entering the market, and dramatically more attention from states, power providers and end-users is focused on DER, significant RD&D requirements abound.

DOE has spent tens of millions of dollars developing individual DER technologies over the past decade. However, tremendous work remains in the areas of system development, advanced controls and sensors, power quality and reliability, storage, and interconnection. DOE has studied the technical, regulatory, market and institutional barriers to widespread utilization of DER and has worked to promote commercial acceptance. However, to date, these programs have failed to capture the vision of large commercial end-users at the corporate or headquarters level—NAEA is focused on affecting targeted change at this point.

We respectfully request that the Subcommittee add $10 million to the Administration's request for end-use system integration and interface program activity in the DER budget for consortiums such as the National Accounts Energy Alliance to conduct technology verification tests and build partnerships of key stakeholders for the rapid deployment of distributed energy technologies. Thus, we request a total appropriation of $30 million for fiscal year 2005.

CONCLUSION

Mr. Chairman, AGA is giving great emphasis to developing comprehensive programs across end-use sectors that complement each other and provide cheaper energy to the end-user, while reducing emissions and improving energy efficiency, quality, and reliability. And, the infrastructure research partnership between DOE and the natural gas industry will also have significant benefits in terms of safety, reliability, cleaner air and economic growth that will accrue to all Americans. AGA greatly appreciates your past support and consideration of these proposals.

Prepared Statement of the American Geological Institute

To the Chairman and Members of the Subcommittee: Thank you for this opportunity to provide the American Geological Institute's perspective on fiscal year 2005 appropriations for geoscience programs within the subcommittee's jurisdiction. The president's budget requests significant cuts in the U.S. Geological Survey (USGS). If enacted, these reductions would hamper the Survey's ability to carry out its important missions to ensure adequate natural resources, monitor environmental conditions and reduce the nation's vulnerability to natural hazards. Specifically, we ask the subcommittee to restore funds to the USGS Mineral Resources, National Cooperative Geologic Mapping, and Toxic Substances Hydrology programs. In addition, the president's request would decimate the Department of Energy's Office of Fossil Energy oil and natural gas research programs, and we ask for restoration of those to their fiscal year 2002 levels.

Geoscience activities are also found in a number of other agencies within the subcommittee's jurisdiction. We ask the subcommittee to provide adequate funds for geoscience activities in the Minerals Management Service (MMS) Environmental Studies Program, the National Park Service Geologic Resources Division and the U.S. Forest Service Minerals and Geology Management Program, and to fully fund scientific research programs at the Smithsonian Institution. MMS does important work in energy resource assessment and collection of geoscience data. Geoscience programs within the land management agencies provide a scientific basis for land-use decisions, a role that they share with the USGS. The Smithsonian's National Museum of Natural History plays a dual role in communicating the excitement of the geosciences and enhancing knowledge through research and preservation of geoscience collections.

AGI is a nonprofit federation of 42 geoscientific and professional associations that represent more than 100,000 geologists, geophysicists, and other earth scientists. The institute serves as a voice for shared interests in our profession, plays a major role in strengthening geoscience education, and strives to increase public awareness of the vital role that the geosciences play in society's use of resources and interaction with the environment.

U.S. GEOLOGICAL SURVEY

For the fourth year in a row, the USGS faces substantial cuts in the administration's request. AGI thanks the subcommittee for its record of restoring cuts and recognizing the Survey's broad value to the nation. This year, we urge the subcommittee to not only put back funds cut in the president's request but also to provide enough additional support to stop the ongoing erosion of the Survey's ability to carry out its programs due to the rising costs of doing business. Uncontrollable expenses, such as cost-of-living increases for salaries, should not cut into the funds available to fulfill the agency's mission.

Virtually every American citizen and every federal, state, and local agency benefits either directly or indirectly from USGS products and services. As was made clear by the National Research Council report Future Roles and Opportunities for the U.S. Geological Survey, the USGS's value to the nation goes well beyond the Department of the Interior's stewardship mission for public lands. USGS information and expertise address a wide range of important problems facing this nation: earthquakes and floods, global environmental change, water availability, waste disposal, and availability of energy and mineral resources. Some of the most important activities of the Survey serve the entire nation and often are most applicable to those non-federal lands where the nation's citizens reside. At the same time, AGI recognizes that the Survey does have a responsibility to provide scientific support for its sister land management agencies at Interior, an important mission that needs to be well executed if land management decisions are to be made with the best available scientific information. It is imperative that both these missions be recognized and valued within the Department and the White House. AGI asks the subcommittee to continue its efforts to help the administration better understand the Survey's value to the nation as a whole.

National Cooperative Geologic Mapping Program.—AGI urges the subcommittee to reject the administration's requested cuts to the National Cooperative Geologic Mapping Program and to fund this important program at the fiscal year 2004 appropriated level. This important partnership between the USGS, state geological surveys, and universities provides the nation with fundamental data for addressing natural hazard mitigation, environmental remediation, land-use planning, and resource development.

Mineral Resources Program.—This highly regarded research program is the nation's premier credible source for regional, national and global mineral resource and mineral environmental assessments, statistics and research critical for sound economic, mineral-supply, land-use and environmental analysis, planning and decision making. AGI urges the subcommittee to reject the administration's requested cuts to this program and to fund it at the fiscal year 2004 appropriated level. If additional funds are available to grow this program, we ask the subcommittee to consider funding the Mineral Education and Research initiative that would establish an external grant program to support university-based applied mineral deposits research and training in mineral resource issues. Such a program has been recommended by the National Research Council as a means of improving cooperation between the minerals industry, universities and government, and of arresting the decline in geoscience faculty research expertise in minerals geology.

Advanced National Seismic System.—A key role for the USGS is providing the research, monitoring, and assessment that are critically needed to better prepare for and respond to natural hazards. When a massive quake struck Alaska in December 2002, a major economic and environmental disaster was averted because the Trans Alaska Pipeline System did not rupture where it crossed the fault. The pipeline's resilience, despite the 14 feet of ground movement, was due to stringent design specifications based on USGS geologic studies three decades ago. To ensure future successes in hazard identification and mitigation, the Earthquake Hazards Reduction Authorization Act of 1999 called for a significant federal investment in expansion and modernization of existing seismic networks and for development of ANSS—a nationwide network of shaking measurement systems centered on urban areas. ANSS can provide real-time earthquake information to emergency responders as well as building and ground shaking data for engineers and scientists seeking to understand earthquake processes. If additional funds are available, this program should grow toward its authorized levels of $35 million in fiscal year 2005.

Hydrology Programs.—The fiscal year 2005 budget requests a significant cut in the Toxic Substances Hydrology program. The Toxics program supports targeted, long-term research on water resource contamination in both surface and groundwater environments. Such problem-specific research in this area is highly appropriate for USGS. The president's request also calls for the termination of the Water Resources Research Institutes. AGI strongly encourages the subcommittee to oppose these reductions and to fully support these programs. AGI urges the subcommittee to reject the administration's requested cuts in funding for the National Water Quality Assessment and National Streamflow Information programs, both of which make important contributions to the nation.

Homeland Security.—Another troubling aspect of the president's request that is not apparent from the budget documents is the lack of funding for the USGS activities in support of homeland security and the war on terrorism overseas. All four disciplines within the Survey have made and continue to make significant contributions to these efforts, but the fiscal year 2005 request does not provide any direct funding. Instead, those costs must be absorbed in addition to the proposed cuts. AGI encourages the subcommittee to recognize the Survey's important role in homeland security and ensure adequate support for its newfound responsibilities.

DOE FOSSIL ENERGY RESEARCH AND DEVELOPMENT

AGI is very concerned by the significant reductions in the President's budget request to the Oil Technology R&D and Natural Gas R&D programs. The proposed 57 percent cut to oil research and 40 percent to natural gas research would decimate these programs—programs which were cut in the President's request last year and only partially restored by the subcommittee. The research dollars spent by these programs go largely to universities, state geological surveys and research consortia to address critical issues like enhanced recovery from known fields and unconventional sources that are the future of natural gas supply. This money does not go into corporate coffers, but it helps American businesses stay in business by giving them a technological edge over their foreign competitors. AGI strongly encourages the subcommittee to restore these funds and bring these programs back to at least fiscal year 2003 levels.

Research funded by DOE leads to new technologies that improve the efficiency and productivity of the domestic energy industry. Continued research on fossil energy is critical to America's future and should be a key component of any national energy strategy. The societal benefits of fossil energy R&D extend to such areas as economic and national security, job creation, capital investment, and reduction of the trade deficit. The nation will remain dependent on petroleum as its principal transportation fuel for the foreseeable future and natural gas is growing in importance. It is critical that domestic production not be allowed to prematurely decline at a time when tremendous advances are being made in improving the technology with which these resources are extracted. The recent spike in both oil and natural gas prices is a reminder of the need to retain a vibrant domestic industry in the face of uncertain sources overseas. Technological advances are key to maintaining our resource base and ensuring this country's future energy security.

The federal investment in energy R&D is particularly important when it comes to longer-range research with broad benefits. In today's competitive markets, the private sector focuses dwindling research dollars on shorter-term results in highly applied areas such as technical services. In this context, DOE's support of fossil energy research is very significant both in magnitude and impact compared to that done in the private sector. Without it, we risk losing our technological edge with this global commodity.

SMITHSONIAN INSTITUTION

This venerable institution was established for "the increase and diffusion of knowledge." Those dual charges require that the Smithsonian not only welcome visitors to its museums but also produce new knowledge through scientific research. Last year, a specially appointed science commission released a report outlining the role of research within the Smithsonian. The report noted that funding erosion has placed the institution's world-class research facilities and researchers in poor financial standing. The National Research Council has released a report with similar findings. The message appears to have had a significant impact on the president's fiscal year 2005 request, which calls for a 27 percent increase in funding, $1.5 million of which will go toward fulfilling the findings of these reports. AGI thanks the subcommittee for embracing the findings of these reports and starting to build up Smithsonian research.

NATIONAL PARK SERVICE

The national parks are very important to the geoscience community as unique national treasures that showcase the geologic splendor of our country and offer unparalleled opportunities for both geoscientific research and education of our fellow citizens. The National Park Service's Geologic Resources Division was established in 1995 to provide park managers with geologic expertise. Working in conjunction with USGS and other partners, the division helps ensure that geoscientists are becoming part of an integrated approach to science-based resource management in parks. AGI asks the subcommittee to fully support the president's requested increase for the Natural Resources Challenge. AGI would like to see additional support for the Volunteers in the Park program and its associated partnerships as well as additional geological staff positions to adequately address the geologic resources in the national parks.

Thank you for the opportunity to present this testimony to the subcommittee. If you would like any additional information for the record, please contact me at 703–379–2480, ext. 212 voice, 703–379–7563 fax, eml@agiweb.org, or 4220 King Street, Alexandria VA 22302–1502.

PREPARED STATEMENT OF THE AMERICAN PUBLIC POWER ASSOCIATION

The American Public Power Association (APPA) is the national service organization representing the interests of over 2,000 municipal and other state and locally owned utilities throughout the United States (all but Hawaii). Collectively, public power utilities deliver electricity to one of every seven electric consumers (approximately 43 million people), serving some of the nation's largest cities. However, the vast majority of APPA's members serve communities with populations of 10,000 people or less.

We appreciate the opportunity to submit this statement outlining our fiscal year 2005 funding priorities within the jurisdiction of the Interior and Related Agencies Subcommittee.

DEPARTMENT OF ENERGY: ENERGY INFORMATION ADMINISTRATION

The Energy Information Administration (EIA) has extensive legislative authority to collect data needed to answer a broad range of energy policy questions. In order to fulfill this responsibility in regard to the electric power industry, EIA has had to revise and expand its data collection to include new participants. EIA now collects information from all sectors of the power industry: investor-owned utilities, rural electric cooperatives, public power systems and federal utilities, as well as power marketers and non-utility generators.

Most EIA data forms are filled out by all industry sectors. However, the Federal Energy Regulatory Commission (FERC) collects data from its jurisdictional utilities (investor-owned utilities) and the Department of Agriculture's Rural Utilities Service (RUS) collects information from its utility borrowers (rural electric cooperatives). EIA does not duplicate electricity data collected by these federal agencies. Thus EIA uses a small number of forms to collect comparable information from electric industry sectors not subject to the FERC or RUS reporting requirements. EIA–412 is one of these forms.

APPA is concerned by reports that funding for the distribution, collection and analysis of EIA–412 will be eliminated by EIA in fiscal year 2005. Eliminating form

EIA–412 will leave a gap in the electricity industry's data coverage. APPA and its members use many of the data items on the form to make comparisons between individual utilities and to compute industry averages. For example, APPA uses EIA–412 data in its testimony to Congress to show the level of public power's long-term debt, its average interest rate, and the effect of tax-exempt financing on the average public power retail customer compared to the investor-owned utility average. It will become impossible to make statements about these issues if the EIA–412 is discontinued.

It is crucial that utilities, government, regulators, and the public all have access to reliable data in order to monitor pricing and structural changes in the electric utility industry and the effects of these changes on competition, so as to determine what regulations and safeguards are needed. EIA's collection of transmission, plant cost, bulk power transaction, and financial data addresses these competition issues.

The transmission information collected by EIA on Form EIA–412 represents about thirty percent of all large transmission lines. This information will be lost if the form is discontinued. In its most recent proposal to revise its electricity forms, EIA added a schedule to the EIA–412 that would capture new information on transmission system upgrades, and is working with FERC to encourage the Commission to collect comparable information from investor-owned utilities. At the same time that EIA is working to improve transmission information—in response to the renewed focus on reliability—the budget process is eliminating this vital information.

The same is true of power plant data. Non-utility generators own more than one-third of the nation's generating capacity, and public power and federal utilities account for another eighteen percent. If Form EIA–412 is eliminated, average power plant cost and operating data will be based on less than half of all capacity.

DEPARTMENT OF ENERGY: ENERGY CONSERVATION

APPA appreciates the Subcommittee's interest in energy conservation and efficiency programs at the Department of Energy's (DOE) and we hope that the Subcommittee will once again allocate a funding level over and above the Administration's request for fiscal year 2005.

Hydrogen Research

APPA supports the Administration's efforts to improve the feasibility of making available low-cost hydrogen-powered fuel cell vehicles. APPA believes that the availability of fuel cell technology for transportation is critical for cities and states that must achieve mandatory federal air quality standards. We appreciate the Administration's new emphasis on refocusing research and development toward the achievement of cost-effective fuel cell vehicles, and support its request of $16 million for hydrogen research in fiscal year 2005.

The fuel cell vehicle is virtually pollution-free and highly efficient. One of APPA's member utilities, the Sacramento Municipal Utilities District (SMUD) has done extensive research into this field and has found that even a 10 percent market penetration could reduce regulated air pollutants by more than a million tons a year and emissions of carbon dioxide by 60 million tons a year.

Weatherization and Intergovernmental Activities

APPA supports the Administration's request of $364 million for fiscal year 2005 for helping to increase the efficiency of commercial and residential buildings, including weatherization assistance, the state and community energy conservation programs. APPA is particularly supportive of the weatherization assistance program as it has been effective at helping low income citizens afford their energy bills while at the same time reducing energy usage.

DEPARTMENT OF ENERGY—FOSSIL ENERGY RESEARCH AND DEVELOPMENT PROGRAMS

Coal Research Initiative—Clean Coal Power Initiative

APPA strongly urges the Subcommittee to support the Administration's request of $287 million for fiscal year 2005 for the Clean Coal Power Initiative. This initiative makes possible joint government-industry research, development and demonstration of new technologies to enhance the reliability and environmental performance of coal-fired generators. Coal is a vital fuel source for producing electricity that will become an even more viable domestic resource if we can reduce emissions of criteria pollutants and carbon dioxide from coal fired plants.

Distributed Generation Fuel Cells

APPA is disappointed with the Administration's request of $23 million for fiscal year 2005 for distributed generation fuel cell research and development and encourages the Subcommittee consider a funding increase more reflective of the allocation made in fiscal year 2004 of $71 million. APPA member systems as well as DOE, the National Rural Electric Cooperative Association (NRECA) and the Electric Power Research Institute (EPRI) have cosponsored carbonate fuel cell research, testing and the first utility scale demonstration of a carbonate fuel cell power plant. APPA member systems are leaders in the field of fuel cell power plants and have benefited from the prioritization that the Subcommittee has given to funding DOE's research and development programs over and above what the Administration has requested in the last several years.

PREPARED STATEMENT OF THE COAL UTILIZATION RESEARCH COUNCIL (CURC) [1]

SYNOPSIS OF CURC TESTIMONY

This testimony focuses upon the following three topics:

1. Adequate funding is required in order to achieve the goals of the DOE-CURC-EPRI Clean Coal Technology Roadmap;
2. Recommended increases in funding for several DOE coal based R&D programs; and
3. Support for funding of the FutureGEN project.

THE CLEAN COAL TECHNOLOGY ROADMAP

The CURC, the Department of Energy (DOE), and the Electric Power Research Institute (EPRI) have agreed upon a clean coal technology roadmap (see CURC website at www.coal.org). The roadmap identifies a number of research, development and demonstration priorities that, if pursued, could lead to the successful development of a set of coal-based technologies that will permit the long-term use of coal in a cost effective, highly efficient and environmentally superior manner as compared to currently available technology. The roadmap outlines the technology steps necessary in order ultimately to develop and demonstrate technologies capable of near zero emissions to the air or water. These same technologies would provide low cost, competitively priced electricity or other useful products to end use consumers. In addition, the roadmap includes a technology development program for carbon management, defined as the capture and sequestration of carbon dioxide. In the event public policy requires CO_2 management at some future time cost effective technologies will then already be under development.

Using the roadmap as a tool to guide our nation's coal research and development (R&D) efforts, CURC has examined the fiscal year 2005 budget request for coal. Our specific inquiry is to judge whether DOE's coal program will result in the timely achievement of the agreed upon roadmap goals. Based upon those roadmap goals—agreed to by CURC, EPRI and DOE—we have determined that the goals of the roadmap cannot be achieved within the timeframes specified with the budgets requested. While it is understood that the Committee must make difficult choices among many meritorious programs, the CURC strongly encourages the Congress to consider the following: The United States possesses within its own borders more than 250 years of supply of coal at current rates of consumption. Coal supplies more than one half of the energy for the electricity generated in this country. The clean coal technology roadmap provides a guide for the development of technologies to use coal more cleanly, efficiently and cost effectively.

CURC strongly believes that funding for several coal programs must be increased if we are to successfully reach the goals of the consensus roadmap. Those recommended budget levels are set forth in the following table:

SPECIFIC FUNDING RECOMMENDATIONS FOR THE COAL R&D PROGRAM

[In millions of dollars]

Technology program	Administration fiscal year 2005 request	CURC roadmap annual R&D budget [1]	CURC fiscal year 2005 proposed budget
IGCC/GASIFICATION	34.45	106.00	66.00
ADVANCED COMBUSTION SYSTEMS	....	18.00	15.00

[1] The CURC is an ad-hoc group of electric utilities, coal producers, equipment suppliers, state government agencies, and universities. CURC members work together to promote coal utilization research and development and to commercialize new coal technologies. Our 40+ members share a common vision of the strategic importance for this country's continued utilization of coal in a cost-effective and environmentally acceptable manner.

SPECIFIC FUNDING RECOMMENDATIONS FOR THE COAL R&D PROGRAM—Continued

[In millions of dollars]

Technology program	Administration fiscal year 2005 request	CURC roadmap annual R&D budget [1]	CURC fiscal year 2005 proposed budget
INNOVATIONS FOR EXISTING PLANTS	18.05	43.00	23.00
ADVANCED TURBINES	12.00	17.00	25.00
CARBON SEQUESTRATION	49.00	79.00	49.00
ADVANCED RESEARCH	30.50	[2] 4.00	31.00
COAL DERIVED FUELS & LIQUIDS	[3] 16.00	[4] 13.00	31.00
FUTUREGEN/CCPI	287.00	240.00	240.00
TOTAL	447.00	520.00	480.00

[1] This number is 80 percent of the total R&D amount required and represents the federal contribution. It is assumed that industry would provide the other 20 percent required to carry out the R&D. The annual budgets are based upon the CURC Roadmap from fiscal year 2003 through fiscal year 2010; the annual budgets from fiscal year 2011-fiscal year 2020 are not reflected.
[2] For materials.
[3] Specifically for hydrogen R&D.
[4] To fund new programs for coal derived liquids.

IGCC/Gasification.—Funding in fiscal year 2005 must be increased above the President's request of $34.45 million. The budget request will limit support for the major Presidential initiatives on hydrogen and FutureGEN, and severely compromise the schedule and the ability to meet improved cost, reliability and efficiency goals in the DOE/CURC/EPRI Roadmap. CURC recommends funding the program at $66 million in fiscal year 2005 and directing the additional funds to the following activities: (1) an additional $18.6 million to accelerate pilot and intermediate scale work and field testing, including refractory testing and temperature monitoring in commercial units, advanced sorbents for sulfur to allow SCR use on combustion turbines for ultra-low NO_X and FutureGEN design configuration testing, and activities at the PSDF for testing and advanced air separation module testing; (2) an additional $1 million each for high-pressure designs for various coal ranks and increased system reliability; and (3) an additional $12 million for ultra-low emissions development for H_2 production and CO_2 separation (necessary for FutureGEN technologies) and to accelerate air, H_2 and CO_2 separation R&D.

Advanced Combustion Systems.—CURC recommends that DOE restore funding for coal combustion-based R&D to $15.0 million. DOE's fiscal year 2005 Advanced Combustion program should be designed to support the following: (1) $5 million for oxy-fuel firing development to facilitate the capture and sequestration of CO_2 while enhancing combustion efficiency; (2) $5 million for chemical looping technology development of highly efficient, innovative power generation plants with CO_2 capture and hydrogen generation capability; (3) $2.5 million for ultra-supercritical steam cycles for advanced boiler and steam turbine development; and (4) $2.5 million for systems analysis and component development including integration with CO_2 capture (currently funded in the sequestration program). Fully funding this program at the recommended level will enhance the development of high efficiency, superior environmental performance, and CO_2–ready combustion technologies.

Advanced Turbines.—We cannot achieve coal conversion efficiencies exceeding 50 percent and turbines capable of utilizing coal derived synthetic gas or hydrogen derived from coal in the timeframes set forth in the roadmap with the amount of funds requested in fiscal year 2005. The fiscal year 2005 request of $12 million is directed at R&D in high efficiency gas turbines configured for use of hydrogen produced from coal. While CURC supports this effort, the latest generation of gas turbines (the "G" and "H" class of turbines) are not ready to meet the demands of the proposed coal-based advanced power plant cycles (e.g., IGCC with or without CO_2 capture, or FutureGEN) nor are they ready to meet the environmental standards that are expected to be required in the future. While CURC supports this activity, we recommend adding $13 million to the turbine program in fiscal year 2005 and focusing the increased funding in three key areas: (1) $7 million for fuel flexible low emissions combustion research; (2) $4 million for syngas and H_2 tolerant materials and coating systems; and (3) $2 million for sensors and monitors for syngas and H_2 gas turbines.

Innovations For Existing Plants.—CURC recommends that additional funding be allocated to the Fine Particulate Control/Air Toxics subprogram to allow a meaningful mercury emission control program to proceed. The President's request of $9.95 million for this subprogram leaves only $1.5 million for new demonstrations of mercury control technologies, and for already-solicited toxicology and epidemiology studies of fine particulate matter. CURC recommends increasing the budget for this subprogram by $5.4 million, for a total of $15.35 million in fiscal year 2005. Increased funding will allow three new mercury control demonstration tests to proceed.

Carbon Sequestration.—DOE sequestration R&D program is supposed to result in the development of a portfolio of safe and cost-effective greenhouse gas capture, storage and mitigation technologies by 2012. Successfully achieving this goal will require directing R&D money at promising pilot scale projects. The current program is focused on developing efficient, low-cost, advanced CO_2 separation approaches. In fiscal year 2005, DOE has requested additional funding to continue this focus and complete pilot tests on advanced capture technologies related to membrane and hydrate configurations. CURC commends DOE for re-focusing the core R&D program to support ongoing pilot–scale work. The requested budget level is sufficient to further those activities in the coming year. However, CURC believes that more pilot demonstrations are required and a cost-effective means to achieve this goal is through establishment of several national sequestration pilot test centers that would have the capability to run multiple pilot-scale tests of pre-combustion, membrane, and post-combustion CO_2 capture technologies.

Advanced Research.—Coal utilization science and related programs are essential to assure the development of advanced coal utilization and conversion technologies. CURC supports funding for the development of advanced materials aimed at steam power generation applications in ultra supercritical modes. In addition, this program should support research topics across the spectrum of the roadmap in such a way that creative embryonic research, which could lead to the application of novel concepts in support of the roadmap, will be funded. Continued development of instruments, sensors and materials for advanced diagnostics and controls for coal-based systems is required and additional funding is needed for this research to reduce the technical risk of advanced power generation technologies, such as gasification, that are dependent on sensors and controls. It is a concern that the fiscal year 2005 request for the two programs in the Coal Utilization Science and Materials subprogram (each at $8 million) is being requested to continue existing work, which limits the opportunity for new competitive enabling research. In the materials subprogram, it also implies cutting back on ultra high temperature intermetallic research, which is relevant to Vision 21and FutureGEN objectives.

Coal Derived Fuels And Liquids.—CURC recommends $31 million in fiscal year 2005 for the three major elements of the Coal Fuels Program. CURC supports funding the Transportation Fuels & Chemicals subprogram at $22 million. This recommendation includes $16 million for new hydrogen research in advanced separation membranes, developing hydrogen-carrier liquid fuels, on-board reforming, storage and utilization, and component development. CURC recommends $2 million each for: (1) reactor/process development research; (2) technologies for producing liquid transportation fuels and chemicals from coal; and, (3) computational modeling for the optimization of co-production and polygeneration coal-based power systems. CURC recommends $4 million for the Advanced Fuels Research subprogram to support technology development for advanced fuels and chemicals, including hydrogen, and recommends $5 million for the Solid Fuels & Feedstocks subprogram.

FutureGEN/Clean Coal Power Initiative (CCPI).—Commercial scale demonstrations of complete systems are essential in determining whether or not components can be successfully and cost-effectively integrated. CURC supports funding for the coal demonstration projects anticipated through the CCPI and the FutureGEN projects. DOE fiscal year 2005 budget requests $237 million to fund FutureGEN and $50 million to fund the CCPI program. CURC recommends that the Congress consider the following: (1) For the FutureGEN project to proceed, Congress must provide assurance to the private sector participants that the government is committed to the project; in other words, there must be a fully enforceable commitment by the government that it's contribution to the project is available in the same way the government is asking the private sector to make a similar up-front commitment. (2) For the CCPI program to be successful, a budget request of $50 million to support the second solicitation is not adequate. When combined with already appropriated and available funds, CCPI 2 will have only $280 million available to make awards.

Finally, when considered in the context of the entire coal R&D budget, CURC cannot support, for example, funding FutureGEN if it is to be accomplished at the expense of the coal R&D and CCPI programs. If the base R&D programs are cut back to fund FutureGEN, government and industry cannot reach the goals of either the roadmap or FutureGEN. This is so because the technologies that are currently under development in the coal R&D program are expected to be utilized in the FutureGen program. Congress is urged to consider first adding substantial additional appropriations to the coal R&D budget and the CCPI program, and secondly, reallocating the total requested funds for the coal program while providing needed assurances and commitments regarding the future availability of funds for the advanced coal demonstration programs contemplated in this year's budget request.

CONCLUSION

Success in advanced clean coal technology development promises to preserve the coal option for fuel diversity and assures that continued growth in the use of coal will be accompanied with low costs to consumers, minimal impacts upon the environment, and guaranteed energy security for our nation now and well into the future. DOE/CURC/EPRI roadmap identifies a variety of advanced coal-based energy systems to achieve those goals. To ensure that these technologies will be developed the government's long-term commitment must be assured and funding for these programs must be substantially increased.

PREPARED STATEMENT OF THE COALITION OF NORTHEASTERN GOVERNORS

The Coalition of Northeastern Governors (CONEG) is pleased to provide this testimony to the Senate Subcommittee on Interior and Related Agencies regarding fiscal year 2005 appropriations for the Energy Conservation programs of the U.S. Department of Energy. The Governors appreciate the Subcommittee's support for these programs, and recognize the difficult funding decisions which confront the Subcommittee this year. At a time of heightened attention to the security, reliability and efficiency of the nation's energy systems, we believe that modest federal investment in these programs provides substantial energy, economic and environmental returns to the nation. In recognition of the contribution which energy efficiency and conservation programs make to costeffective energy strategies, the CONEG Governors request that funding for the State Energy Program be increased to $74 million, and that funding for the Weatherization Assistance Program be increased to $291 million in fiscal year 2005. The Governors also request that funding for the Northeast Home Heating Oil Reserve be maintained at $5 million in fiscal year 2005.

The Department of Energy's State Energy Program and Weatherization Assistance Program provide valuable opportunities for the states, industry, national laboratories and the U.S. Department of Energy to collaborate in moving energy efficiency and renewable energy research, technologies, practices and information to the public and into the marketplace. Administered by the 50 states, District of Columbia and territories, these programs are an efficient way to achieve national energy goals, as they tailor energy projects to specific community needs, economic and climate conditions.

State Energy Assistance Program.—The State Energy Program (SEP) is the major state-federal partnership program for energy. It provides a vitally important part of total energy funding to state energy offices, for it allows them to tailor the energy activities to fit the particular energy priorities and needs of each state. As the nation moves to enhance the security of its energy infrastructure, the energy emergency preparedness activities long provided by state energy offices take on heightened significance.

Increased SEP funding in fiscal year 2005 will ensure that States can continue to rely upon state energy offices to serve as their essential energy emergency preparedness officials in providing this vital public security and safety function. As part of the nation's strategy for a balanced, reliable energy system, SEP also helps move energy efficiency and renewable energy technology into the marketplace. Through the SEP, states also assist schools, municipalities, businesses, residential customers and others in both the private and public sectors to incorporate the practices and technologies which help them manage their energy use wisely.

The modest federal funds provided to the SEP are an efficient federal investment, as they are leveraged by non-federal public and private sources. According to a study of the SEP done by the Oak Ridge National Laboratory at the request of U.S. Department of Energy, every dollar in SEP funding yields $3.54 in "leveraged" funding from the state and private sectors, and results in $7.23 in annual energy cost savings. This adds up to over $256 million in annual energy costs savings. These savings estimates do not capture the valuable public benefits, such as energy emergency planning and preparedness, provided by SEP. In short, the Oak Ridge report concludes that the SEP, with its impressive savings and emissions reductions, ratios of savings to funding and payback periods, offers effective operations and a substantial positive impact on the nation's energy situation.

Weatherization Assistance Program.—The Weatherization Assistance Program (WAP) helps low-income households better manage their ongoing energy use, thereby reducing the heating and cooling bills of the nation's most vulnerable citizens.

According to the U.S. Department of Energy, low-income households spend 14 percent of their annual income on energy, compared to 3.5 percent for other households. The Weatherization Assistance Program strives to reduce the energy burden of low-income residents through such energy saving measures as the installation of insulation and energy-efficient lighting, and heating and cooling system tune-ups. These measures can result in energy savings as high as 30 percent.

Northeast Home Heating Oil Reserve.—The nation's heightened emphasis on energy security places renewed importance on the Northeast Home Heating Oil Reserve. The Northeast, with its reliance upon imported fuels for both residential and commercial heating, is particularly vulnerable to the effects of supply disruptions and price volatility. The Reserve provides an important buffer to ensure that the states will have prompt access to immediate supplies in the event of a supply emergency.

In conclusion, we request that the Subcommittee increase funding for the State Energy Program to $74 million and for the Weatherization Assistance Program to $291 million; and that it maintain funding at the level of $5 million for the Northeast Home Heating Oil Reserve in fiscal year 2005. These programs have demonstrated their effectiveness in contributing to the nation's goals of environmentally sound energy management and improved economic productivity and energy security.

We thank the Subcommittee for this opportunity to share the views of the Coalition of Northeastern Governors, and we stand ready to provide you with any additional information on the importance of these programs to the Northeast.

Prepared Statement of the Battelle Memorial Institute

Mister Chairman and Honorable Members of the Committee: clean, secure and affordable energy—for stationary power as well as for transportation—is critical to the nation's prosperity. Ensuring that the United States is making full use of domestic energy reserves, reducing its dependence on foreign energy supplies, and addressing the concerns associated with atmospheric concentrations of greenhouse gases requires deeper scientific understanding and new technologies. With advanced developments in fuel cells producing energy from hydrogen, lightweight materials, carbon sequestration for clean fossil fuel energy generation and bio-based products, we can to meet the nation's growing energy needs while responding to these challenges.

In this past year, the Department has begun addressing several of these key issues through the establishment of the FreedomCAR and Hydrogen Fuel Initiative and the FutureGen Initiative. These initiatives highlight the unique role the Federal government plays developing science and technology and in stimulating programs and policies that will foster private innovation by reducing the pre-commercial risks of essential, breakthrough technologies, and in assessing and confirming the environmental and economic performance of energy innovations. Although Battelle is a major operator of laboratories for the Department of Energy, [1] this testimony reflects the company's commercial perspective. As a leading independent research, development and commercialization company, Battelle partners with many firms to create new products and companies focused on bringing breakthrough solutions and products to the marketplace. [2] Through these activities, Battelle has gained direct knowledge of the commercial market drivers for new energy solutions.

While there are many reasons to advocate each element of the Interior Appropriations budget, the following details Battelle's view of the most critical priorities for Federal energy research:

—Distributed Generation Systems
 —solid State Energy Conversion Alliance (SECA)
—Combined Hydrogen and Near Zero-Emission Power
 —FutureGen
 —Zero Emission Research Center
—Transportation
 —Fuel Cell Technology, Transportation Systems
 —Heavy Vehicle High Strength Weight Reduction Materials
—Bio-Based Products

---

[1] Battelle, through direct operations, joint venture subsidies and partnerships is engaged in operation of the Pacific Northwest National Lab, Oak Ridge National Lab, Brookhaven National Lab and National Renewable Energy Laboratory.

[2] Founded as a charitable trust in the State of Ohio, Battelle's operational revenues exceed $1 billion annually for research and development. In conjunction with its efforts to bring the benefits of research to the public, Battelle invests over $70 million annually in some six to ten commercial ventures seeking to bring innovations from its research to the marketplace.

A table provided at the end of this document summarizes the recommendations for budget priorities.

DISTRIBUTED GENERATION POWER SYSTEMS: SECA AND HITEC

Solid State Energy Conversion Alliance

The SECA program seeks to develop commercial commitment to the rapid development of low-cost, low-emission, high-efficiency solid oxide fuel cells that, by design, are focused on meeting the commercial market requirements of a deregulated energy market. Unlike prior efforts in fuel cells, SECA has focused equally from its inception on both the economic and technical challenges required to achieve a breakthrough energy generation alternative that is viable on a broad scale.

A recent analysis of the support required by commercial development teams and the aligned core technology priorities that have emerged from industry workshops suggests that the SECA effort could effectively utilize funding of $50 million the next fiscal year. Failure to expand the funding to this level will seriously jeopardize the progress that has been made in engaging and stimulating industry to invest in advanced fuel cells for distributed generation that are fundamentally designed to be economically viable. It also increases the risk of failure to develop a commercial product and imperils the development of the supporting research, academic programs and supply industries required to meet the future demand for employees and component manufacturers for this new generation of low-emission, high-efficiency fuel cells.

Battelle acknowledges the ongoing budget constraints, but realizing the importance of this program, we urge an expansion of the Administration's request from $23 million to a minimum of $50 million in fiscal year 2005 and significant increases for the out years. Adequate funding for the High Temperature Electrochemisty Center and the Transportation budgets also will support the acceleration of the SECA program goals.

FUTUREGEN—COMBINED HYDROGEN AND ZERO-EMISSION POWER

The FutureGen Project is intended to design, build, and operate the worlds first near-zero emission coal-fueled hydrogen and power plant. The value to the global economy of developing this class of technology could literally be trillions of dollars.[3] FutureGen technology also offers the potential to sustain affordable electricity prices to U.S. consumers over the coming decades in the face of ever increasing environmental requirements. Because the benefits are large, but diffusely distributed across the U.S. economy, the FutureGen Project is particularly well-suited to Federal funding through a public-private partnership.

FutureGen would be designed and built using a suite of advanced component technologies that are incorporated into an integrated system. Component technologies will include: advanced oxygen-blown gasification, coal gas clean-up processes, hydrogen and carbon dioxide separation technologies, an advanced hydrogen turbine, fuel cell technology, carbon sequestration, and others. Wherever, possible the research and engineering goal will be to push performance upward while driving down the cost. For some components, such as sequestration, there will be significant scientific challenges involved in predicting and monitoring the fate and effects of carbon dioxide that is injected into deep geologic formations. Public education and stakeholder involvement will also need to be central to the effort, as public acceptance of the technology is a critical project goal. Once the initial facility is completed, it is intended to be a world-class test bed for other advanced technologies. Given the scale of the scientific and engineering challenges, as well as the need for extensive stakeholder involvement, it is clear that FutureGen is far more than a traditional demonstration project. Further, with over 95 percent of all U.S. fossil-fueled power plants within 50 miles of a potential sequestration site,[4] the results of FutureGen have the potential to be widely applicable.

The President's fiscal year 2005 budget request includes $237M for FutureGen with an outlay of $18M. Battelle supports protecting in statutory language the full

[3] Through the use of peer-reviewed economic modeling, the Global Energy Technology Strategy Project concluded that central power plant and hydrogen production coupled with capture & sequestration could reduce the global cost of addressing climate change by trillions of dollars. The Global Energy Technology Strategy project includes participation from industry, government, and environmental NGOs in more than ten countries. It is one of the world's leading efforts to systematically explore the role of technology within the future U.S. and global energy system. (Edmonds, J., et al 2000. Battelle).

[4] Based upon a screening analysis conducted as part of the Global Energy Technology Strategy project.

$237M toward FutureGen design and construction and that $18M be made available in fiscal year 2005. It is extremely important to the viability of the project that the $237M be protected so that industry can have some level of assurance that the project will proceed and that the project merits their investment of several hundred million dollars in it. Further, it is extremely important to the scientific and technical integrity of the project that funds for FutureGen do not drain valuable resources from the base fossil energy R&D program. The FutureGen project will rely heavily on the base program for the underpinning science and technology that is necessary for FutureGen to be successful.

Battelle also supports the establishment of a zero-emissions research and technology center which was included in the fiscal year 2004 Interior Appropriations Senate Report. We understand that this center will focus on sequestration science and is consistent with the goals of FutureGen and the Department of Energy's sequestration program."

TRANSPORTATION

Fuel Cell Technology for Transportation Systems

Battelle firmly believes that fuel cells offer the long-term benefits of reduced fuel consumption, reduced emissions and broad applicability. To achieve commercial acceptance, substantial breakthroughs in both electrochemistry and production technology are necessary. Despite significant progress, the wide-scale adoption of fuel cells as a reliable prime mover is not likely until several decades in the future. However, the adoption of smaller fuel cells as "auxiliary power" units for heavy trucks and autos is a realistic goal for this decade, providing significantly lower fuel consumption than engine-driven generator sets and near-term stimulus to the production volume of fuel cells.

Effectively integrating new technologies, such as the solid oxide fuel cells developed by SECA, requires a clear system-level understanding of the consequences and benefits of their use in truck designs. It also requires a coordinated effort between base technology being developed through programs such as SECA and the development, demonstration and deployment for specific applications such as transportation. Battelle believes the coordinated effort between SECA and Transportation should be encouraged and efforts expanded to integrate solid oxide fuel cells into heavy vehicle auxiliary power unit applications. Battelle encourages the subcommittee to support increasing Fuel Cell Technologies, Transportation Systems to $9.6 million with the additional $2 million focusing on developing solid oxide fuel cells specifically for heavy vehicle applications. The additional resources will directly support technology goals of both the 21st Century Truck Partnership and the Hydrogen Program.

HEAVY VEHICLE HIGH STRENGTH WEIGHT REDUCTION MATERIALS

A strong U.S. heavy truck industry is a critical component of a healthy economy. This industry is faced with major challenges over the next several years with respect to meeting future emission standards, reducing operating costs and maintaining vehicle efficiency. The 21st Century Truck Partnership has established technology goals that will address these challenges over the next 10 years. Reducing heavy truck weight by 5,000 pounds is one of the primary goals that enable efficiency on a ton-mile basis. The development of new technologies to reduce vehicle weight by 2010 and beyond will require an accelerated and coordinated national research and development program between heavy truck manufacturers, suppliers and research institutions.

Funding for breakthroughs in the development of cost-competitive lightweight materials and advanced manufacturing processes for heavy vehicles is critical to meeting future goals. However, the fiscal year 2005 request is $1 million below the fiscal year 2004 appropriation. Increased funding will allow heavy vehicle manufacturers to introduce lightweight materials onto heavy vehicles, reducing the weight of their trucks, increasing fuel efficiency and maintaining U.S. jobs and manufacturing leadership. To have an impact in this decade and beyond, lightweight materials are required and funding should be increasing not decreasing. Battelle believes that this is a critical shortfall and supports a $2.0 million increase for accelerating breakthrough programs in for Heavy Vehicle High Strength Weight Reduction Materials.

BIO-BASED PRODUCTS R&D

Bio-based alternatives to petroleum-derived chemicals and materials are essential in developing a balanced future energy supply. Bio-based products provide the additional revenue streams that allow biorefineries to both produce large quantities of biofuels and to be economically viable. As the integrated biorefineries of the future are established, the bio-based chemicals and materials will continue to be essential economic drivers necessary to support the expansion of domestically produced biofuels. Battelle has teamed with major corn and wheat processors and chemical companies to accelerate the transition of these bio-based technology concepts into production.

Over the last year, Battelle and its researchers at Pacific Northwest National Laboratory have made significant progress in this area. Through partnerships with industry and DOE, we have taken one technology concept to the demonstration stage at the site of a major commercial corn processor. In alignment with DOE's Office of Biomass Programs, we also have identified a focused set of highest priority chemical intermediate building blocks that can be produced from biomass resources.

To effectively produce these intermediate building blocks from biomass, two efforts are needed. First, industry/DOE/laboratory partnerships such as those funded through the Interior Appropriations to establish advanced biorefineries should be continued. In addition, a laboratory-led program funded by DOE's Office of the Biomass Program to develop enabling R&D is needed The recent prioritization of needs in the area will allow this effort to proceed with a sharp focus on key issues including improved catalysis and bioprocessing using advanced fungal micro-organisms. Taken together, these efforts will help achieve energy savings and develop a balanced domestic energy supply.

Battelle's industrial partners, including the crop associations, the agricultural processing industry, and select chemical industries, are committed to efforts to implement bio-based products and fuels. Battelle supports the Administration's budget request for bio-based products and recommends at least that level of funding be appropriated.

We appreciate your attention to and interest in the Department of Energy's fuel, power and emission programs. Your continued support is essential to the success of the private sector/government partnerships in building a strong economy, global competitiveness and a healthy environment.

SUMMARY OF SUGGESTED ALLOCATIONS

[In millions of dollars]

	Fiscal year	
	2004	2005
Fossil Energy, Distributed Generation Systems: Innovative Concepts Solid State Energy Conversion Alliance	35.0	50.0
Fossil Energy, President's Coal Research Initiative FutureGen	9.0	[1] 237.0
Energy Conservation, Vehicle Technologies, Fuel Cell Technologies Transportation Systems	7.6	9.6
Energy Conservation, Vehicle Technologies, Fuel Cell Technologies Heavy Vehicle High Strength Weight Reduction Materials	7.8	9.8
Energy Conservation, Industries of the Future (Crosscutting) Biomass and Biorefinery Systems R&D	8.8	8.7

[1] $237M of previously appropriated funds from the Clean Coal Technology Program is available to potentially support FutureGen. Battelle's suggestion is to protect in statute these funds for FutureGen design and construction activities, and consistent with the DOE program plan, make $18M available in fiscal year 2005 for pre-conceptual design and planning activities.

PREPARED STATEMENT OF THE BIOMASS ENERGY RESEARCH ASSOCIATION

This testimony pertains to the request for appropriations in fiscal year 2005 by the Department of Energy (DOE), Office of Energy Efficiency and Renewable Energy (EERE), for mission-oriented biomass energy research, development, and deployment (RD&D) funded under the Interior and Related Agencies Bill. The Biomass Energy Research Association (BERA) recommends that $33,000,000 be appropriated for these high-priority biomass programs in fiscal year 2005. Separate statements have been submitted in support of biomass RD&D performed by EERE under the Energy and Water Development Bill, and on forest biomass energy production by the U.S. Department of Agriculture Forest Service (USDAFS) under the Interior and Related Agencies Bill.

The specific programs and budgets that BERA recommends for fiscal year 2005 are:

—Incorporation of the Bioenergy and Bioproducts Initiative (BBI), created as a result of "The Biomass Research and Development Act of 2000" and Title IX of

the Farm Bill, into EERE's Biomass RD&D funded by the Interior and Related Agencies Bill: $10,000,000. For industry cost-shared demonstration projects.
—Under Biomass Programs, Biomass and Biorefinery Systems R&D, Utilization of Platform Outputs: $8,000,000. For continuation of commodity organic chemicals-from-biomass RD&D.
—Under Industrial Technologies Program, Industries of the Future (Crosscutting), Gasification Programs: $11,000,000. For restoration of advanced black liquor gasification scale-up. This program targets two different processes, the development of which has been cost-shared by industry from the start. However, federal support is now zeroed-out, but it is still essential because without it, completion of the process development work at the existing large-scale facilities built in Virginia and North Carolina is unlikely. The technology should enable the U.S. pulp and paper industry to become more than energy self-sufficient.
—Under Industrial Technologies Program, Industries of the Future (Specific), Forest and Paper Products Industry: $3,000,000. For continued development of advanced biomass processing technologies that operate at higher efficiencies.
—Under FreedomCAR and Vehicle Tech Program, Fuels Technology, Non-Petroleum Based Fuels and Lubricants, Renewable and Synthetic Fuels Utilization: $1,000,000. For biomass-based fuel formulations.

On behalf of BERA's members, I would like to thank you, Mr. Chairman, for the opportunity to present the recommendations of BERA's Board of Directors for the high-priority programs that we strongly urge be continued, restored, or started. BERA is a non-profit association based in Washington, DC. It was founded in 1982 by researchers and private organizations that are conducting biomass research. Our objectives are to promote education and research on the production of energy, fuels, and chemicals from virgin and waste biomass that can be economically utilized by the public, and to serve as a source of information on biomass RD&D policies and programs. BERA does not solicit or accept federal funding for its efforts.

The original goal of the Biomass and Bioproducts Initiative (BBI) was to triple the usage of bioenergy and biobased products. Congress has provided annual funding for the BBI since fiscal year 2000. A strategic plan was developed by the multi-agency Biomass Research and Development Board (BRDB), co-chaired by the Secretaries of Energy and Agriculture, to achieve this goal. Its achievement is necessary because of environmental and energy security and supply issues, and our increasing dependence on imported oil. We must determine whether practical biomass systems capable of displacing much larger amounts of fossil fuels can be developed. For example, biomass energy consumption in 2002 was about 1.66 million barrels of oil equivalent (BOE) per day. BERA strongly urges that the BBI be continued in fiscal year 2005 at the recommended funding level for industry cost-shared demonstration projects. The highest priority should be given to this program component.

PROGRAM INTEGRATION, COORDINATION, AND MANAGEMENT

For several years, BERA has urged that all biomass-related research funded by DOE should be coordinated and managed at DOE Headquarters so that the program managers are heavily involved in this activity. We are pleased to note that this process, which began in fiscal year 2002, has continued in fiscal year 2004. BERA congratulates DOE on the progress made in restructuring the program and its management. BERA also congratulates DOE and USDA for the cooperation and joint coordination of the programs of each department to increase the usage of agricultural and forestry biomass for the production of much larger amounts of affordable fuels, electricity, and biomass-derived products than have been realized in the past. These efforts are expected to help facilitate the transition of waste and virgin biomass in the USA into major sources of renewable energy, fuels, and chemicals.

However, without full incorporation of the BBI into DOE's and USDA's biomass research programs, the time table for this transition will be stretched out for several decades and possibly never happen except to a very limited extent for niche markets. Large, strategically located, energy plantations are ultimately envisaged in which waste biomass acquisition and virgin biomass production systems are integrated with conversion systems and operated as analogs of petroleum refineries to afford flexible slates of multiple products from multiple feedstocks. Unfortunately, relatively large amounts of capital and inducements are required to convince the private sector to get involved in developing even modest size projects in the field. So to help implement this essential program, BERA includes the BBI as a line-item in its annual testimony.

BERA RECOMMENDATIONS

BERA's project recommendations consist of a balanced program of mission-oriented RD&D on conversion research and technology transfer to the private sector. Advanced conversion processes and power generation technologies, alternative liquid transportation fuels, and chemicals and hydrogen from biomass are emphasized. Biomass production RD&D for energy uses is expected to be done by the USDA.

BERA continues to recommend that at least 50 percent of the federal funds appropriated for biomass research, excluding the funds for scale-up projects, are used to sustain a national biomass science and technology base via sub-contracts for industry and universities. While it is desirable for the national laboratories to coordinate this research, increased support for U.S. scientists and engineers in industry, academe, and research institutes that are unable to fund biomass research will encourage commercialization of emerging technologies and serious consideration of new ideas. It will also help to expand the professional development and expertise of researchers committed to the advancement of biomass technologies.

As a result of the management and program restructuring started in fiscal year 2002 by EERE, major changes continue to be made in biomass RD&D funded under the Interior and Related Agencies Bill in the Industrial Technologies Program (formerly the Office of Industrial Technologies). With the exception of the BBI, BERA's recommendations for biomass RD&D are presented using EERE's program headings.

Bioenergy and Bioproducts Initiative (BBI)

BERA strongly urges that the BBI be added to the industry cost-shared scale-up projects in fiscal year 2005 at the funding level recommended by BERA, and that the highest priority be given to development of this program component.

Biomass Programs, Biomass and Biorefinery Systems R&D, Utilization of Platform Outputs

Commodity Organic Chemicals from Biomass (Formerly Agriculture Vision).—This program was started in fiscal year 1999. Projects were selected that used a variety of biomass feedstocks to produce industrial products such as chemicals, coatings, plastics, lubricants, and composite materials. The overall goal was to develop the technologies necessary to displace 10 percent of the fossil feedstocks with biomass for the production of commodity organic chemicals and chemical products. When the goal is fully implemented, it was projected to reduce fossil feedstock usage by 0.189 quad in 2010, and 0.545 quad in 2020. BERA indicated in previous testimony that it is important to include the process energy displaced too. In 1999, for example, the total fossil feedstock converted to chemicals was approximately 1.26 million BOE/day. Ten percent of this value is 126,000 BOE/day, while the corresponding process energy consumption was about 136,000 BOE/day, or a total of about 0.6 quad annually. The potential energy savings is evident.

EERE reported in fiscal year 2003 that no new research solicitations would be issued, and that the existing program would be integrated with the EERE-wide bioenergy and bioproducts solicitations that focus on biorefinery development. However, the existing university grants may be increased, and new solicitations may be issued in this area. Twelve active projects were scheduled to be continued at that time. They focused on novel separations technology; the production of plastics, foams, adhesives, and coatings based on sugars and vegetable oils; lower cost and energy use in harvesting, pre-processing, and biomass storage; and the modification of crops to reduce the cost, processing requirements, and energy consumption in the use and conversion of the crops to products. It was expected that 2 projects will involve scale-up to pilot-scale demonstrations with industry, and 1 or 2 will involve commercialization projects on new biopolymers or solvents. Technology breakthroughs were expected that will improve plant composition for conversion to products, and provide novel, lower cost, less energy-intensive harvesting and storage technology.

EERE requested a total of $8,280,000 for fiscal year 2005 to continue this research and to focus on development of processes that can be integrated into biorefineries. In fiscal year 2004, the budgets were $3,304,000 for thermochemical conversion products, $5,104,000 for bioconversion products, and $400,000 for technical management. A budgetary breakdown was not provided for fiscal year 2005. The goals in fiscal year 2004 were to evaluate the existing portfolio of projects in fiscal year 2003, to select and continue those projects that are commercially promising with significant potential for energy savings, to complete validation at the pilot scale in partnership with industry of one new biobased product with long-term potential sales greater than 2 billion lb/yr for economic, technical, and product viability, and to increase product yields and energy efficiency in key chemical product chains by more than 30 percent.

BERA believes that this effort is very worthwhile. Successful commercialization of organic chemicals-from-biomass research is expected to result in many regional and national benefits because virtually all commodity organic chemicals and products—including plastics and petroleum- and natural gas-derived chemicals—can be manufactured from biomass. Focusing on reducing the energy intensity of established organic chemical commodities as well as on new products where appropriate has a high probability of commercial success and of displacing significant amounts of fossil fuels.

Industrial Technologies Program, Industries of the Future (Crosscutting)

Gasification Programs (Formerly Industrial Gasification).—The largest part of this research, which started several years ago, was the industry cost-shared program to develop and commercialize the gasification of black liquor. In the appropriations request for fiscal year 2004, DOE states that funding for technology development and validation appear to be within industry's capability, so funding was not requested in view of the industry's ability to pursue further development without DOE support. While industry has provided all funding for a small-scale, black liquor gasification facility in Canada, there has been no such commitment from paper companies for projects in the United States. Therefore, BERA strongly urges that this program be continued with industry cost-sharing to the point where industry will assume all financial risks.

There are several reasons that support BERA's position. Black liquor gasification provides a pathway to combined electric power generation and the recovery and recycling of chemicals for the pulp and paper industry at much higher efficiencies than the industry currently realizes from combustion methods. Presuming there is wide-spread acceptance of one or both of the two basic processes under development—high-temperature processing at the facility in New Bern, North Carolina, and low-temperature processing at the facility in Big Island, Virginia, both of which are operational—adoption by the pulp and paper industry is projected to eliminate all power purchases and to make the industry energy self-sufficient. Large-scale use of these technologies would provide about 30 GW of renewable generating capacity, which is about three times the capacity of today's biomass-fueled generating systems. Also, it is estimated that industry's use of this technology would reduce carbon emissions by more than 30 million tonnes each year. The pulp and paper industry currently purchases over 90 TWh of electricity annually.

It is important to emphasize that the pulp and paper industry has been involved in cost-sharing these programs since they were started; it has a sizable investment in this effort to date. The benefits of their participation will probably be lost if the programs are zeroed-out at this time. According to discussions with industry representatives during review of this research by BERA, the industry is not expected to continue the work without DOE support because of its current economic position and the risks involved.

Industrial Technologies Program, Industries of the Future (Specific)

Forest and Paper Products Industry.—EERE staff has estimated that this effort can reduce fossil energy usage by 0.080 quad in 2010, and 0.258 quad in 2020.

The program for fiscal year 2003 was described as follows: Sustainable Forestry consists of approximately 8 projects on biotechnology, tree physiology, and sustainable soil productivity, including the continuation of studies to develop process models to predict the effect of forest management on growth and productivity on managed forests; Energy Performance consists of approximately 12 projects on efficiency, heat recovery, wood and paper drying, deposit formation in boilers, and corrosion-resistant materials for black liquor gasifiers; Environmental Performance consists of approximately 7 projects to develop advanced pollution prevention technologies, reduce pollution abatement costs, and demonstration of volatile organic compound emissions reductions at a forest products mill; Improved Capital Effectiveness consists of approximately 10 projects focused on system and process efficiency and materials of construction and fabrication; Recycling consists of approximately 7 projects to reduce energy use and fiber deterioration in recycling, improving separation technologies, expanding the use of recycled fibers, and optimizing drying processes; Sensors and Controls consists of 5 projects on the development of actuators and control devices, process and product measurement and modeling, data interpretation, and a wireless microwave-based moisture sensors for use in wood-drying kilns. Substantial programmatic reductions have occurred because the corresponding appropriations for fiscal year 2003 and fiscal year 2004 were $10,488,000 and $8,000,000, and the request for fiscal year 2005 is $3,000,000. Detailed R&D by project type and the status of the existing projects could not be found for fiscal year 2004 and fiscal year 2005.

One of the goals for fiscal year 2005 is to continue to support voluntary efforts by the American Forest & Paper Association and other industry organizations to improve their energy efficiency and environmental performance through the industry's Agenda 2020. This activity includes cost-shared research. In fiscal year 2004, those activities with the highest long-term energy savings potential were scheduled to be continued, such as development of new paper dewatering techniques, advanced sustainable forestry projects, scale-up of solid waste recovery technology, and the selection of new projects that help improve energy efficiency and environmental performance that industry would not undertake without federal support. However, the stated goal for fiscal year 2005 is to fund a smaller number of larger projects that have high energy savings potential. BERA agrees with this approach.

FreedomCAR and Vehicle Program, Fuels Technology, Non-Petroleum Based Fuels & Lubricants

Renewable and Synthetic Fuels Utilization.—This research addresses the formulation and evaluation of biomass-based fuels when used alone and as blending agents in petroleum fuels. Specific areas being investigated include the effects on bulk fuel properties, storage, handling, toxicity, volatility, and engine performance. Presuming similar work is not in progress by industry, BERA agrees with this effort.

PREPARED STATEMENT OF CATERPILLAR INC.

Caterpillar Inc. appreciates the opportunity to present its comments for the record addressing the Department of Energy fiscal year 2005 budget request for heavy-duty transportation research and development within the Office of FreedomCAR and Vehicle Technologies (FCVT). Caterpillar Inc., a Fortune 100 company headquartered in Peoria, Illinois, is the world's largest manufacturer of construction and mining equipment and diesel and natural gas engines used in a variety of applications. We are the leading worldwide supplier of heavy-duty off-road vehicles and diesel engines for medium and heavy-duty on-road trucks, competing globally, with a large U.S. manufacturing base.

Our longstanding partnership with the Department of Energy has resulted in the development of an R&D technology road map to assure that project goals are consistent with national priorities and fiscally responsible. Some building blocks for Caterpillar's innovative, fuel-efficient and clean Advanced Combustion Emissions Reduction Technology (ACERT) are a direct result of collaborative R&D efforts between our company and the DOE.

As such, Caterpillar is concerned with the significant reductions in key line items in the fiscal year 2005 FreedomCAR and Vehicle Technologies Program budget submission. Caterpillar understands the need for the Department to focus attention on emerging technologies such as fuel cells and hydrogen power. We believe it is equally important to maintain and accelerate R&D efforts that will provide "bridge technologies" to meet the needs of our nation and our transportation industry through this decade and the next. Our comments will focus on seven program areas plus a note on the 21st Century Truck Partnership. These provide the collaboration and funding of the bridge technologies that are essential to improving fuel efficiency and retaining the competitiveness of our nation's commercial transportation sector.

Heavy Truck Engine.—The Heavy Truck Engine Program, with an fiscal year 2005 agency request of $10.4 million, is a competitively-bid, 50 percent industry cost shared program designed to squarely address the impact on fuel efficiency of upcoming federal emission standards. These emissions reductions—targeted for model year 2007 and again in 2010—could result in a 10 percent fuel penalty for heavy-duty trucks, which currently consume 30 percent of on-road transportation fuel.

Moreover, additional owning and operating costs associated with emissions reduction equipment is apt to cause a shift from diesel to gasoline engines in the lower use range of heavy trucks. The shift would cause fuel use to increase by 33 percent for these trucks since gasoline engines are less efficient than diesels. Given the less efficient new diesel engines and some shift from diesel to gasoline engines, we might expect to see a 20 percent increase in fuel use rather than a 10 percent decrease that a successful DOE program could provide. That's a difference of 30 percent in fuel use by commercial trucks or approximately 1 MBPD (million barrels per day) which represents 40 percent of current Mid East OPEC oil imports.

Caterpillar's focus in this program includes the development of advanced fuel and combustion systems, exhaust aftertreatment systems and friction reduction to help improve fuel efficiency.

In the 3 years since the program's inception, we have learned that the technical challenges are even greater than originally expected. Significant fuel penalties are a near certainty unless a technology breakthrough is created through this DOE program. Progress on HCCI (Homogeneous Charge Compression Ignition) combustion with near zero emissions has been very positive and beyond expectations. The Caterpillar/DOE project now leads the world on HCCI combustion and has already overcome one (sufficient power density) of the two primary technical obstacles to commercial viability. However, much work remains to provide the overall control capability needed for market acceptance.

The application of exhaust aftertreatment technologies has numerous challenges also addressed in this program. At last year's DOE DEER (Diesel Engine Emission Reduction) conference, Caterpillar demonstrated a class 8 truck that met the 2007 emissions regulation without a significant fuel efficiency penalty. As a result, we have more time than usual to develop a fuel efficiency improvement by the 2007 deadline. With the extraordinary progress on HCCI combustion, this Cat/DOE project is on track to meet the next emission level in 2010 with ultra clean, breakthrough combustion technology requiring a minimum of aftertreatment and providing improved fuel efficiency.

The Caterpillar/DOE team has proven it can deliver at least one half of a true technology breakthrough and is now best positioned to deliver the full technology solution. Caterpillar strongly urges the subcommittee to approve the funding level needed to fully meet the program goals. Our program has huge payback potential, solid overall program design, management and fit. It is 50 percent cost-shared by industry, and is performing beyond expectations.

We strongly recommend fiscal year 2005 funding for this line item at $20 million (fiscal year 2004 actual was $11.8 million, fiscal year 2005 request is $10.4 million) to reflect the urgency of pulling forward technologies to meet the fuel efficiency and emissions challenges facing our transportation system and to take advantage of the recent strides towards clean and fuel efficient combustion. These types of technology breakthroughs are rare and a big win in reducing foreign oil dependence and improving the environment and U.S. competitiveness.

Advanced Petroleum Based Fuels.—Two activities conducted within this subprogram have had the active participation and support of the heavy-duty diesel engine industry. In the first instance, the Advanced Petroleum Based Fuels (APBF) activity for heavy-duty engines began with an evaluation of new fuel formulations and their impact on the two most promising types of future aftertreatment systems. This program is the only program addressing these critical issues where all the key industry and government stakeholders agreed on the program design and execution, and agreed to accept the results. This leads us to a more informed public policy debate and more effective use of technology for the public good. The introduction of reliable aftertreatment devices with the most cost effective and compatible fuel for heavy-duty engines is critically important to meeting our national goals of cleaner air and improved fuel efficiency.

In addition to the fuels/aftertreatment effects work, this program includes a new effort that finally brings the engine companies and the energy companies together to tailor the fuel properties (within commercially viable limits) to the new ultra clean and efficient combustion regimes. This effort holds enormous potential for meeting national efficiency and emissions goals and for improving U.S. competitiveness. Congress approved $10.3 million in fiscal year 2004 for the combined light duty and heavy-duty line item with $6.3 million of that for heavy-duty. We strongly urge Congress to maintain the heavy-duty portion at that same level ($6.3 million) again in fiscal year 2005 despite the request of only $4.0 million.

Materials Technology/Advanced Heavy-Duty Propulsion Materials.—New and improved materials are a key enabler for many engine system programs. With the recent breakthroughs in new, clean and efficient combustion regimes in our DOE programs, the development of new and improved materials is critically important. Along with the commitment to this breakthrough technology are the engine's structural challenges in accommodating the much higher pressure rise rates of HCCI. These are slightly beyond the traditional design options with current materials. So along with the combustion development we also must advance the materials technology to assure a commercially viable breakthrough engine.

The heavy-duty portion of the fiscal year 2004 Materials Technology line item was only $5.8 million of the $39.7 million enacted. An additional $2 million could be well utilized, to address HCCI structural needs and accelerate aftertreatment development in areas showing new promise. We urge the subcommittee to increase the Fiscal 2005 requested level by $2 million, bringing the total to $41.8 and providing $7.8 million for the heavy-duty portion.

Combustion and Emissions Control.—An important element of this comprehensive program, currently underway at Sandia Livermore, Lawrence Livermore and Los Alamos national laboratories, focuses on the need to understand fundamental combustion processes, the development of computer modeling of these processes and validation on laboratory engines. The development of sophisticated computer modeling is important for the timely, cost-effective introduction of future clean and efficient power systems for a variety of engine applications. This program funds several Cooperative Research and Development Agreements (CRADA's) working on the development of exhaust aftertreatment technologies requiring the unique talent and equipment available at the DOE national laboratories. Caterpillar urges the subcommittee to fund this line item at $24 million (an increase of $2 million over the DOE request), and allocate it equally between light-duty (FreedomCAR) and heavy-duty (21CTP) projects.

Vehicle System Optimization.—In recent years, impressive gains in heavy truck fuel efficiency have been first developed and demonstrated by the Caterpillar/DOE "More Electric Truck Program". The basic effort replaces all belt and gear driven accessories such as water pumps, oil pumps, fans, air conditioning compressors, etc. with electric motor driven accessories that then can be managed on a power-by-demand strategy. This improves efficiency by not overpowering accessories at higher engine speeds and also by providing the electrical infrastructure for an auxiliary power unit (apu, for reduced idling of the main engine), electric turbo compounding of the engine and an integrated starter/generator for varying degrees of powertrain hybridization.

Further work is needed to incorporate power management of aftertreatment and a fuel cell apu for maximum benefit of the system optimization and to develop the new system for the best early market entry truck application. We recommend an increase of $1.5 million over the DOE requested $10.3 million.

Off-Highway Vehicles.—According to the U.S. Environmental Protection Agency, non-road diesel engine emissions of oxides of nitrogen (NO_X) will comprise 38 percent of all mobile service NO_X emissions by 2010 with diesel particulates (PM) accounting for 60 percent of all mobile source PM emissions. The USEPA has initiated a phased-in emission reduction timetable. Tier 3 regulations are scheduled to be phased in during 2006 to 2008 and Tier 4 is to be phased in during 2008 to 2014. Without major technological breakthroughs, these emission requirements will cause a significant increase in fuel use. And while some technologies developed for on-road engines can be transferred to non-road applications, the lack of cooling airflow to the engines, differing duty cycles, a much harsher environment and use of extremely high sulfur fuel necessitate the development of new technologies to meet the demands of off-highway equipment.

Without the DOE program, as with the heavy truck engine program, a fuel use increase is inevitable beyond EIA future energy use predictions. The lower fuel prices in the United States do not create enough customer pull for fuel efficiency to justify a 100 percent industry investment to develop this technology. A 10 percent increase in fuel use in off-highway does not equal the total used for on-highway but it is significant nonetheless. In fact, dedicating research and development resources to make off-highway vehicles 10 percent more efficient is a sound investment. It allows us to leverage technology from the heavy truck engine program, find ample opportunity for increased emissions and fuel efficiency in the off-highway sector, and rely on strong industry support for leveraged programs using the full array of technology options and providing clear paths to commercialization.

In fiscal year 2004 Congress increased the funding level to $3.5 million, earmarking the funds for emissions, fuel cell and locomotive R&D. However, DOE has terminated the program for 2005. Caterpillar strongly supports retaining the fiscal year 2004 Congressional funding level of $3.5 million with $2.0 million earmarked for high efficiency off-highway equipment.

Health Impacts.—The data from the "source apportionment," "ambient ozone," "comparative toxicity" and other related studies conducted under this line item, and the now terminated "Environmental Impacts" line item, are the only accurate measurements available and are vitally important to identifying the health and environmental impacts of various technology options for land vehicle propulsion. Despite the obvious importance of these activities, no other agency has been willing to fund this work. DOE has undertaken the effort because of the direct relationship between emissions reductions, fuel efficiency and potential health/environmental impacts of some choices if a proper and complete evaluation is not conducted. To ignore health/environmental impacts during this type of R&D could easily lead to the wrong fuel, combustion, or aftertreatment technology choice with negative health and environmental impacts. An example of a new project this line could help is the Advanced Collaborative Emissions Study (ACES) which is a cooperative effort between DOE, EPA, EMA (Engine Manufacturers Association), MECA (Manufacturers of Emission Controls Association), and API (American Petroleum Institute) to study potential impacts of the new aftertreatment options that lower the traditional emissions of concern. In pursuing this, however, we need careful evaluation for any new, unanticipated emissions. We urge Congress to increase this line item by $2 million over the request, making it $4 million for fiscal year 2005.

21st Century Truck Partnership.—The 21st Century Truck Partnership was created to provide a systems-wide approach to addressing our national transportation priorities. This collaborative effort includes 16 companies and the Departments of Energy, Defense and Transportation and the Environmental Protection Agency. The partnership embraces 214 projects with annual federal funding approaching $120 million. Operating within the 21st Century Partnership, industry and government will develop critical R&D synergies and establish technology priorities to avoid any funding redundancies. Caterpillar supports this unique R&D collaborative effort and commends the Department of Energy for its leadership. We are active participants and are constantly looking for higher ROI projects to support and lower ROI projects to terminate.

Mr. Chairman, Caterpillar believes that the FreedomCAR and Vehicle Technologies Program effectively addresses real-world technology challenges through the leveraging of public and private sector resources. Achieving the goals set forth in these programs is critically important to meeting our nation's energy and environmental imperatives while maintaining the competitiveness of our transportation sector.

Prepared Statement of the Center for Advanced Separation Technologies

Chairman Burns and Members of the Subcommittee, I represent the Center for Advanced Separation Technologies (CAST), which is a consortium of seven leading U.S. mining schools. I appreciate the opportunity to submit this testimony requesting your committee to add $4 million to the 2005 Fossil Energy Research and Development budget, U.S. Department of Energy, for advanced separations research. The research in advanced separations is an integral part of the Solid Fuels and Feedstocks Program of the Fossil Energy R&D.

CENTER FOR ADVANCED SEPARATION TECHNOLOGIES

The Center for Advanced Separation Technologies (CAST) was formed in 2001 between West Virginia University and Virginia Tech with the objective of developing technologies that can help the U.S. coal industry produce cleaner solid fuels with maximum carbon recovery in environmentally acceptable ways. Initially, the scope of work was limited to developing efficient solid-solid and solid-liquid separation technologies. In 2002, five other universities: Montana Tech of the University of Montana, University of Kentucky, University of Utah, University of Nevada, Reno, and New Mexico Tech, joined the consortium to develop crosscutting technologies that can also be used by the U.S. minerals industry. As a result, the scope of work was expanded to chemical/biological separations and environmental control. By working together as a consortium, we can take advantage of the diverse expertise available in the member universities and our research activities can address the interests of different geographical regions of the country. Doing research as a consortium is consistent with the recommendation of a recent National Research Council (NRC) report, part of the National Academy of Science. The report states that "consortia are a preferred way of leveraging expertise and technical inputs to the mining sector," and suggests that the U.S. Department of Energy support "academia, which helps to train technical people for the industry."

The United States is the second largest mining country of the world after China, followed by South Africa and Australia. In 2003, the U.S. mining industry produced a total of $56.9 billion of raw materials, including $19.3 billion from coal and $37.6 billion from minerals. Australia is a much smaller mining country, but it is investing extensively in advanced separations research. It has a total of five centers of excellence in the area of advanced separations research. As a result, Australia exported $3 billion worth of mining technologies and services in both 2001 and 2002, and its government has developed plans to increase the exports to $6 billion by 2010. In the U.S., CAST is the only center of excellence in advanced separations research as applied to coal and minerals processing.

PROGRESS

With the generous funding approved by your Committee, a total of 31 research projects are being carried out at the seven CAST member universities. The project selection was made by an industry panel in accordance with the priorities set forth in the CAST Technology Roadmap created as a result of the workshop held in Charleston, WA, August 14–15, 2002. The research results were presented at the First Annual CAST Workshop, Charleston, WV, November 19–21, 2003. The meeting was successful with 120 participants, 60 percent of which from industry.

U.S. coal companies in the eastern and interior regions are under pressure due to declining coal reserves, escalating production costs, and competition from western low-sulfur coals. Yet, considerable amounts of fine coal is lost during cleaning operations due to the lack of appropriate solid-solid and solid-liquid separation technologies, particularly the latter. The loss of fine coal contributes to high production costs and results in a large number of refuse impoundments that create serious environmental concerns. To address these problems, several solid-liquid separation (i.e., dewatering) methods have been developed by CAST. Nalco Company recently acquired a license for the chemical dewatering technologies, some of which are already being used in industry. CAST also developed a hyperbaric centrifugal filtration method, which is under license negotiations with Decanter Machine, Inc. More recently, a method of minimizing the loss of ultrafine coal in screen bowl centrifuges has been developed. To date, four major coal companies have implemented this technology. Combined with a deep-cone thickener, which is being evaluated by CAST, the new dewatering technologies may be used to eliminate the troublesome refuse ponds.

The cost of recovering copper in the United States is high due to low ore grades. To combat this situation, CAST is developing a revolutionary method of extracting copper from chalcopyrite, which is a difficult-to-leach copper mineral, by dispersing nano-sized silica particles in solution. Copper recoveries of up to 88 percent have been achieved in the laboratory-scale tests conducted to date. The largest copper company in the U.S. (Phelps Dodge Corporation) has shown keen interest in this technology. In Montana, the use of cyanide for gold leaching is banned to protect the environment. A noncyanide leaching process is being developed with a promising 82 percent gold recovery in initial tests. In addition, a new flotation technology has been developed to produce highvalue trona (sodium carbonate mineral) products. General Chemical Company is planning to conduct pilot-scale tests during the summer of 2004. If the results are satisfactory, a new processing plant will be constructed in Wyoming.

According to an EPA report to Congress, the cost of removing 90 percent of mercury from combustion gas is $3.10 per MWh or $37,800 per pound of mercury. In an effort to reduce this cost, CAST has developed a novel metallic filter that can remove 95 percent of mercury, and a new sensor capable of detecting less than 1 ppb (parts per billion) of mercury.

NEXT STEP AND FUNDING REQUEST

CAST is developing a broad range of advanced separation technologies that can be used by both the coal and minerals industries. While some of the research results are already in use in industry, many other promising technologies will be brought to commercial application with further research.

Your Committee approved $3 million for fiscal year 2004. This year we are requesting $4 million of funding i) to continue to develop crosscutting advanced separation technologies that can benefit both the U.S. coal and minerals industries and ii) to initiate new research activities in mercury removal. The additional $1 million we are requesting will be used to develop advanced mercury removal technologies.

According to the rules proposed by EPA on December 15, 2003, pre-combustion separation technologies can help the industry reduce control costs significantly. Recent research conducted by CAST member universities has shown that approximately 70 to 80 percent of the mercury can be removed from some of the eastern U.S. coals using advanced pre-combustion separation technologies. Further research is needed to develop alternatives to the costly post combustion control technologies such as activated carbon injection (ACI).

The advanced separation technologies developed by CAST can also be used to remove the spent activated (or unburned) carbons from fly ash. Removal of mercury-loaded carbons is critically important for recycling the combustion by-product and for preventing the toxic element from being released into the environment. Furthermore, the advanced separation technologies developed by CAST can play an important role for developing zero-emission coal technologies, e.g., by providing appropriate minerals (serpentines) that can be used to sequester carbon dioxide.

Prepared Statement of the Consortium for Fossil Fuel Science

OVERVIEW AND FUNDING REQUEST

The U.S. Department of Energy has announced two major programs based on hydrogen. "FreedomCar" envisions a new generation of vehicles powered by fuel cells, while the goal of "FutureGen" is to develop hydrogen-based, pollution-free, power plants that use hydrogen produced from coal in both fuel cells and hydrogen-fired turbines. This document outlines a hydrogen research program to be conducted by faculty and students from the five universities (University of Kentucky, West Virginia University, University of Utah, University of Pittsburgh, and Auburn University) that comprise the Consortium for Fossil Fuel Science (CFFS). The research will focus on the production of hydrogen and hydrogen-rich liquid fuels from coal-derived syngas, coalbed methane, and other hydrocarbons using C1 chemistry, an area in which the CFFS has significant expertise and experience. The CFFS is requesting $2.5 million from the U.S. Department of Energy, Office of Fossil Energy (DOE-FE), in fiscal year 2005 to initiate this research program. As in previous years, the five CFFS universities will provide $0.25 of cost-sharing for each federal $1.00, for a total cost-share of $625,000 in fiscal year 2005.

The overall goals of the program are:

1. Develop technology to produce high purity hydrogen from coal-derived syngas, hydrocarbons produced from syngas, coalbed methane, and other hydrocarbons.
2. Develop catalytic processes to produce high-hydrogen content liquids from coal-derived syngas and to dehydrogenate them to produce pure hydrogen in fuel cell-powered vehicles.
3. Develop novel solid materials that have high capacity for safe hydrogen storage.
4. Improve technology for the large-scale production of hydrogen-rich syngas from coal.

RESEARCH PROGRAM

The CFFS research program on hydrogen has been formulated through consultation and discussions with program managers at the DOE-FE National Energy Technology Laboratory (NETL) and with the members of the CFFS Industrial Advisory Board (Chevon-Texaco, Eastman Chemical, Air Force Research Laboratory, U.S. Army National Automotive Center, Conoco-Phillips, and Electric Power Research Institute). The program should contribute significantly to accomplishing the goals in four of the six critical hydrogen research areas DOE-FE has identified in the Fuels Program budget for fiscal year 2005, as summarized below.

Small-scale hydrogen production systems with CO_2 capture/sequestration capability

—A continuous fluid-bed reactor will be developed for catalytic dehydrogenation of methane and other hydrocarbon gases to produce pure hydrogen and carbon nanotubes in a single step. This process produces no CO or CO_2; instead, it converts all carbon into a valuable solid by-product, carbon nanotubes. The pure hydrogen product can be used directly in polymer electrolyte membrane (PEM) fuel cells used in vehicles.

—Decomposition of hydrocarbons in supercritical water will be investigated. This reaction should result in the separation of a hydrogen-rich gas phase from a CO_2-rich liquid phase.

—Aqueous phase reforming of coal-derived ethylene glycol and polyethylene glycol proceeds more easily than reforming of hydrocarbons. Reforming and the water-gas-shift are both favorable at the same low temperature to produce hydrogen with very low levels of CO.

—Some companies favor direct methanol fuel cells for many applications. However, ethanol (produced either from coal or corn) may be a better choice because it has higher hydrogen content and a good environmental image. The CFFS will investigate catalytic steam reforming of ethanol to produce hydrogen with very low concentrations of CO or CO_2.

The goal of this research is to develop several novel approaches for making a hydrogen product containing little or no CO or CO2 from coal-derived hydrocarbons or coalbed methane.

Producing high hydrogen content liquids from coal for subsequent on-board production of hydrogen in vehicles powered by fuel cells

—Develop catalytic synthesis and hydrogenation processes to produce hydrocarbon liquids of high hydrogen content from coal-derived syngas.

—Investigate the hydrogenation reaction of liquid hydrocarbons in supercritical fluid CO_2.

—Develop catalysts consisting of metal nanoparticles on novel supports (carbon nanofibers, molecular sieves, silica gels) to produce hydrogen by partial dehydrogenation of liquid fuels.

The goal is to produce hydrogen in vehicles from liquid carriers that fit into the current refueling station and fuel tank infrastructure. Furthermore, high hydrogen content liquid fuels may yield more miles per gallon in conventional vehicles.

Storing and delivering hydrogen

Solid materials are an attractive option for storage and delivery of hydrogen. Such materials are much safer, flame-resistant, hydrogen carriers than gas or liquid storage tanks. CFFS scientists will investigate four types of novel hydrogen storage materials: (i) stacked-cone carbon nanotubes; (ii) silica glass nano-balloons; (iii) phosphine metal polyhydrides; and (iv) metal hydride alloys.

Achieving the DOE goal of 8–15 weight percent hydrogen capacity would not only stimulate the hydrogen economy but could also lead to a new industry producing storage materials.

Development of advanced system components

—One key to more efficient large-scale production of hydrogen from coal-derived syngas is improving the water-gas shift reaction (WGS). The CFFS will investigate economical iron-based ferrite compounds containing secondary elements (zinc, nickel, etc.) as WGS catalysts.

—Autothermal reforming of hydrocarbon fuels will be investigated as a possible direct route for producing a hydrogen-rich gas for solid-oxide fuel cells (SOFC).

SUMMARY

The Consortium for Fossil Fuel Science is requesting $2.5 million in fiscal year 2005 to initiate an integrated multi-year research program focused on four of the six critical hydrogen research areas identified in the DOE Fossil Energy Research and Development budget request. An overview of the program is presented in the Table below. Column 1 gives the hydrogen research area identified in the Fossil Energy budget request, while column 2 briefly summarizes the overall objective of the CFFS research effort in that area.

DOE fossil energy budget area	CFFS program area objective
Small-scale hydrogen production systems with CO_2 and CO removal.	Produce high purity hydrogen from coal-derived syngas, hydrocarbons produced from syngas, coalbed methane, or other hydrocarbons.
High hydrogen content coal-derived liquids for on-board production of hydrogen in vehicles.	Develop catalytic processes to produce and dehydrogenate high-hydrogen content liquid fuels from coal-derived syngas.
Storing and delivering hydrogen	Synthesize novel solid materials that have high capacity for safe hydrogen storage.
Advanced system components	Improve technology for production of hydrogen-rich syngas from coal.

Achievement of these goals will accelerate the development of a hydrogen economy. We believe this can be accomplished within a three to five year research program.

PREPARED STATEMENT OF CUMMINS INC.

Cummins Inc is pleased to provide the following statement for the record regarding the Department of Energy's fiscal year 2005 budget for Energy Efficiency and Renewable Energy and Fossil Energy programs. Cummins Inc., a global power leader, is a corporation of complementary business units that design, manufacture, distribute and service engines and related technologies, including fuel systems, controls, air handling, filtration, emission solutions and electrical power generation systems. Cummins is headquartered in Columbus, Indiana. We share the goal of improving our air quality and are committed to pursuing technologies that benefit the environment. We request that the Committee fund the programs as identified below.

ENERGY EFFICIENCY AND RENEWABLE ENERGY

Office of FreedomCAR and Vehicle Technologies (FCVT)

Advanced Combustion Engine R&D—Heavy Truck Engine.—Diesel engine emissions have been reduced by about 90 percent over unregulated levels. By 2010, the engine manufacturers will have to reduce NO_X emissions another 90 percent to near zero levels. Technologies to meet these levels require significant additional R&D work. Although some technologies show initial promise in controlled laboratory experiments, there are serious and fundamental technical roadblocks to the development of a system that will be technically and commercially robust to the required emissions life of 435,000 miles. The Department of Energy's Heavy Truck Engine program is designed to aggressively address technology issues in this area to meet emissions standards with fuel economy levels as good as or better than previous-generation products. The level of technical challenge is very high and DOE's Heavy Truck Engine program must be focused and accelerated to meet this challenge on time. *Cummins urges that $20M be appropriated for the program for fiscal year 2005.*

Advanced Combustion Engine R&D—Off-Highway Heavy Vehicle Engine R&D.—Meeting stricter emissions standards for off-highway vehicles and machines is particularly challenging. Off-highway vehicles and machines operate under severe environmental conditions, including high dust, debris, a wide range of altitudes, temperatures and vibration. Off-road engines are applied to hundreds of different types of equipment in a wide range of industries, such as agriculture, construction and mining. Off-road markets are very sensitive to installed cost for engine components. The absence of natural cooling and limited space for accessories and engine components significantly limits emissions compliance strategies. The Department of Energy's Off-Highway Vehicle Engine R&D program is designed to transfer applicable on-highway technologies to off-road vehicles without sacrificing fuel consumption, system complexity and equipment space. To date, solutions in this area have been cost prohibitive for the total system and deemed infeasible. Since its beginning in 2002, the Off-Highway program has made significant progress in developing analytical tools used to define key combustion design parameters and their sensitivities for engine-out emissions. Continued funding is critical to investigate lower cost architectures with reduced fuel consumption penalties. *Cummins urges that $3.5M be appropriated for this program for fiscal year 2005.*

Advanced Combustion Engine R&D—Combustion and Emission Control R&D.—The Department of Energy's Combustion and Emissions Control R&D program funds CRADA activities at the National Laboratories on improved emissions and fuel efficiency through the development of advanced combustion systems for heavy and light truck applications. Almost all highway trucks, urban bus, off-road vehicles, marine carriers, and industrial equipment are powered by diesel engines due to their excellent fuel economy, power density, reliability and durability. Diesel engines burn as much as 35 to 45 percent less fuel than gasoline engines of comparable size, and emit 25–33 percent less greenhouse gases. The emissions of diesel engines have been reduced by about 90 percent over the last 30 years with massive investment from industry. The 2007 EPA diesel emissions standards impose stringent further reductions in emissions, requiring an additional 90 percent reduction in both NO_X and particulate matter. This cost-shared program aims at the definition and development of key aftertreatment technologies that may make the attainment of these difficult goals possible. While carefully controlled laboratory experiments are showing some early promise, much work needs to be done to overcome very significant technical hurdles that remain. *Cummins urges that $24M be appropriated for this program in fiscal year 2005. A funding split under the program between the 21 Century Truck Partnership (21CTP) and the FreedomCAR Partnership is recommended as follows: 21CTP—$8.5M (as requested by DOE) and FreedomCAR—$15.5M.*

Fuels Technologies—Non-Petroleum Based Fuels & Lubes: Heavy and Medium Duty Natural Gas Vehicle Engine R&D—Efficiency and Emissions Improvement.—The need for energy diversification for on-road vehicles, has created a demand for natural gas engines for urban commercial vehicle applications. However, current natural gas engines sacrifice fuel efficiency compared to diesels in similar applications. Natural gas combustion technologies offer the potential to meet 2010 emissions with simpler more durable systems and reduce or eliminate the fuel efficiency loss. The engine industry has invested millions of dollars to produce natural gas products, but cannot support alone these high-risk and high payback potential technologies. The Department of Energy's Heavy and Medium Duty Natural Gas Vehicle Engine R&D program is designed to develop natural gas engine technologies to meet 2007/2010 emissions standards earlier than mandated without sacrificing energy efficiency and platform simplicity. Technology development for natural gas power plants can also aid in the transition to hydrogen engines in the future. Similarities in fuel storage, fuel metering, vehicle safety and combustion can be exploited to develop efficient, very clean, hythane (natural gas & hydrogen mixture) or hydrogen engines. *Cummins urges that $2M be appropriated for this program in fiscal year 2005.*

Fuels Technologies—Advanced Petroleum Based Fuels (APBF).—Because of the excellent fuel efficiency, power output, reliability and durability of diesel engines, almost all highway trucks, off-road vehicles, marine and industrial equipment are powered by diesel engines. EPA's 2007 diesel emissions standards impose very strict emissions levels, requiring the treatment of engine-out exhaust to assure compliance. These engine systems are required to meet emissions standards over a 435,000 mile lifetime. The Department of Energy's Advanced Petroleum Based Fuels-Diesel Emissions Control (APBF-DCE) program is a government and industry partnership between DOE, Engine Manufacturers Associations (EMA) and Manufacturers of Emissions Control Association (MECA). The goal of this program is to study the durability and reliability of aftertreatment systems relating to sulfur content in fuel and identify fuel properties of petroleum based fuels that will be critical for future emissions compliance. *Cummins urges that $6.0M be appropriated for this program in fiscal year 2005.*

Materials Technologies—Propulsion Materials Technology.—The Department of Energy's advanced materials program is a critical enabler for technologies being developed for heavy duty engine systems to achieve lower emissions, higher engine efficiencies and subsystem reliability/durability. In the Heavy Duty Market, a 25 percent reduction in engine weight translates to a 6 percent reduction in fuel consumption and a similar reduction in emissions. The development of these cost effective materials and manufacturing processes will contribute to fuel efficient vehicle systems and will lead to lower manufacturing costs. The scope of materials development will impact NO_X and PM reduction system materials, advanced materials for air handling to reduce corrosion with the introduction of EGR system, fuel system materials, and engine system efficiency increases. Increase request of $5.0M by $2.0M to bring the program total to $7.0M in fiscal year 2005 to develop materials required for energy efficiency gains, technologies to reduce manufacturing costs and aftertreatment systems. *Cummins urges that $7.0M be appropriated for this program in fiscal year 2005.*

FOSSIL ENERGY

Office of Power Technologies (OPT)—Distributed Energy Resources

Distributed Generation Technology Development—Advanced Reciprocating Engine Systems.—Gas and electric power industry restructuring has created opportunities for distributed power generation. Natural gas fueled reciprocating engine power plants are preferred for reliability, low operating costs, high up time, and unattended operations. These engines have not kept pace with the fuel efficiency of their diesel engine counterparts. Enhancements in fuel efficiency, reliability, operating costs and emissions are necessary to be competitive with other technologies in these applications. The purpose of this program is to develop advanced natural gas technologies and products that increase efficiency towards 50 percent and reduce NO_X to 0.1 g/bhp-hr. These goals are aggressive. But, when met, will yield consumer savings roughly 100 times greater than the program costs. By working in partnership with the DOE, the ARES industry partners will work towards removing technical barriers to energy efficiency and emissions enhancements. The benefits of government/industry collaboration are key advanced technology development and integration that would be high-risk for industry alone. This partnership will help create attractive natural gas products for North American markets as well as for the growing power generation markets worldwide. Progress in 2003 included: engine fuel efficiency improvements, tools for combustion system and controls analyses, higher power density engine concepts, in-cylinder flow dynamics optimization and higher efficiency air handling system. *Cummins urges that $17M be appropriated for this program in fiscal year 2005.*

OTHER POWER SYSTEMS—DISTRIBUTED GENERATION

Solid State Energy Conversion Alliance (SECA).—The key goal for this project is to develop a modular, cost effective 3–10 kW solid oxide fuel cell (SOFC) system. SOFC's will play an important role in securing the nation's energy future by providing efficient, environmentally sound electrical energy. SOFC cell systems can generate low-noise, highly reliable power with significantly lower fuel consumption and exhaust emissions compared to existing fossil fuel technologies. However, the high cost of fuel cell technologies prevents their broad public use. The goal of SECA program is to create a cost effective SOFC that can be mass produced in modular form. The development of high volume production technologies for SOFC fuel cells will reduce per unit costs and allow SOFC to be an affordable energy option for a variety of applications. This is a ten-year program that combines the efforts of the DOE national laboratories, private industry, universities, and other research organizations. This program is highly ranked in the OMB review in 2004. Significant progress was made in 2003. Improvements in cell performance and near target level stack degradation were achieved. Eighty percent fuel utilization in the stack operation and high efficiency (98 percent) electrical power inverter were demonstrated. A catalytic partial oxidation reactor, at bench scale, with LPG and natural gas demonstrated carbon-free conversion without the use of steam. A kW scale prototype including balance of plant and controls, reformer, and simulated stacks has been fabricated and used for model and controls calibration. *Cummins urges that $50M be appropriated for this program in fiscal year 2005.*

ADVANCED COMBUSTION ENGINES

Health Impacts.—After treatment technologies are unique for heavy duty diesel engines. These systems may include precious metal, adsorbers, reductants and complex reaction mechanisms to meet EPA's 2007/2010 emissions requirements. The key goals of the health impacts project is to identify whether these systems may develop unintended emissions or effects; produce a high quality and health relevant characterization of the emissions from the latest heavy-duty diesel engines and emissions control systems; and collaborate with the Health Effects Institute (HEI) for understanding health implications and evaluate health risks of new versus older engine technologies. *Cummins urges that $3M be appropriated for this program in fiscal year 2005.*

Thank you for this opportunity to present our views on these programs which we believe are of great importance to the U.S. economy through viable transportation and power generation systems, to the public well-being through cleaner air, and to our national security by contributing to an energy-independent future.

PREPARED STATEMENT OF THE DETROIT DIESEL CORPORATION

Detroit Diesel Corporation (DDC), a DaimlerChrysler Company, provides this statement for the record addressing the Administration's fiscal year 2005 budget request for the Department of Energy's Office of FreedomCAR and Vehicle Technologies (OFCVT). Specifically, the following line items and recommendations are addressed in this statement:

—Heavy Truck Engine—$20.0 million funding recommended
—Combustion and Emission Control—$24.0 million funding recommended
—Heavy Vehicle Propulsion Materials—$5.8 million funding recommended

We generally support the Administration's budget request for OFCVT, but we respectfully urge the Committee to consider further enhancements to critical key line items that require prompt and immediate attention to reduce the United States demand for petroleum. These key line items will have immediate near-term impact on energy security, will decrease emissions of criteria air pollutants and greenhouse gases, and will enable the U.S. transportation industry to sustain a strong and competitive position in the domestic and world markets. Specific relevant OFCVT R&D programs enjoy substantial industry cost share demonstrating a matched commitment by the U.S. industry. In order to bring to fruition the intended results, these programs require sustained or increased levels of funding.

DDC's world headquarters and its main manufacturing plant are located in Detroit, Michigan. DDC employs over 6,000 persons who design, manufacture, sell and service engines for the transportation and power markets. Our products cater to heavy-duty trucks, coach and bus, automobiles, construction, mining, marine, industrial, power generation and the military. DDC has operations and manufacturing centers in various regions of the United States, along with a network of over 100 distributors and 2,700 dealers throughout the United States and worldwide. The DDC Series 60 engine has revolutionized the truck engine technology, consistently setting new global performance, fuel economy and life cycle cost standards. It has been the most popular heavy-duty truck engine in the United States for the past thirteen years.

Detroit Diesel recognizes the Administration's FreedomCAR agenda, and its attention to both near-term and long-term energy sufficiency. The long-term vision focuses on potential emerging technologies, such as fuel cells and hydrogen-based transportation energy. However, it is not anticipated that these technologies will be viable for Heavy Duty applications in the foreseeable future. Therefore, we believe that it is equally important to further develop fuel-efficient clean diesel technologies. With appropriate Government support, these technologies will have a significant impact on surface transportation fuel use, in line with the Energy Secretary's remark that "there should be no let up in our efforts to make conventional motor vehicles run cleaner and more efficiently", made in his speech at Detroit Economic Club on

February 7, 2003. In this regard, our comments will focus on the program line items that provide substantial potential payback for this important area of national interest.

We generally support the Administration's budget request, while respectfully urge the Committee to consider further enhancements to the following two line items under the proposed fiscal year 2005 Advanced Combustion Engine R&D program element: Heavy Truck Engine and Combustion and Emission Control, as well as to the Material Technology program element.

The Heavy Truck Engine has a fiscal year 2005 request of $10.436 million, less than the enacted budget in recent years. The 2007 Federal emissions mandates require an extremely aggressive R&D development plan to identify and implement new technologies. Recent specific findings suggest that EPA's initial estimates have underestimated the negative economic impact of the U.S. 2004 regulations by an order of magnitude. The 2007/2010 mandates will further reduce both NO_X and particulate emissions by an additional 90 percent from the 2004 levels. The technological complexities of meeting highly stringent emissions reduction while maintaining and ultimately improving the fuel economy within an extremely short time frame is the toughest challenge ever faced by the U.S. heavy-duty transportation industry. We believe this provides the strongest rationale for significant increases in the Government support to these competitively bid, collaborative, 50–50 cost-shared R&D programs. DDC is investigating advanced combustion systems, alternative emissions reduction technologies including engine and exhaust aftertreatment systems, and smart control strategies within an integrated powertrain. Fiscal year 2004 funding appropriation was $12.9 million. We urge the committee to consider increasing the Heavy Truck Engine line item by an additional $9.6 million above the fiscal year 2005 budget request (Total = $20 million) to assert and support the urgency of accelerated development of these related high risk emerging technologies.

The Combustion and Emission Control activity focuses on the development of advanced emission control technologies for clean diesel engines for U.S. personal transportation vehicle applications as well as a heavy truck component supporting the goals of the 21st Century Truck Partnership. For decades to come, clean diesel engines are the most relevant solution simultaneously offering significant fuel economy savings, reduced exposure to climate change issues and a cleaner environment. Initial developments show potential for lower emissions meeting the mandated 2007/08 Tier 2 levels while maintaining the diesel engine's inherently superior fuel efficiency. The initial performance results are compelling, but many questions remain unanswered regarding emerging technologies for aftertreatment and integration of a total technically viable system. We suggest enhancing the Administration's $22 million request in this area by an additional $2 million (Total = $24 million) to handle the urgent technical issues of the relevant emerging technologies.

The Materials Technologies is a separate OFCVT program element that includes Heavy Vehicle Propulsion Materials line item request of $5 million, below fiscal year 2004 levels. It has been long recognized that advanced materials are a key critical technology area for U.S. global competitiveness. For many years, the most popular DDC Series 60 truck engine has touted the first worldwide application of structural ceramic and advanced tribological coatings. We request the restoration of the funding back to the fiscal year 2004 level ($5.8 million) to leverage the insertion of advanced materials into applications supporting the previously mentioned emerging technologies.

We take this opportunity to affirm our strong endorsement to the proposed Department of Energy's fiscal year 2005 referenced budget requests with the stated specific enhancements. The trend setting partnership between the U.S. Government and a key industrial base addresses this country's and world needs in critical areas of transportation, energy security, economy and environment. The exemplary track record through competitive leveraging of Government funding by substantial industry cost share and the emerging high potential results of these partnerships warrant strong Congressional endorsement. This affords a unique opportunity for a justifiable and a highly effective return on investment of the U.S. taxpayers' money.

PREPARED STATEMENT OF THE ELECTRIC DRIVE TRANSPORTATION ASSOCIATION

INTRODUCTION AND OVERVIEW

This testimony is presented on behalf of the Electric Drive Transportation Association (EDTA), a national, non-profit organization of electric utilities and other energy providers; automobile, bus and other equipment manufacturers and their suppliers; state and local governments, and others that have joined together to advocate greater use of electric drive technologies to further national environmental, economic and energy security goals. A complete membership list is attached. These comments focus on the state of the electric drive industry and specifically on the programs underway at the U.S. Department of Energy (DOE) that support electric drive technologies (battery electric, hybrid and fuel cell vehicles.).

WHY ENCOURAGE ELECTRIC DRIVE TECHNOLOGIES?

Close to one-half of the petroleum consumed for transportation in the United States is imported, and the United States demand for oil is projected to increase by nearly 50 percent by 2025. Every day, eight million barrels of oil are required to fuel over 200 million vehicles that constitute our light-duty transportation fleet. Also, it has been estimated that 60 percent of Americans live in areas where levels of one or more air pollutants are high enough to affect public health and/or the environment. Given these realities, it is imperative that industry and government, working together, develop affordable and reliable electric drive transportation options to both assist this country in weaning itself off of imported oil and improving the air quality in the communities that we live and work in.

STATE OF THE ELECTRIC DRIVE INDUSTRY

After many years of research and development, the world's major automobile manufacturers, as well as many independent small businesses, have made battery electric vehicles (BEVs) available to the marketplace. Since 1996, nearly 6,000 BEVs have been leased and/or sold in the United States. Today, few, if any, BEVs are being manufactured and sold in the United States; however, many of high technology components developed (e.g. computerized drive systems, tires, advanced materials) for these vehicles are being applied to hybrid and fuel cell electric vehicles. In addition, some automakers have developed and are selling small, low speed electric vehicles (aka neighborhood electric vehicles) that have applications in planned communities, college campuses, in station car applications, and other urban settings where space and travel distances are limited. In addition, there is growing use of non-road and industrial EVs, especially at airports and other location where air pollution is severe.

Hybrid electric vehicles (HEVs) are making inroads in the marketplace. As of February 2004, Honda and Toyota have leased and/or sold 122,658 HEVs in the United States. Other automobile manufacturers have announced plans to introduce hybrids into the marketplace over the next two to three years, with Ford marketing its hybrid Escape by third quarter, 2004; and Honda and Lexus planning to introduce a hybrid Accord V6 and the RX400h luxury SUV respectively later this year. General Motors has announced their intention to introduce a full line of hybrid vehicles ranging from full-size SUVs and pickups. In addition to light-duty hybrid offerings, hybrid electric buses are being used throughout the country. For example, GM will outfit over 230 transit buses with hybrid electric technology for King County Metro Transit and Sound Transit in the state of Washington. Grid-connected hybrid technologies also are being pursued by the electric utility industry, regulators, the environmental community and the automotive industry as a means to improve the environmental performance and fuel savings of such technologies. DaimlerChrysler's Sprinter Group and EPRI have formed an alliance to build and test three plug-in hybrid Sprinter vans with 20 to 30 miles all-electric range.

In order to lessen the impact that truck idling has on both energy security and overall emissions, efforts are being undertaken to electrify interstate and other truck stops. According to Argonne National Laboratory, long haul trucks idling overnight consume 838 million gallons of fuel annually, and produce significant quantities of CO, NO_X and CO_2 emissions. Electrification of parking spaces at truck stops can alleviate this issue without sacrificing driver comfort.

The world's major automobile manufacturers and President Bush have made the development of fuel cell vehicles and hydrogen fuel a high priority. Fuel cell electric vehicles and supporting infrastructure are still in their infancy, and require continued research and development to ensure their success in the marketplace. A handful of fuel-cell-based passenger cars have been leased to government and universities, but they are not yet available for sale to the public. As of March 2004 the California Fuel Cell Partnership, which started in 1999, has demonstrated 55 fuel cell vehicles. The Partnership also expects to facilitate members' placement of up to 300 fuel cell cars and buses by the end of 2007. In addition to the vehicles, the Partnership is testing fuel alternatives, identifying fuel infrastructure issues, conducting joint studies, and preparing the California market for this new technology.

Additionally, the DOE is expected to announce shortly the winners of a five-year hydrogen validation project solicitation, which is to be the first large-scale demonstration project combining hydrogen-fueled vehicles with refueling infrastructure and hydrogen production components. The five proposals are from: DaimlerChrysler and Ford, each teamed with BP; General Motors partnered with Shell Hydrogen; Hyundai joined with ChevronTexaco; and an international coalition of automakers, BMW, Honda, Nissan and Toyota with Air Products as their hydrogen supplier. The primary goal of the validation project is to gather data on all the related aspects of a hydrogen-based transportation economy, including fuel cell vehicles as well as hydrogen production, delivery and dispensing. This initiative is very important and the EDTA encourages the Congress to provide sufficient funding to insure that this program is implemented as planned.

FREEDOMCAR AND VEHICLE TECHNOLOGIES PROGRAM

The mission of the DOE's FreedomCAR and Vehicle Technologies Program is to develop more energy efficient and environmentally friendly highway transportation technologies that enable the United States to use less petroleum. The long-term aim is to develop "leap frog" technologies that will provide Americans with greater freedom of mobility and energy security, with lower costs and less impact on the environment. Research and development activities underway by two main DOE programs—the Hydrogen and Fuel Cell Infrastructure Technology Program and the Vehicles Technology Program—are key to advancing electric drive technologies and meeting the mission and goals of the Administration's multi-year, $1.2 billion FreedomCAR and Hydrogen Fuel Initiative. The FreedomCAR and Hydrogen Fuel Initiative has at its goal an industry decision to commercialize hydrogen-powered fuel cell vehicles by the year 2015 and the vision of a diverse, secure and emission-free energy future. The 21st Century Truck Partnership also is supported through this program, which has similar objectives and is focused on improving and developing engine systems, heavy-duty hybrids, parasitic losses, truck safety and idling reduction. Listed below are specific subprograms of interest to EDTA that are components if these two initiatives:

Vehicle Systems.—The Vehicle Systems subprogram funds R&D on advanced vehicle technologies and auxiliary equipment that could assist with improving the fuel economy of light and heavy duty vehicles. EDTA supports the Administration's request of $13.8 million for this program.

Hybrid and Electric Propulsion.—While initial consumer acceptance of light-duty hybrids appears to be high, significant cost reductions need to take place before full volume marketing of both light and heavy-duty hybrids will occur. The EDTA supports the efforts of industry and the federal government to develop affordable light and heavy-duty hybrid electric vehicles with high fuel economy and ultra low emissions. DOE's fiscal year 2005 goals include developing advanced energy storage technologies (e.g., lithium ion cells) for hybrid and electric vehicle applications; developing an advanced battery for use in fuel cell hybrid vehicles; the development of low cost converters and motor controllers; the validation of technical targets for components and subsystems, and the development of efficient, cost-effective heavy hybrid components and systems to support the 21st Century Truck Program. EDTA also encourages DOE to demonstrate plug-in hybrid technologies to assess both the emissions reductions and fuel savings that these energy efficient technologies can provide to the transportation sector. The Hybrid and Electric Propulsion Program was funded at $45.56 million last year. EDTA believes this program should be funded at the increased level requested by the Administration in fiscal year 2005 ($51.8 million).

Materials Technology.—The development of cost-effective materials and material manufacturing processes that can contribute to the development of fuel-efficient cars and trucks is an important component to the FreedomCAR and 21st Century Truck Partnerships. It is anticipated that by 2006 the Transportation Materials Technologies R&D activities will reduce the projected production volume cost of carbon fiber from $12 per pound in 1998 to $3 per pound by 2006. The EDTA encourages full funding of this program at the level of funding provided in fiscal year 2004 for this program ($40.24 million).

Fuel Cell Technology.—There is near unanimous consensus among industry, government and environmental groups that fuel cell technology represents the best promise for a long-term solution to the energy and environmental issues associated with transportation. However, many issues remain to be resolved, including the cost and durability of transportation and stationary fuel cells, the development of fuel processors for transportation, stationary, APU and portable power applications; and the need to validate integrated vehicle and infrastructure systems to ensure they can operate in real-world operating conditions. The Fuel Cell Technology Program is a critical component to assuring that the technologies that are developed will translate into cost effective products for the 21st Century. EDTA encourages full funding for this program at the $77.5 million level requested.

Hydrogen Technology.—As reported in the Department of Energy's February 2004 Hydrogen Posture Plan, the technical challenges to achieving a hydrogen economy include lowering the cost of hydrogen production, delivery, storage, conversion and end-use applications. The Administration's fiscal year 2005 budget request for Hydrogen Technology is $95.3 million. These funds would be used to assist in reducing the cost of distributed production of hydrogen from natural gas by a factor of three to four; enabling cost competitive production of hydrogen from renewables; and, providing storage technology that enables greater than 300 mile driving range for vehicles. Attaining a "hydrogen economy" will require a coordinated national effort and sustained activities by diverse public and private stakeholders. EDTA believes this program should be funded at or above the level requested by the Administration in fiscal year 2005. These funds should be used for the R&D projects already identified by the DOE and its industry partners. Congress, last year, directed that a significant portion of funds be used on specific projects requested by Members of Congress. The Committee is urged to appropriate funds for the technology initiatives identified by the DOE; diverting scarce funds will delay or jeopardize the achievement of specific and important technology building blocks.

Technology Introduction.—The Technology Introduction subprogram accelerates the adoption and use of alternative fuel and advanced technology vehicles to help meet national energy and environmental goals. The primary functions of the Technology Introduction subprogram include legislative and rulemaking support for the Energy Policy Act of 1992 (EPAct) alternative fuel and fleet activities; testing and evaluation of advanced technology vehicles; and advanced vehicle competitions. EDTA encourages the Administration to support funding for these programs at the level requested by the Administration ($6.014 million). In addition, EDTA encourages DOE to allow federal, state and alternative fuel provider fleets to meet their EPAct vehicle acquisition requirements through the use of low speed electric vehicles and light, medium and heavy-duty hybrid electric vehicles as a means to reduce fuel consumption and to support increased use of electric drive technologies in the marketplace.

Clean Cities Program.—DOE's Clean Cities Program is helping the United States to achieve energy security and environmental quality goals through encouraging and supporting the purchase and use of alternative fuel vehicles (AFVs) at the local level, especially in niche markets such as schools, airports, and municipal bus fleets. Approximately 547,964 AFVs are operating in public and private fleets through this unique, voluntary program. If comprehensive energy legislation pending before the Congress is favorably considered and enacted into law, it will authorize up to $200 million for 15 Clean Cities coalitions to demonstrate the important role that low speed electric vehicles, electric bikes and scooters, electric ground support equipment, hybrids in a variety of weight classes, and battery and fuel cell buses can play in alleviating transportation-related pollution and educating the public about the important role that these technologies can play in our cities and towns. If this major initiative is authorized through enactment of energy legislation then the Administration and Congress are encouraged to provide appropriations through the Clean Cities to implement this program. The Clean Cities program was funded at $11.11 million in fiscal year 2004. The Clean Cities Coalitions are seeking $16 million in fiscal year 2005 funding for the Clean Cities program. EDTA believes this is an important program and any funds made available by this Subcommittee will be used wisely by the enormous cadre of local stakeholders who comprise the more than 80 designated Clean Cities.

OTHER AUTHORIZATIONS AND INCENTIVES INCLUDED IN PENDING ENERGY LEGISLATION THAT WOULD BENEFIT ELECTRIC DRIVE TECHNOLOGIES

Energy legislation pending before the Congress also includes two additional programs of importance to the EDTA. First, $32 million is authorized for the DOE to conduct a five-year, secondary use EV battery demonstration program. If successfully demonstrated for secondary, stationary-use applications (e.g., peak shaving, transmission deferral, back-up power and transmission quality improvement applications), this program could result in a lower upfront cost of battery systems and thereby make EVs more competitive. Second, pending energy legislation would allow federal, state, and alternative fuel providers to meet their EPAct fleet obligations through the purchase and use of electric drive technologies such as low speed electric vehicles, hybrids in a variety of weight classes, and fuel cell cars, trucks and buses. Mandated fleets should be allowed the flexibility to use additional electric drive transportation options to meet their EPAct fleet requirements since it not only will provide them with additional fleet compliance options, but will assure manufacturers a guaranteed market for their products.

Pending energy legislation also includes important consumer-based tax incentives to support the purchase and use of battery, hybrid and fuel cell electric vehicles and supporting infrastructure. Targeted tax incentives can be an effective means by which government can help assure that electric drive technologies, in a variety of weight classes, are successfully introduced into the marketplace. EDTA members believe that such incentives should be limited in their scope and duration, and available now and in the immediate future as these new and dramatically different technologies are introduced to consumers.

CONCLUSION

The success of electric drive technologies in the marketplace continues to require the support of both industry and government, working together, to bring down costs and to conduct the outreach activities necessary to encourage the market adoption of electric drive transportation options. The federal government's role should continue to focus on participating with industry in efforts to advance electric drive transportation technologies through research activities like the Hydrogen, Fuel Cells and Infrastructure Technologies Program and the Vehicles Technology Program; through continued testing of advanced transportation technologies through the Test and Evaluation Program; and through outreach and education efforts like those included in both the Clean Cities program and the Technology Program.

PREPARED STATEMENT OF THE FUEL CELL POWER ASSOCIATION

The Fuel Cell Power Association (FCPA) appreciates the opportunity to submit this statement to the U.S. Senate Committee on Appropriations, Interior and Related Agencies Subcommittee regarding fiscal year 2005 Department of Energy (DOE) Office of Fossil Energy (FE) stationary fuel cell R&D programs. FCPA urges you to commit the resources needed to accelerate the pace of the DOE stationary fuel cell programs. To meet U.S. goals for secure, reliable, clean, cost-effective power, our nation needs to increase our national commitment to stationary fuel cell power generation technologies. FCPA recommends the following funding levels for fiscal year 2005.

OFFICE OF FOSSIL ENERGY—DISTRIBUTED GENERATION SYSTEMS—FUEL CELLS

[In millions of dollars]

	Amount
SECA (Solid State Energy Conversion Alliance)	50
High-Efficiency High-Temperature Hybrid Systems	21

Funding levels proposed by the Administration's fiscal year 2005 Budget represent a 68 percent cut from last year's DOE FE stationary fuel cell appropriation. This cut leaves the SECA program under funded by $27 million, and completely eliminates the DOE funding for High-Efficiency High-Temperature Hybrid Systems work called for in both the Vision 21 and FutureGen initiatives to achieve cost-effective, high efficiency, near-zero-emissions electricity from coal. Restoring the DOE FE Stationary Fuel Cell Program funding to last year's level of $71 million will move the U.S. closer to the following benefits.

Secure and Reliable Distributed Energy, making electricity available at the location where it is needed, detachable from the transmission grid when it goes down, or able to operate grid free in remote locations.

Maximum Fuel Flexibility, reducing dependence on foreign fuel sources since fuel cells can operate on several domestic fuel resources like natural gas, ethanol, methanol, coal gas and hydrogen.

Superior Fuel Efficiency, conserving fuel resources through simple cycle electrical system efficiency of 40 percent on synthetic gas and 50 percent on natural gas, fuel cell /turbine hybrid electrical efficiency 60 percent on synthetic gas and up to 75 percent on natural gas, and combined heat and power efficiency up to 85 percent.

Environmentally Preferred Power Technology, using non-combustion fuel conversion technology that avoids the formation of nitrogen oxide and enables the capture of carbon dioxide for sequestration.

U.S. Power System Exports, maintaining the nation's position of market preeminence in the area of cost-competitive, zero-emissions power generation systems to meet the rapidly growing global energy market. The Federal government should be accelerating, not decelerating, the pace of fuel cell market availability. It is critical that Congress and the Administration make these technologies a top funding priority, budgeting and appropriating the resources needed to drive this much needed power generation technology toward full commercialization. This funding shortfall will delay the full development and deployment of these technologies. Following is a summary of DOE programs that need significantly more funding in order to achieve planned program milestones and accelerate stationary fuel cell system availability.

SECA (SOLID STATE ENERGY CONVERSION ALLIANCE)

The DOE SECA R&D program goal is to develop a new generation of lower cost fuel cells. To attain lower costs, the program will focus on integration of design, high-speed manufacturing, and materials selection. The program also aims to realize the full potential of fuel cell technology through long-term materials development. The SECA program is focusing on the development and mass production of 3–10kW solid-state fuel cell modules. Ultimately, these fuel-flexible, multi-function fuel cells will provide future energy conversion options for large and small-scale stationary and mobile applications. The program is targeting the achievement of stack fabrication and assembly costs to permit system costs of $400/kW, near-zero emissions, and compatibility with carbon sequestration. The program is in the first phase of a three-phase program plan:

Phase 1—Technology development-leading to $800/kw product

Phase 2—Manufacturing development-leading to $600/kw product

Phase 3—Cost reduction and commercialization-leading to $400/kw product

The program consists of two critical elements. Currently there are six integrated industrial development teams that serve as DOE's cost-sharing partners to provide R&D, manufacturing and packaging capabilities needed to move the technology forward into the targeted stationary and auxiliary power markets. The teams design fuel cell systems, develop materials, and will ultimately deploy technologies. There are also 28 core technology developers that support the industrial development teams, providing problem-solving research needed to overcome barriers identified by the industry teams. The core technology developers are universities, national laboratories, and other research-oriented organizations. The SECA participants are listed below:

Manufacturing Teams.—Acumentrics, Cummins Power Generation (SOFCo—McDermott International), Delphi Automotive Systems (Battelle Memorial Institute), Fuel Cell Energy (Materials and Systems Research, Inc./GTI/EPRI), General Electric Power Systems, and Siemens Westinghouse Power Corporation.

Core Technology Organizations.—Argonne National Laboratory, California Institute of Technology, Ceramatec, Functional Coating Technologies, Gas Technology Institute, Georgia Tech Research, Lawrence Berkeley National Laboratory, Lawrence Livermore National Laboratory, Los Alamos National Laboratory, Montana State University, NexTech Materials, National Energy Technology Laboratory, Northwestern University, Oak Ridge National Laboratory, Pacific Northwest National Laboratory, Sandia National Laboratories, SAIC, Southwest Research Institute, Texas A&M University, TIAX, University of California-Irvine, University of Florida, University of Illinois, University of Missouri, University of Pittsburgh, University of Utah, University of Washington, Virginia Tech.

HIGH-EFFICIENCY HIGH-TEMPERATURE HYBRID SYSTEMS

In addition to fully funding the SECA fuel cell cost reduction program, the Federal government must continue to fund it's High-Efficiency High-Temperature Hybrid Systems development effort at last year's level of $21 million. The Administration's Budget request has called for the complete elimination of the effort.

High-Efficiency High-Temperature Hybrid Systems will combine fuel cells and gas turbines to provide the synergy needed to realize the highest efficiencies and lowest emissions of any fossil energy power plant. These fuel cell/turbine systems will use the rejected thermal energy and combustion of residual fuel from the high-temperature fuel cells to drive a gas turbine. The gas turbine helps reduce the balance of plant cost, and improve overall efficiency. The higher the efficiency, the better job we are doing in conserving and extending the availability of our domestic natural resources.

Successful development of High-Efficiency High-Temperature Hybrid Systems will:

—Achieve the 60 percent coal syngas efficiency and up to 75 percent efficiency on natural gas;

—Reduce emissions to ultra low levels of less than 1 ppm NO_X; and
—Provide the basis for meeting Vision 21 and FutureGen system goals.

DOE fuel cell R&D programs have laid much of the technological groundwork for these hybrid power systems. These programs have helped initiate market acceptance of the initial high-temperature fuel cell products, enabling manufacturers to strive for integrated hybrid systems. Maturity of these integrated hybrid systems is essential to meet the DOE goals for its coal-based Vision 21 and FutureGen initiatives.

The High-Efficiency High-Temperature Hybrid Systems effort has involved the design, construction and testing of fuel cell/turbine hybrid units to investigate the integration aspects of the fuel cell and turbine. This allows investigators to acquire design information and operational data that will be utilized in the design of multi-megawatt high efficiency Vision 21 power plants. Recent proof-of-concept tests of a sub-megawatt class power plant have verified that this technology works, and just as importantly, that it can be implemented in design and construction of a variety of power plant sizes, from sub-megawatt units to multi-megawatt and larger scale power plants. Field-testing at this smaller scale must be completed to provide the basis for the design, construction and testing of larger scale units. Cost reductions from performance improvement, stack material and manufacturing cost reduction, balance of plant improvements, and fuel cell life extension must also be pursued.

Large plants based on these technologies hold enormous promise for providing high efficiency green power from domestic fossil fuels. Further refinement of the core fuel cell technology developed under High-Efficiency High-Temperature Hybrid System program projects will lower capital costs and extend fuel cell life to lower the fuel cell cost-of-electricity. Commercially viable fuel cell power generation technologies have been validated by demonstrations. Commercialization is beginning—but much work needs to be done to achieve a viable commercial and competitive status, and to validate the potential for hybrid systems. More systems technology development is needed to make it cost-effective for multi-megawatt applications including the large highly efficient coal power plants envisioned in Vision 21 and FutureGen concepts.

The Fuel Cell Power Association promotes the interests of the fuel cell industry by facilitating communication on the essential role the government plays in improving the economic and technical viability of fuel cells for stationary power. Contact FCPA at 202.669.7575 (phone), 703.757.8274 (fax), P.O. Box 1408, Great Falls, VA 22066, FCPA@advocatesinc.com.

Prepared Statement of the Gas Turbine Association

The Gas Turbine Association (GTA) appreciates the opportunity to provide the U.S. Senate Appropriations Committee, Interior and Related Agencies Subcommittee with our industry's statement regarding the following fiscal year 2005 Department of Energy (DOE) Turbine R&D funding levels. Our nation's investment in the DOE programs brings technology innovation that will allow the United States to continue to serve as the world's principal source for clean turbine power generation systems.

GTA RECOMMENDED FUNDING LEVELS FOR DOE R&D

OFFICE OF FOSSIL ENERGY—PRESIDENT'S COAL RESEARCH INITIATIVE, CENTRAL SYSTEMS, ADVANCED SYSTEMS

[In millions of dollars]

	Amount
TURBINES (increase $13 million)	25

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY—DISTRIBUTED GENERATION TECHNOLOGY DEVELOPMENT

[In millions of dollars]

	Amount
Microturbines	7.0
Industrial Gas Turbines (increase $1 million)	4.0
Technology Based—Advanced Materials and Sensors	8.2

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY—DISTRIBUTED GENERATION TECHNOLOGY DEVELOPMENT—Continued

[In millions of dollars]

	Amount
End-Use System Integration and Interface	19.8
Fuel Flexibility (increase $750,000)	1.0

TURBINES MAKE CLEAN COAL AND FUTUREGEN GOALS ACHIEVABLE

DOE Office of Fossil Energy (FE) fiscal year 2005 budget states the following goal related to the President's Coal Research Initiative, "The Advanced Power Systems activity, within the Central Systems subprogram, will develop, by 2010, advanced power systems capable of achieving 50 percent thermal efficiency at a capital cost of $1,000/Kw or less for a coal-based plant." GTA believes that increasing the plant efficiency and increasing equipment output are keys to driving down Integrated Gasification Combined Cycle (IGCC) system capital cost to $1,000kW. Moreover, the development of this cost-competitive IGCC system is a prerequisite for the subsequent development of the FutureGen systems envisioned in the budget (the FutureGen system will demonstrate carbon capture technology combined with an IGCC system capable of running on hydrogen).

The development of cost-competitive IGCC and FutureGen systems are important goals that are currently being pursued under the DOE FE Turbines program. Unfortunately, the fiscal year 2005 severely under funds technology R&D in the Turbines program, pushing the completion dates far beyond the 2010 target date for the $1,000/kW IGCC. To achieve success by the 2010 target, Federal investment in Turbines program requires $25 million per year over the next five years, not the $12 million level set forth in the fiscal year 2005 Budget.

GTA recommends that Congress appropriate an additional $13 million over the budget request. The increased funding would be allocated in the following manner:

[In millions of dollars]

	Amount
Syngas Turbine Technology R&D	9.0
Pure Hydrogen Research in Support of FutureGen	1.5
NETL In-House Combustion Research	1.0
Coatings Research	1.0
University Turbine Systems Research	0.5

TURBINES PROGRAM—OVERCOMING THE TECHNOLOGY CHALLENGES

Presented below are recommended funding increases for the Turbines program in the fiscal year 2005 budget to facilitate the attainment of the performance goals of a 50 percent efficient coal fired IGCC plant at a cost of less than $1,000/kW with near zero emissions, and turbines capable of hydrogen combustion.

Initiate Syngas Turbine Technology R&D Activities (increase $9 million)

The basic Syngas Turbine Technology Improvement R&D activities will take place under the program's Broad Based Finical Assistance (BBFA) solicitation. The two fundamental areas of Turbine R&D that will be conducted under the BBFA are: (1) Improvement in combustion turbine performance with coal derived synthesis gas, and (2) Development of NO_X emissions reduction technology for fuel flexible turbines. The primary objective of both areas of interest is to improve the overall performance of combustion turbines, in terms of emissions and efficiency, when used in IGCC applications. While initial Phase 1 planning has been accomplished, Syngas Turbine R&D has yet to begin. Funding to start Phases II work requires a significant increase over the proposed fiscal year 2005 request. Without this funding Phase II of this work will not be initiated. This will greatly reduce the potential to achieve the DOE Program Specific Performance Goal of a 50 percent efficient coal fired IGCC plant at a cost of less than $1,000/kW and near zero emissions.

Develop the Capability to Combust Hydrogen in Turbines (increase $1.5 million)

As the potential to produce hydrogen from coal becomes attractive the ability to utilize this fuel in a gas turbine becomes paramount. This funding increase would be used to support basic and applied research to address combustion of hydrogen with either oxygen or air. Market incentives for the private sector to address this opportunity and the associate risk are limited.

Fully Fund NETL In-house Syngas Combustion Studies (increase $1 million)

The NETL in-house combustion group is a recognized world leader in combustion science. The requested increase in funds will allow this group to fully explore the combustion phenomena and emissions associated with the use of coal derived syngas and hydrogen fuels. With out this funding the full range of conditions and gas compositions will not be explored and the ability to achieve the PSPG will be compromised.

Initiate Advanced Thermal Barrier Coatings for Syngas Turbines (increase $1 million)

In order to increase the efficiency of combustion turbines in IGCC applications turbine inlet temperatures need to be increased. Currently to reduce risk turbines that operate on coal derived syngas are configured to run at a reduced firing temperature. This de-rating reduces the efficiency of the power system. In order to increase the firing temperature existing thermal barrier coatings (TBC)s need to be evaluated at higher temperature in a coal derived syngas environment. Additionally new TBC are needed that would be more applicable to syngas conditions. Without this work there will be little basis for increasing the firing temperature and overall efficiency of combined cycle equipment (strongly influenced by gas turbine design) in IGCC applications.

Fully Fund the University Turbine Systems Research Program (increase $0.5 million)

The University Turbine Systems Research Program, a consortium of 105 U.S. universities working closely with the combustion turbine industry, has demonstrated considerable success in developing new technologies and developing trained people for the industry. The requested increase in funds will enable meeting the more difficult challenge of dealing with coal gas than with natural gas, and to respond to the increased need for fellowships in the industry from universities.

DISTRIBUTED ENERGY TO SECURE AMERICA'S ECONOMIC FUTURE

Much of the 21st century's demand for power will be met through the increased use of distributed energy systems. The United States needs to rapidly expand its supply of distributed energy for the nation's electricity security and economic future. The Northeast power blackout last August verified the concerns of many experts that our electricity grid is vulnerable and in desperate need of upgrade. The Blackout occurred at time when the U.S. economy was just beginning its transition toward recovery. As the nation's economic rebounds and expands, economic growth will intensify the demand for dependable and secure power will soar. The lack of available, secure and reliable power will stifle economic growth and job creation.

As America struggles with the question of how to fix the electricity grid infrastructure, DOE Office of Energy Efficiency and Renewable Energy (EERE) Distributed Energy Programs are working on the research, development and deployment of clean and efficient turbines and microturbines to provide the dependable and secure power needed in America today. Distributed generation turbines and microturbines provide:

—Secure and reliable electricity at the point of demand through the placement of small customized power plants on-site, isolating critical facilities from grid outages.

—Dependable and secure power for growing high-tech commercial and industrial facility, eliminating economic losses associated with poor power quality.

—New sources of "just-in-time" dispatchable power that can be instantly called upon to shore up instabilities in our country's electricity grid.

—New power capabilities, strategically located to fix transmission bottlenecks, deferring or even eliminating the need for long-lead-time transmission line approvals and construction.

MICROTURBINES—CRITICAL ENABLER OF DISTRIBUTED ENERGY

Microturbines are currently being deployed in distributed energy applications with competitive costs, performance, and emissions in selected applications. They are ideally suited to alternate fuels, combined heat and power (CHP) applications, and remote siting.

Today's microturbines have:

—25 to 1,000 kW output ranges

—Ultra-low-emissions (< 5 ppm NO_X)

—Fuel flexibility (gaseous and liquid renewable natural resource fuels)

—Proven ultra-high-fuel-efficiency CHP advantages
—Exceptionally low installation and operational costs

While microturbines are now entering the distributed energy market, improved microturbine technologies are needed to expedite the installation of clean, efficient and affordable systems. Once the goals of the DOE EERE Advanced Microturbine Program have been achieved, microturbines can significantly expand distributed energy market potential and deliver the public benefits that flow from distributed energy. The microturbines being developed under the EERE Microturbine program will have with higher electrical efficiency, using significantly less fuel to further conserve natural and renewable resources.

DOE EERE Advanced Microturbine program goals call for a 40 percent electrical efficiency microturbine that can maintain ultra-low-single digit NO_X emissions with a system cost below $500kW. The program will achieve these goals with a combination of tactics that include raising the operating temperature by integrating advanced ceramics to avoid the use of additional cooling systems, and by developing affordable high temperature recuperator technologies using advanced alloys. The advanced microturbine program performance criteria requires equipment capable of 11,000 hours of reliable operations between major overhauls and a service life of at least 45,000 hours. Improvements in durability will come from reliable, highly effective recuperators, increased load capability bearing design, and improved high temperature materials. The Advanced Microturbine Program plans to deliver a single design capable of operating on gas, liquid, biofuels (bio liquids, digester gas and landfill gas) and waste fuels will be coupled with ultra-low-NO_X technology.

INDUSTRIAL TURBINES (INCREASE $1 MILLION)

The Industrial Gas Turbine program enhances the efficiency and environmental performance of gas turbines for applications up to 20MW. The research focuses on advanced materials research, such as composite ceramics and thermal barrier coatings that improve performance and durability of industrial gas turbines. Work on low emissions technologies R&D under the program promises to improve the combustion system by greatly reducing the NO_X and CO produced without negatively impacting turbine performance. R&D and testing will demonstrate innovative high temperature materials for combustor liners, shrouds, blades and vanes in gas turbines to improve endurance levels beyond 8,000 hours. GTA recommends that Congress provide fiscal year 2005 funding at levels at least equal to last year's appropriations.

TECHNOLOGY BASED—ADVANCED MATERIALS AND SENSORS

This research provides long-term R&D in the area of materials, sensors, information technologies, power electronics, combustion modeling and assessments of crosscutting impacts and benefits of the developments of distributed generation systems and end-use applications. This research provides long-term R&D in the area of materials, sensors, information technologies, power electronics, combustion modeling and assessments of crosscutting impacts and benefits of the developments of distributed generation systems and end-use applications.

END-USE SYSTEM INTEGRATION AND INTERFACE

Activities in this area develop highly efficient integrated energy systems that can be replicated across an end-use sector, incorporating the technologies developed in the Distributed Generation Technology Development subprograms into the efficient packaged systems. This will maximize the use of affordable distributed energy resources in industrial process and high-tech data processing and telecommunications industries in order to make the U.S. energy system cleaner, more efficient, and more reliable.

FUEL FLEXIBILITY (INCREASE $750,000)

Phase one studies in partnership with turbine manufacturers to define gaseous, liquid, and blended fuel combustion related issues, and to define a technical roadmap that will lead to improving the multi-fuel distributed generation capabilities of turbine equipment.

PREPARED STATEMENT OF THE GASIFICATION TECHNOLOGIES COUNCIL

The Gasification Technologies Council (GTC) submits this statement addressing fiscal year 2005 appropriations for the U.S. Department of Energy's (DOE) research and development programs for Integrated Gasification Combined Cycle (IGCC), Turbines, and Fuels & Chemicals. We also wish to comment on proposed funding for the Clean Coal Power Initiative (CCPI) and the FutureGen project. Total proposed funding for IGCC; Turbines; Fuels & Chemicals; and CCPI is $310,628,000. We cannot support FutureGen appropriations that divert funds from the Fossil Energy R&D program or CCPI.

The Gasification Technologies Council (GTC) represents companies that provide technologies, equipment and services, or own and operate plants that account for more than ninety-five percent of the gasification and Integrated Gasification Combined Cycle (IGCC) capacity worldwide. The Council is the trade association of the gasification/IGCC industry.

Gasification related technologies are the key elements in the DOE's strategy to bring extremely clean, highly efficient coal based power generation into the marketplace. Achieving this objective is critically important to our economy, to our environment, and to reducing our dependence on foreigh sources of energy. This aligns the gasification program with President Bush's Clear Skies, hydrogen economy, energy security and climate change initiatives. Continuing and robust research and development programs for IGCC, turbines, and fuels and chemicals are necessary to achieve the goal of state-of-the-art, competitive gasification-based technologies.

The level of funding cuts proposed for the fossil energy R&D program for fiscal year 2005 will seriously compromise the achievement of these goals.

SUMMARY OF PROPOSED CHANGES TO BUDGET REQUEST AND PROGRAM DIRECTION

—The IGCC R&D program for fiscal year 2005 should be funded at a $54 million level, up from the $35 million requested.
—The turbines program should be funded at a $25 million level, instead of the $12 million requested.
—The Fuels and Chemicals Program funding should be $31.2 million, instead of the $16 million requested.
—The Clean Coal Power Initiative (CCPI) should be funded at a level of $150–200 million for fiscal year 2004 instead of the $50 million requested. to stay on track with President Bush's goal of a ten year, $2 billion program.
—Funding for the FutureGen project should be derived from newly appropriated revenue sources and not transfers from the CCPI program as is proposed in the fiscal year 2005 budget, which would in effect tap $237 million in CCPI money for FutureGen.
—The Congress should reiterate to the Department the requirement that full and open competition will be employed in all selections for the FutureGen project—site, technology and equipment and services providers.

RECOMMENDATIONS BY PROGRAM AREA

The following discussion identifies specific recommended changes in program areas.

INTEGRATED GASIFICATION COMBINED CYCLE (IGCC R&D)

The fiscal year 2005 budget request for IGCC would cut funding for this core program by almost one third. The GTC recommends adding $20 million to the fiscal year 2005 appropriation including $10 million for advanced gasification concepts and reliability/performance improvements; $4 million for advanced gas cleaning/multi-component gas cleaning; $4 million for advanced hydrogen/carbon dioxide separation; and $2 million for the organization and management of a Gasification University Consortium.

RECOMMENDED IGCC FUNDING FOR FISCAL YEAR 2005

[In thousands of dollars]

	Fiscal year		
	2004 adjusted	2005 request	2005 GTC
Gasification Systems Technology	29,334	15,305	15,305
Systems Analysis/Product Integration	3,912	4,000	4,000
Vision 21	16,622	14,800	14,800
Program Support	504	345	345
Other (see text)	....	....	20,000

RECOMMENDED IGCC FUNDING FOR FISCAL YEAR 2005—Continued

[In thousands of dollars]

	Fiscal year		
	2004 adjusted	2005 request	2005 GTC
IGCC TOTAL	50,372	34,450	54,450

GAS TURBINE R&D

An adequately funded gas turbine research and development program is essential to achieving the cost reduction and efficiency/output improvements necessary for near term IGCC deployment and, over the long term, to the success of the FutureGen project. Delays in achieving these improvements could have a ripple effect on IGCC deployment through the CCPI during this decade and with FutureGen in the next.

The latest generation of gas turbines (the "G" and "H" class of turbines) are not ready to meet the demands of proposed coal-based advanced power plant cycles (e.g., ITM and OTM based IGCC cycles with or without CO_2 capture, or FutureGen) or of the H_2 Economy and they are not ready to meet the stricter environmental standards that are expected to be required in the future. The DOE NETL's Turbine Program needs increased support (a total of $25M in fiscal year 2005) to allow DOE to work with industry to meet these Consensus Roadmap destinations on schedule given the Turbine Program's shortfall in funding over the last two years. Research and development in four key areas need increased support:

—Fuel Flexible Low Emissions Combustion

—Syngas and H_2 Tolerant Materials and Coating Systems

—Sensors and Monitors for Syngas and H_2 Gas Turbines

—University Gas Turbine Research Program

RECOMMENDED TURBINE R&D FUNDING FOR FISCAL YEAR 2005

[In thousands of dollars]

	Fiscal year		
	2004 adjusted	2005 request	2005 GTC
Existing Programs	12,000	12,000	12,000
Fuel Flexible Low Emissions Combustion	....	....	7,000
Syngas & H_2 Tolerant Materials & Coating Systems	....	....	4000
Sensors & Monitors for Syngas and H_2 Gas Turbines	....	....	2000
Turbines Total	12,000	12,000	25,000

FUELS & CHEMICALS

This effort to cost effectively produce fuels and chemicals from coal is becoming more important daily in the face of rapidly rising natural gas and petroleum prices which are driving the U.S. fertilizer and chemical industries overseas, running up utility bills for homeowners, threatening economic recovery and adding to our growing trade imbalance. Important R&D efforts underway are necessary to move coal into these market segments and relieve pressure on oil and natural gas prices.

Research into production of coal derived fuels and chemicals is necessary to enable further development of "polygeneration" facilities which have the capability of producing not just electricity and steam, but also chemicals and fuels (both hydrogen and liquid fuels) as well. Such polygeneration facilities will ultimately improve the overall economics of building and operating gasification-based power generation plants, thereby accelerating their deployment into the marketplace and bringing with them substantial environmental and efficiency advances as well as.

This important program also plays an integral role in laying the technical foundations for allowing coal to play a role in any future hydrogen economy.

RECOMMENDED FUELS & CHEMICALS FUNDING FOR FISCAL YEAR 2005

[In thousands of dollars]

	Fiscal year		
	2004 adjusted	2005 request	2005 GTC
Syngas Membrane Technology	6,552	....	6,552
Ultra Clean Fuels	8,786	....	8,786
Hydrogen from Coal	4,879	15,840	15,840
Fuels Total [1]	20,217	15,840	31,178

[1] Does not include all subcategories.

CLEAN COAL POWER INITIATIVE/FUTUREGEN FUNDING

GTC recommends that appropriations for the Clean Coal Power Initiative be maintained at no less than $150–200 million for the coming fiscal year to maintain momentum for President Bush's commitment to a ten-year, $2 billion program.

The Administration's proposal to provide FutureGen with $237 million of CCPI funds and to limit fiscal year 2005 CCPI appropriations to $50 million is completely contrary to what industry had been advised regarding the source of funding for FutureGen and would send the wrong signal to potential industrial investors in the CCPI program. Such a drastic reduction in support for the CCPI program would seriously compromise program objectives at a time when the need for the program is greater than it has ever been. It is also puzzling insofar as the current FutureGen report published by the DOE in March 2004 indicates that DOE direct funding for the project for fiscal year 2005 is projected at only $18 million.

We recommend CCPI fiscal year 2005 appropriation of $150–200 million and a clear direction from the Congress that any funding for FutureGen should be provided separately and not from funding intended for the Clean Coal Power Initiative.

COMPETITIVE SOLICITATIONS FOR FUTUREGEN

The April 21, 2003 Federal Register request for information regarding the FutureGen program indicated that, "The Department will require that the Consortium use fair and open competition to select the host site; engineering, design, and construction services; and major equipment modules". The GTC heartily endorses the need for competition in the project.

We were troubled, however, when the March 2004 program report on FutureGen made specific reference to the transport reactor, now in development at the Power Systems Development Facility in Wilsonville, AL a number of times. Reference to a specific technology—especially a gasification unit that will be the core of the FutureGen plant—in the report is inappropriate, giving the impression of an official DOE endorsement of that technology.

We urge the Committee in its report on the appropriations bill to express its strong endorsement of free and open competition for all aspects of the FutureGen project.

PREPARED STATEMENT OF GENERAL ELECTRIC ENERGY

The following testimony is submitted on behalf of General Electric Energy (GE) for the consideration of the Committee during its deliberations regarding the fiscal year 2005 budget requests for the Department of Energy's (DOE) Fossil Energy program.

Continued technology advancement is a key to realizing the potential for cleaner, more efficient power generation. In addition, by improving the U.S. technology base, government-private sector programs will enhance the international competitiveness of U.S. industry. Several important DOE programs deserve the Committee's support.

SOLID OXIDE FUEL CELL (SECA DERIVED)/TURBINE SYSTEMS FOR COAL BASED POWER GENERATION

Power generation systems employing an integrated fuel cell/gas turbine have the potential to revolutionize the way the nation will meet its future need for clean, efficient, cost effective power from our abundant coal resources. These systems would be capable of using a range of fuels of national importance—hydrogen, coal or biomass derived synthetic gases, as well as natural gas. Utilizing coal derived synfuel, solid oxide fuel cell (SOFC)/turbine system studies have shown efficiencies up to 20 percent greater than today's coal based power generation technologies. When operated on natural gas, SOFC/turbine systems have the potential to exceed an unprecedented 65 percent efficiency. Fuel cell/gas turbine systems also can be a building block for the hydrogen economy and can be compatible with FutureGen type plants employing carbon sequestration for zero carbon emissions. In addition, GE Energy sees an initial market in the 1MW to 10MW size range for dispersed power applications. These systems would avoid grid congestion with enhanced reliability while being more efficient and cleaner than any fossil energy electric generating technology today.

GE Energy recommends that $10 million be appropriated for the Department of Energy to be used in fiscal year 2005 for a multi-year, industry cost-shared program to develop an integrated solid oxide fuel cell and gas turbine system for coal based power generation, building upon technology derived from DOE's Solid State Energy Conversion Alliance (SECA) program.—The program would culminate in demonstration of a megawatt-size solid oxide fuel cell/turbine system at the proposed FutureGen powerplant or another integrated gasification combined cycle (IGCC) facility in the 2012 to 2014 time period. Spin-off opportunities will result in megawatt class products for alternate fuels in the same time period. GE envisions an effort along the lines of the very successful Advanced Turbine Systems program of the 1990's, and a comparable opportunity to secure U.S. technology leadership in this field.

GE Energy has worked closely with the Department of Energy to align this program development vision with the Department's goals both for the SECA program and the overarching goals for zero carbon emission generation of electricity. The proposal for "SECA-Derived Solid Oxide Fuel Cell/Turbine System Development for Coal Based Power Generation" reflects these efforts and addresses the need to overcome technology challenges in both the solid oxide fuel cell itself and integrated system. The technological solutions then must be rigorously validated for the operational conditions, performance, and size unique to large, megawatt class systems.

SECA

SECA seeks to develop a new generation of lower cost ($400/kw) fuel cells that can deliver fuel flexible, ultra-low emission, ultra-high efficiency power to the United States, through a program featuring industrial teams of fuel cell developers and a core technology group of national laboratories, universities and technology firms. GE Energy is a SECA participant through our Torrance, California, Hybrid Power Generation Systems team. GE appreciates the Congressional support for the SECA program in the past, and supports full funding for the SECA program in fiscal year 2005 in order to keep this leading research and development effort on track toward achieving its ambitious technical and cost goals. The recommendation above for an SOFC/gas turbine system program is in addition to a fully funded $50 million for SECA in fiscal year 2005. GE recognizes DOE's interest in focusing fuel cell R&D activities through the SECA program, and intends to continue to work with the Department as the SECA program evolves.

TURBINES

GE recommends that funding be increased by $12 million for the Turbines program, within the Fossil Energy/Central Systems budget line.—This program represents the Department's primary research effort focusing on gas turbines for electricity production and is designed, as explained in the budget request, to enable the low cost implementation of major policy initiatives in the areas of climate change, reduced powerplant emissions and future generation technologies. Continued turbine research and development provides a path to greater efficiency and lower emissions in the use of the nation's most abundant domestic energy resource—coal—as well as the technology base for the eventual use of hydrogen. Turbines fueled by syngas are an indispensable step on the technology continuum that must evolve for a future hydrogen economy. The importance of this technology requires that adequate resources be provided in fiscal year 2005, particularly to advance work initiated through the Department's Broad Based Financial Assistance solicitation.

The Turbines program will develop the enabling technology for high efficiency syngas turbines for advanced IGCC systems. In addition, this program must also support the technology necessary to achieve hydrogen-capable turbines that will be integral to the design of zero emission FutureGen plants. GE has experience with gas turbines operating on fuel blends containing hydrogen, and has performed laboratory demonstration tests on high hydrogen content fuel. This experience highlighted the need for development of advanced combustion technology in order to drive down NO_X emissions and enable advanced hydrogen generation processes. In addition, current strategies for effective integration of all major subsystems need to be reviewed and redefined for use with hydrogen fuel.

GE commends to the Committee's attention the testimony submitted by the Gas Turbine Association (GTA) relative to the allocation of the requested $12 million in funding above the budget submission within the Turbine program budget. In particular, GE encourages the Committee to increase funding for DOE NETL's Broad Based Financial Assistance solicitation, which would allow the ongoing Phase I planning activities to move to Phase II designs, which will address improving overall performance of turbines in IGCC applications.

COAL TO HYDROGEN

The continued pressure on world energy sources has substantially increased our national focus on preparing for the hydrogen economy. GE Energy sees a significant opportunity for government leadership to encourage earlier adoption of hydrogen fuels to enable the establishment of a hydrogen market beyond the current industrial gas market.

Early hydrogen production will continue to be provided by centralized reforming of natural gas and distribution of compressed gaseous and liquid hydrogen. However, all aspects of primary energy conversion to hydrogen need development to support the eventual hydrogen economy. Within the Interior Appropriations bill, GE supports funding for the Fossil Energy coal to hydrogen program, which ties closely to IGCC gas turbine development.

Strong government support in this area, along with other research and development activities funded under other appropriations bills, will be critical to the timely development of enabling technologies to enable us to achieve the vision of a hydrogen-fueled energy sector.

NATURAL GAS INFRASTRUCTURE RELIABILITY

The importance of the Department's pipeline integrity, safety and reliability research and development activities was reaffirmed by Congress in the Pipeline Safety Improvement Act of 2002, which authorized $10 million for the Department of Energy in each of fiscal years 2003 through 2006 for research to insure the integrity of pipeline facilities. Within the Natural Gas Technologies program, funding should be maintained for the delivery reliability subprogram within the infrastructure program. No funds for this program were included in the Department's fiscal year 2005 budget request, and the budget documentation indicates that only two research projects to develop sensors for plastic and metal pipes are planned in fiscal year 2005, to be funded through the natural gas exploration and production program.

Currently, our Nation's installed infrastructure of 480,000 miles of transmission pipeline has a replacement cost estimated to be approximately $540 billion. The median age for most of this pipe is 1960 vintage. In response to the Pipeline Safety Act of 2002, a massive increase in pipeline internal inspection activity will be required by government. This will result in increased costs and also has the potential to affect availability as lines are taken out of service for inspection or repair. To meet these challenges, industry needs new or enhanced technologies to find more of the potential defects more quickly and with greater accuracy/characterization. Additionally, more risks need to be covered in a single passage of the inspection systems (i.e., corrosion and cracking, metal loss and deformations, etc.). The cost of developing such new tools can be in the tens of millions of dollars. With no proven track record and lacking market acceptance for these new technologies, the investment risk is unacceptably high. The Department's R&D program provides a vital link to bridge the gap between the need for new technology and substantial risks associated with developing that technology. For this reason, GE Energy recommends that funding for this vital program be restored to at least the level of the fiscal year 2004 appropriation ($7 million). Without this funding, essential projects in the infrastructure area will be terminated.

CLEAN COAL POWER INITIATIVE

GE also supports sustained funding for the Clean Coal Power Initiative (CCPI). This program should provide a vital opportunity for the demonstration of IGCC technologies that hold the key to the environmentally acceptable use of coal for future power generation. The CCPI offers a unique opportunity to demonstrate these technologies on a commercial scale—a step that is critical to the ultimate commercial acceptance of this technology.

CROSS CUTTING TECHNOLOGIES—CERAMIC MATRIX COMPOSITES

GE recommends that funding be provided for Ceramic Matrix Composite (CMC) crosscutting technology material development. CMCs offer greater than 200 degrees F capability when compared to current metal plus coating technology. This increased capability provides potential benefits in power output, efficiency, emissions, and part life depending on how the material is designed and utilized in product applications. Potential opportunities include power generation (gas turbines), industrial process heating (hot metal gas forming), and transportation (truck brake) markets. CMCs could thus provide an enabling technology for all of the applications included under the Distributed Energy Resource Program (Industrial Gas Turbines and Microturbines) and Industries Of The Future (IOF) initiatives within the Energy Conservation budget account.

COMBUSTION SYSTEMS

GE recommends that this budget line be restored to the fiscal year 2004 funding level. This level of funding is required to ensure the successful completion of ongoing technology improvement programs initiated by DOE's Broad Based Financial Assistance solicitation under Advanced Combustion Systems. Completion of these programs is critical for cleaner coal-fired plants better able to meet stricter environmental requirements (lower CO_2 emissions per kilowatt generated).

PREPARED STATEMENT OF INTEGRATED BUILDING AND CONSTRUCTION SOLUTIONS

Integrated Building And Construction Solutions [IBACOS] urges the Subcommittee on Interior and Related Agencies to provide $20 million, only $1 million above the President's request, for the Department of Energy's (DOE) fiscal year 2005 Residential Buildings Program. We further urge that any increase over last year's funding level be directed to the industry teams to accommodate the new requirements of the program.

IBACOS, through DOE, has significantly improved the efficiency and livability of U.S. homes.—IBACOS is a founding team in DOE's Building America Program, which consists of five industry consortiums (teams). The IBACOS Building America Team is made up of more than 30 leading companies from the home building industry, including equipment manufacturers, builders, design firms, and other parties interested in improving the overall quality, affordability, and efficiency of our nation's homes and communities. Although we are located in Pittsburgh, PA, our team members come from across the country. Our associated building product manufacturers and trade associations include: North American Insulation Manufacturers Association (NAIMA) of Washington, DC; Dupont of Wilmington, DE; Carrier Corporation of Indianapolis, IN; Whirlpool of Benton Harbor, MI; USG Corporation of Chicago, IL; Lithonia of Georgia; and Owens Corning of Toledo, OH. Our builder partners includes such large builders and developers as Pulte Homes of Bloomfield Hills, MI; Tindall Homes of Trenton, NJ; Aspen Homes of Denver, CO; Hedgewood Homes of Atlanta, GA; Summerset Development Partners of Pittsburgh, PA; Noisette Development Partners of North Charleston, South Carolina; Civano Development Partners of Tucson, AZ; Washington Homes (a division of K. Hovnanian) of VA; and John Laing Homes of Denver, CO. Other builders and developers in CA, CO, GA, IN, NC, NJ, NY, NV, SC, and TX also participate.

Through these and other partners, Building America has had direct influence in increasing the efficiency of nearly 25,000 homes to date. All of these homes use at least 30 percent less energy than a code compliant home, and many exceed 50 percent in savings.

We have been working with DOE's Residential Buildings Program since the start of the Building America Program in 1993. Along with the four other teams, we represent more than 200 residential builders, developers, designers, equipment suppliers, and community planners. All Building America partners have a common interest in improving the energy efficiency and livability of America's housing stock, while minimizing any increase in home costs. Many of the products used actually result in a lower cost, while others experience only marginal increases in first cost and absolute reductions in cash flow. In pursuit of this common interest, the five Building America teams pursue common activities that will ultimately assist all homebuilders and benefit the nations' homebuyers.

Building America teams, such as IBACOS, have the ability to research and develop new technologies and processes, as well as demonstrate and diffuse information throughout the building community.

We are working to significantly expand the active team participation in Building America, but, perhaps more importantly, we are finding innovative new ways to increase the energy efficiency of the nation's housing stock, and are encouraging the diffusion of information to hundreds of builders through participation in research partnerships, national conferences, technical committees and the Internet. In fact, in working with Owens Corning, we helped introduce a market based program, System Thinking, in which Owens Corning is applying lessons from Building America to more than 100 builders in all regions of the country.

DOE helps develop and implement widespread innovation in the fragmented residential construction industry.

The new residential construction industry accounts for the production of 1.6 million single-family homes per year (over $70 billion in revenue) and approximately 20 percent of total energy use in the United States.

Despite its size and impact, the industry is exceptionally fragmented. It comprises nearly 100,000 builders, many building only a few homes per year, others as many as 35,000. A multitude of residential product manufacturers, architects, trades, and developers further compound the problem of an industry in which it is very difficult to implement widespread technological innovation. Building America acts as an aggregator for identifying and pursuing research needs and consolidating relationships between the industry and National Labs.

Additionally, there has been little incentive for builders to improve on energy efficiency for a number of reasons. First, energy and resource efficiency does not necessarily contribute to the bottom line of the builder; instead, it benefits the homeowner and the nation. Second, because builders cannot directly recoup costs for up front investments through energy savings (since they do not own the homes), they have little reason to spend more initially. Third, adopting new technologies and training staff and trades to properly install new systems and products is costly and problem-ridden. Fourth, builders are not good at sharing knowledge among competitors, so DOE's role is critical to expanding the practices beyond the first builders in.

For these reasons, we are working to create higher performance, quality homes for no incremental costs, along with associated training, management, and technology transfer methodologies. We believe that because of this work, energy and resource efficiency, durability, and affordability will eventually be commonplace in the home building industry.

DOE plays a critical role in bringing this research, development, and outreach agenda to the marketplace.

Current research activities include:

—Systems integration, technology and process research and development to improve energy efficiency
—Indoor air quality
—Safety, health, and durability of housing
—Thermal distribution efficiency
—Incorporation of passive and active solar techniques
—Techniques that increase builder productivity and product quality
—Reduction of material waste at building sites
—Use of recycled and recyclable materials
—Building materials improvements
—Envelope load reduction and durability
—Mechanical systems efficiencies and appropriate sizing

Through DOE, significant energy saving results have been achieved in residential construction, and encouraging research results on systems integration have helped to increase overall energy efficiency.

Results of the experience gained by the Building America teams has been reflected in both DOE and HUD roadmapping sessions, development of research priorities for National Labs, and cooperation on programs within DOE/BTS. For example, the Building America Program is working cooperatively with the Windows program at BTS to ensure that advanced window products are incorporated into high efficiency residential housing. Additionally, collaborative research activities with the National Labs, including NREL, ORNL, and LBNL have resulted in the sharing of knowledge and resources that bridges the gap between Federal research programs and the industry.

The Residential Buildings Program improves the affordability of homes by reduced energy use, and results in better use of capital and natural resources. The scale of impact is exemplified by the 50 percent savings in the average new home built today—the equivalent of the energy used by a sports utility vehicle for one year. And, the home will have a useful life of 100 years.

Investing in residential construction technology makes economic and market sense. By using improved materials and techniques, the Residential Buildings partners promote wiser use of resources and reduce the amount of waste produced in the construction process. Because of the homes' improved efficiency, emissions from electrical power will be reduced, potentially eliminating 1.4 million tons of carbon from the atmosphere over the next ten years. DOE's residential programs will also save consumers more than $500 million each year through reduced energy bills. These savings are permanent and significant.

IBACOS supports efforts across the government to integrate activities in the residential building area. This includes work with the Partnership for Advancing Technologies in Housing (PATH), the National Institute of Standards and Technology, the Housing and Urban Development, and the Environmental Protection Agency. We at IBACOS are working with PATH communities as a part of Building America. One of the PATH communities is in Tucson, AZ. IBACOS, through the Building America Program, is working with the developer and builders on a 2,600-home sustainable new town called Civano. Through detailed monitoring, the homes in this community are proving to be at least 50 percent more efficient than comparable homes. Many of these homes are being heated and cooled for less than $1 a day. Other communities in which Building America is serving as a partner with developers, builders, and PATH are Village Green in CA, Summerset at Frick Park in PA, and emerging communities in Denver, CO, North Charleston, SC, and in Florida. Communities are now under construction that will yield upwards of 80,000 units over the next seven years. All of these units will result in savings between 30 percent and 50 percent of their energy cost and serve to create market momentum, influencing many other local builders.

The Building America Program is also partnering in the Zero Energy Buildings (ZEB) effort.—ZEB activities develop strategies to effectively integrate renewable energy technologies into energy efficient buildings. We feel strongly that renewable energy technologies need to be incorporated into Building America research and development activities. However, we are concerned that the integration of ZEB, from its own subprogram in Energy and Water Appropriations, will require the whole of the President's suggested budget increase. In truth, additional funding is needed for the Building America Program's new program requirements including increased energy efficiency goals, increased demand from lead builders, contractors and suppliers for direct participation in the program, expansion of applications in existing building stock, and design for integration of on-site power generation.

Over the past couple years, the mission and requirements of the Building America Program have grown. Two years ago, we began being responsible not only for R&D and builder education in new home construction but also, the teams were asked to take on the renovation market. Existing home renovation is very different from new home construction and, without the additional funding, these activities will continue to be very limited. Additionally, efficiency targets for the Building America Teams have been increased from 30 percent minimum to 50 percent minimum by 2010 and a 70 percent efficiency increase by 2020. The Teams are also now responsible for onsite power goals of 10 percent by 2010 and 30 percent by 2020. All of these new requirements are dependent on requisite funding.

We look forward to continuing to work with DOE to research and develop the technology and process necessary to deliver higher performance homes to the U.S. market, as well build markets for more efficient equipment and technologies.

We at IBACOS urge you to provide $20 million for the DOE fiscal year 2005 Residential Buildings Program. Along with the industry cost share in the program of at least 100 percent, this program has and will continue to significantly catalyze improvements in what has traditionally been a very fragmented industry.

Prepared Statement of the Interstate Mining Compact Commission

My name is Gregory E. Conrad and I am Executive Director of the Interstate Mining Compact Commission. I appreciate the opportunity to present this statement to the Subcommittee regarding the views of the Compact's member states concerning the fiscal year 2005 Budget Request for the Office of Surface Mining (OSM) within the U.S. Department of the Interior. In its proposed budget, OSM is requesting $58 million to fund Title V grants to states and Indian tribes for the implementation of their regulatory programs and $202.6 million for state and tribal Title IV abandoned mine land (AML) program grants. Our statement will address both of these budgeted items.

The Compact is comprised of 20 states that together produce some 60 percent of the Nation's coal as well as important noncoal minerals. The Compact's purposes are to advance the protection and restoration of land, water and other resources affected by mining through the encouragement of programs in each of the party states that will achieve comparable results in protecting, conserving and improving the usefulness of natural resources and to assist in achieving and maintaining an efficient, productive and economically viable mining industry.

OSM has projected an amount of $58 million for Title V grants to states. As you know, these grants support the implementation of state regulatory programs under the Surface Mining Control and Reclamation Act (SMCRA) and as such are essential to the full and effective operation of those programs. While this amount does not meet the states' estimates for their projected program operating costs, particularly those associated with the escalating cost of travel and replacement of equipment (especially vehicles and computers), the budgeted amount will allow us to meet our most direct and critical responsibilities for conducting regulatory operations to minimize the impact of coal extraction operations on people and the environment.

It is essential that the states continue to receive the statutorily required 50 percent matching federal grant amounts in fiscal year 2005. If this does not occur, it likely will result in the classic "SMCRA Catch-22" situation: where there is inadequate funding to support state programs, some states will be faced with either turning all or portions of their programs back to OSM or, in other cases, will face potential lawsuits for failing to fulfill mandatory duties in an effective manner. Of course, where a state does, in fact, turn all or part of its Title V program back to OSM (or if OSM forces this issue based on an OSM determination of ineffective state program implementation), the state would be ineligible for Title IV funds to reclaim abandoned mine lands. This would be the height of irony, since the states have recently worked diligently to convince the Interior Department, OMB and Congress about the need to increase funding for state Title IV AML work.

OSM's own Budget Justification Document acknowledges the importance of the states receiving adequate program funding:

"To implement their regulatory programs effectively and efficiently, States must be able to meet their own uncontrollable cost increases. States report that most of their costs, particularly personnel, face uncontrollable increases. This program is personnel intensive; salaries and benefits make up seventy percent of total program costs. States must have sufficient staff to complete permitting and inspection and enforcement actions needed to protect citizens of the coalfields. When funding falls below program needs, programs may be unable to keep active sites free of offsite impacts, reclaim mined areas, and prevent injuries. In a recent study, ten of the 24 program States reported that they had to spend State funds above the required fifty percent match to meet their program needs."——[OSM Budget Justification Document, "Environmental Protection", page 86.]

Some may argue that there are at least a handful of states who either are unable to meet the 50 percent state match or are unable to spend all of the federal funds allocated to them in a particular grant year. This merely reflects the reality of the significant fiscal challenges facing these states as they attempt to balance record deficits with their desire and intent to continue operating effective state regulatory programs. Rather than focus on the occasional inability to match federal dollars or the limited deobligation of year-end moneys, we believe it is more critical to investigate the potential mechanisms for assisting the states to meet their financial requirements, either through increased overall grant funding or through adjustments to the current funding formula. This will become increasingly important as the federal government is faced with the dilemma of either securing the necessary funding for state programs or implementing those programs (or portions thereof) themselves—at significantly higher costs.

A key aspect of funding for state programs has been the development and implementation of performance measures, which assess both the effectiveness and efficiency of program operation. The states have been working jointly with OSM to develop these measures and we remain committed to their future use. We believe that these measures, similar to the current GPRA measures, will clearly justify and support full and adequate funding for state Title IV and Title V regulatory programs.

With regard to funding for state Title IV Abandoned Mine Land (AML) program grants, we were greatly heartened by the President's proposed budget for fiscal year 2005, which has proposed an increase of $53 million for state AML grant funding above last year's approved level of $149 million. We were also encouraged by the Administration's recognition of the vital importance of reauthorizing fee collection authority to support the continuation of the Title IV program given the amount of work left to be done.

The future of the AML Fund and its potential impacts on the economy, public safety, the land, our Nation's waters and the environment will depend upon how we manage the Fund and how we adjust the current provisions of SMCRA concerning the Fund. As we draw closer to the September 30, 2004 expiration date, we are beginning to see more proposals for how the Fund should be handled and how SMCRA should be amended, if at all. The states and tribes, through IMCC, the National Association of Abandoned Mine Land Programs and the Western Governors Association have over the past several years advanced proposed amendments to SMCRA that are few in number and scope and that reflect a minimalist approach to adjusting the existing language in SMCRA and to incorporate only those changes necessary to accomplish several key objectives. They are as follows:

—To extend fee collection authority for at least 12 years.

—To significantly increase annual allocations to states and tribes to address AML problems. This has been one of the greatest inhibitions to progress under Title IV of SMCRA in recent years and must be addressed if we are to enhance the ability of the states and tribes to get more work done on the ground within the extended time frame of 12 years or longer.

—To confirm recent Congressional intent to eliminate the Rural Abandoned Mine Program (RAMP) under Title IV and to reallocate those moneys to the historic coal production share. While these moneys would be used primarily to address high priority coal-related sites, the states and tribes may coordinate their efforts with the Natural Resources Conservation Service and the local soil and water conservation districts in an attempt to address their concerns as well.

—To assure adequate funding for minimum program (under-funded) states who have consistently received less than their promised share of funding ($2 million) over the past several years, thereby undermining the effectiveness of their AML programs.

—To address a few other select provisions of Title IV that will enhance the overall effectiveness of the AML program, including remining incentives, state set-aside programs, handling of liens, and enhancing the ability of states to undertake water line projects.

—Finally, to address how the accumulated, unappropriated state and tribal share balances in the Fund will be handled (assuming that the interest in the Fund is no longer needed to address shortfalls in the UMW Combined Benefit Fund), while at the same time assuring that an adequate state share continues for the balance of the program to insure that all states and tribes are well-positioned and funded to address existing AML problems.

Mr. Chairman, it is obvious from an assessment of the current inventory of priority 1 and 2 sites that there will not be enough money in the AML Trust Fund to address all of these sites before fee collection is set to expire in September. It is even more obvious that, regardless of what the unappropriated balance in the Fund is (currently $1.5 billion) and what future fee collections will add to that balance over the next year, recent Congressional appropriations for state and tribal AML program grants have been woefully inadequate and have not keept pace with our ability and desire to address the backlog of old as well as continually developing high priority AML problems. We are therefore faced with a significant challenge over the next few months—and that is to reconcile all of the various interests and concerns attending the administration of the AML program under Title IV of SMCRA in a way that assures the continuing integrity, credibility and effectiveness of this successful and meaningful program under SMCRA.

The states welcome the opportunity to work with your committee, Mr. Chairman, and other affected parties to address the myriad issues that attend the future ability of the AML Fund to address the needs of coalfield citizens Any adjustments to Title IV of SMCRA must be presented and considered in a judicious and productive environment that allows for all affected parties' concerns to be heard and addressed, including coalfield residents who are directly affected by AML dangers and who have been adversely impacted by the unappropriated balance that delays further restoration of their communities. In this regard, it should be kept in mind that any legislative adjustments which have the result of significantly undermining state AML funding or the efficacy of state AML programs could lead state legislatures to seriously reconsider SMCRA primacy entirely—both Title IV and Title V. This very scenario was contemplated by the framers of SMCRA who structured the Act so that the Title IV AML program would serve as an incentive for states to adopt and implement Title V regulatory programs. Should the AML "carrot" be eliminated, the desire to maintain Title V primacy could be seriously re-thought by some state legislatures, particularly during difficult budget times, thus placing OSM in the undesirable position of having to run these programs at a significantly increased cost to the federal government. Hence the importance of assuring that the current state share provisions in SMCRA are held harmless in any proposed restructuring of the current allocation formula.

We also urge the Subcommittee to support adequate funding for OSM's training program, including moneys for state travel. These programs are central to the effective implementation of state regulatory programs as they provide necessary training and continuing education for state agency personnel. Additionally, the states are key players in OSM's training program, providing instructors for many of the courses. IMCC also urges the Subcommittee to support adequate funding for TIPS, a program that directly benefit the states by providing needed upgrades to computer software and hardware. In this regard, we strongly support the proposed increase of $600,000 for the training program and TIPS.

Finally, IMCC requests continuing support for the Acid Draining Technology Initiative (ADTI), a nationwide technology development program with a guiding principle of building consensus among Federal and State regulatory agencies, universities and the coal industry to predict and remediate acid drainage from active and inactive coal and metal mines. This collaborative effort receives funding and other support from industry and several federal agencies for specific projects. OSM has provided ADTI $200,000 for the last four fiscal years, which has been a consistent source of funding for activities related to acid mine drainage from coal mines and has been instrumental in accomplishing ADTI's goals. We support continued funding for this vital initiative.

In conclusion, we want to reiterate that adequate Title V grants are the lifeblood of effective state regulatory programs. Should states be unable to operate these programs due to funding constraints, the federal government will be faced with the burden of operating regulatory programs at a substantially increased cost (generally 30 to 50 percent more). Further, without Title V programs in place, states are unable to access Title IV funds. In the final analysis, it behooves everyone—OSM, the Congress and the states—to commit the resources necessary to assure strong and effective state programs that will achieve the purposes and objectives of SMCRA, thereby protecting the environment where active mining operations occur and enhancing the environment through remediation of past problems associated with abandoned mines.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION OF ABANDONED MINE LAND PROGRAMS

My name is Steve Hohmann and I am the Director of the Kentucky Division of Abandoned Mine Lands and also the President of the National Association of Abandoned Mine Land Programs (NAAMLP). I am submitting this statement on behalf of the NAAMLP. The NAAMLP is a tax exempt organization consisting of 30 states and Indian tribes with a history of coal mining and coal mine related hazards. These states and tribes are responsible for 99.5 percent of the Nation's coal production. All of the states and tribes within the NAAMLP administer abandoned mine land (AML) reclamation programs funded and overseen by the Office of Surface Mining (OSM) pursuant to Title IV of SMCRA, Public Law 95–87. This statement reflects where I believe the states and tribes are coming from when we look to the future of the AML program and its funding.

We strongly feel that the future of the AML program should continue to focus on the underlying principles and priorities upon which SMCRA was founded—protection of the public health and safety, environmental restoration, and economic development in the coalfields of America. Over the past 25 years, tens of thousands of acres of mined land have been reclaimed, thousands of mine openings have been closed, and safeguards for people, property and the environment have been put in place.

Based on information maintained by OSM in its Abandoned Mine Land Inventory System (AMLIS), as of September 30, 2003, the states and tribes have obligated 94 percent of all AML funds received and $1.7 billion worth of priority 1 and 2 coal-related problems have been funded and reclaimed. Another $319 million worth of priority 3 problems have been funded or completed (many in conjunction with a priority 1 or 2 project) and $343 million worth of noncoal problems have been funded or reclaimed.

Please remember that the AML program is first and foremost designed to protect public health and safety. Even though accomplishments in the inventory are reported in acreage for the sake of consistency, the bulk of state and tribal AML projects directly correct an AML feature that threatens someone's personal safety or welfare. While state and tribal AML programs do complete significant projects that benefit the environment, the primary focus has been on eliminating health and safety hazards first and the inventory of completed work reflects this fact.

What the inventory also reflects, at least to some degree, is the escalating cost of addressing these problems as they continue to go unattended due to insufficient appropriations from the Fund for state and tribal AML programs. Unaddressed sites tend to get worse over time, thus increasing reclamation costs. Inflation exacerbates these costs. The longer the reclamation is postponed, the less reclamation will be accomplished. The inventory is also dynamic, which we believe was anticipated from the inception of the program. The states and tribes are finding new high priority problems each year, especially as we see many of our urban areas grow closer to what were formerly rural abandoned mine sites. New sites also continually manifest themselves due to time and weather. For instance, new mine subsidence events and landslides will develop and threaten homes, highways and the health and safety of coalfield residents. This underscores the need for continual inventory updates, as well as constant vigilance to protect citizens. In addition, as several states and tribes certify that their abandoned coal mine problems have been corrected, they are authorized to address the myriad health and safety problems that attend abandoned noncoal mines.

In the end, the real cost of addressing priority 1 and 2 AML coal problems likely exceeds $6 billion. The cost of remediating all coal-related AML problems, including acid mine drainage (priority 3 sites), could be 5 to 10 times this amount and far exceeds available monies.

It should also be kept in mind that, since grants were first awarded to the states and tribes for AML reclamation, over $3 billion has been infused into the local economies of the coalfields. These are the same economies that have been at least partially depressed by the same abandoned mine land problems that the program is designed to correct. In fact, those dollars spent in economically depressed parts of the country, such as Appalachia, could be considered part of an investment in re-development of those regions. The AML program translates into jobs, additional local taxes, and an increase in personal income for the Nation's economy. For each $1 spent on construction, $1.23 returns to the Nation's economy. For each $1 million in construction, 48.7 jobs are created (U.S. Forest Service IMPLAN, 1992 data for non-residential and oil and gas construction). The AML expenditures over the past 25 years have returned over $4 billion to the economy and have created some 150,000 jobs.

The ability of the states to accomplish the needed reclamation identified in current inventories is being constrained by the low level of funding for state AML programs. Since the mid-1980's, funding for state AML grants has been declining. Up until this year, we have seen the President's budget propose significant reductions for state AML grants, which Congress has ultimately (and thankfully) restored. While we are well aware of the Administration's budgetary efforts to meet other priorities related to Homeland Security and the War on Terrorism, we believe it is vital to release AML money that is already statutorily dedicated for reclamation thereby increasing the security of the American homeland in the nation's coalfields.

We were greatly encouraged by the President's proposed budget for fiscal year 2005, which has proposed an increase of $53 million for state AML grant funding above last year's approved level of $149 million. The NAAMLP firmly believes that the most important method to address the nation's AML problem is to significantly increase funding allocated to states and tribes for reclamation. Lack of adequate funding has been the greatest inhibition to progress under Title IV of SMCRA in recent years and must be addressed if we are to enhance the ability of the states and tribes to get more work done on the ground within any foreseeable time frame. Adequate, equitable, and stable funding must be provided to the states and tribes on an annual basis that will allow them to address the AML problems their citizens are experiencing and to implement their respective AML programs to provide the services intended by SMCRA.

The NAAMLP further realizes that the Administration's proposed increase of $53 million for AML in fiscal year 2005 is closely tied to the AML fee reauthorization proposal advanced by OSM and embodied in H.R. 3778 and S. 2049. While the members of the NAAMLP do not currently have a consensus position on those specific bills, we firmly support reauthorization of the AML program and advocate increased AML funding regardless of the legislative approach to reauthorization. Any reauthorization proposal that is enacted should contain provisions that guarantee increased funding to AML states and tribes into the future in order to protect their citizens from the hazards of abandoned mines.

Finally, our members also endorse the Administration's fiscal year 2005 budget increase of $260,000 to OSM's National Technical Training Program (NTTP). This program mainly serves the NAAMLP membership by providing specialized training to AML staff in NEPA requirements, AML design, and construction management. The training program also includes a component that provides technical training in computer software applications and software sharing which allows states and tribes to employ computer aided design techniques to enhance the AML design process.

Thank you for the opportunity to submit this statement. Please contact me if the NAAMLP can provide more information or assist the subcommittee in any way.

PREPARED STATEMENT OF THE NATIONAL ASSOCIATION FOR STATE COMMUNITY SERVICES PROGRAMS

As Chair of the Board of Directors for the National Association for State Community Services Programs (NASCSP), I am pleased to submit testimony in support of the President's 2005 Budget request of $291.2 million for the Department of Energy's (DOE) Weatherization Assistance Program (WAP) and in support of $74 million for the DOE State Energy Programs (SEP). NASCSP is the member organization representing the states on issues related to the WAP and the Community Services Block Grant. The state offices represented by our organization would like to thank this Committee for its continued support of the WAP and SEP through the years. The $227.6 million in WAP funds provided by the Committee in 2004 is expected to result in:

—An additional 93,750 homes occupied by low-income families receiving energy efficiency services, thereby reducing the energy use and associated energy bills;
—Greenhouse gases and environmental pollutants being significantly reduced due to the decrease in energy use by these newly weatherized homes; and
—Nearly 16,000 full time, highly skilled, jobs being supported within the service delivery network and in related manufacturing and supplier businesses.

The WAP is the largest residential energy conservation program in the nation and serves a vital function in helping low-income families reduce their energy use. Developed as a pilot project in 1975, the WAP was institutionalized in 1979 within DOE and is operated in all 50 states, the District of Columbia, and on several Native American reservations. The funds are used to improve the energy efficiency of low-income dwellings using the most advanced technologies and testing protocols available in the housing industry. The energy conservation resulting from these efforts helps our country reduce its dependency on foreign oil and decreases the cost of energy for families in need. With lower energy bills, these families can increase their usable income and buy other essentials like food, shelter, clothing, medicine, and health care.

The WAP provides an energy audit for each home to identify the most cost-effective measures, which typically include adding insulation, reducing air infiltration, servicing the heating and cooling systems, and providing health and safety diagnostic services. For every dollar spent, the WAP returns $2.83 in energy and non-energy benefits over the life of the weatherized home, based on the Energy Information Administration's long-term energy prices outlook and studies conducted by the Oak Ridge National Laboratory. Since the program's inception, more than 5,100,000 homes have been weatherized using federal, state, utility and other monies.

As we all know, these are troubling times facing our nation—war, budget deficits, homeland security needs, and a slowed economic recovery. These times create added financial burdens for all Americans, but especially for those who live at or below the poverty line. Low-income families have always spent a disproportionate share of their income for energy needs than their middle-income counterparts. For example, a typical middle class family pays about 3 to 7 percent of their annual income for energy costs (heat, lights, air conditioning, appliances and hot water). Low-income families pay nearly the same dollar amount each year for energy but this amount represents a significantly higher percentage of their total household income (14 to 20 percent). In times of energy shortages and escalating energy costs, the energy burden for these families can reach 25 to 40 percent or more of their available income.

When energy costs rise, like they have during the 2003–04 heating season, even a nominal increase can have a dramatic negative impact on low-income families. The expected increase in this year's energy costs may amount to an additional $250 for most families. For middle-income families, this increase will amount to less than one quarter of one percent of the total household income. For many low-income families; however, a $250 increase will result in a 3 to 5 percent increase and will require families to go without other important essentials like food, medicine, or clothing to meet this higher financial demand.

These families need long-term solutions to help them reduce their energy use both now and in the future—resulting in lower energy bills. That is the primary mission of the Weatherization Assistance Program:

"To reduce heating and cooling costs for low-income families, particularly for the elderly, people with disabilities, and children, by improving the energy efficiency of their homes while ensuring their health and safety."

The Oak Ridge National Laboratory report entitled *State Level Evaluations of the Weatherization Program in 1990–1996: A Meta-evaluation That Estimates National Savings* found that the WAP significantly improved its energy savings results during those years. In 1996, the Program showed savings of 33.5 percent of gas used for space heating—up from 18.3 percent savings in 1989. The increase in savings was based in large part on the introduction and use of more sophisticated diagnostic tools and audits. Families receiving weatherization services can reduce their heating energy use by an average of 22 percent, making the cost for heating their homes more affordable. The Evaluation report also concluded that the WAP possessed a favorable cost-benefit ratio. Simply stated, the federal funds provided to support the Program have a 140 percent return on investment, or nearly $2.83 in benefits for every dollar invested. By reducing overall energy use, families can realize average savings of $250 or more each year, thereby helping families move closer to economic self-sufficiency.

The WAP has always served as a testing ground and provides a fertile field for the deployment of research conducted by national laboratories. For example, the Oak Ridge National Laboratory developed the National Energy Audit (NEAT) for use by local agencies in assessing cost effectiveness of service delivery. Oak Ridge is currently investigating the cost effectiveness of including certain base load measures (water heater replacement, lighting, motor efficiency) into the Program and continues to test other protocols and material installation techniques to help state and local agencies improve their field operations. The Florida Solar Energy Center and the state of Hawaii are working on the development of cost effective solar hot water heaters. The State of New York, working in concert with the local utility companies and the State Energy Research Development Authority, has implemented a refrigerator replacement program to test the impact of providing base-load services to conserve energy and reduce costs.

One of the major outcomes of WAP field deployment is that the private sector eventually adopts these technologies. This pattern has been established through several advancements including blower door-directed air infiltration, duct system testing and sealing, furnace efficiency standards, and insulation and ventilation protocols. The acceptance of these standards and protocols by the private sector is enormously important as builders attempt to construct new properties or rehabilitate existing ones using a renewed energy efficiency philosophy.

Of equal importance to the technological and programmatic foundation are the WAP contributions in achieving overall national energy policies and social strategies. Some examples of how the Program helps achieve these goals include:

—Reducing harmful green house gas through reduced CO_2 emissions by avoiding energy production. Each time a house is weatherized, the reduction in energy needs reduces the environmental impact associated with creating that energy reduction of sulfur dioxide, carbon, and other pollutants spilled into the atmosphere from the burning of fossil fuels like oil, coal, kerosene, wood, gas, and propane.

—Increasing jobs in communities throughout the country. For every one million dollars invested in the WAP, more than 51 full time jobs are created and supported in the states. Another 20 jobs are created in companies who provide goods and services to the Program. With the $291.2 million requested in the President's budget, nearly 20,000 full-time, above minimum wage jobs are supported in local communities and in related service and material industries.

—Investing money into communities through job creation, local purchasing of goods and services, and tax revenues. These investments result in many secondary benefits. These residual benefits, known as "economic benefit multipliers," are applied to local community investment to value the real worth of money used locally. This multiplier is 3.5 to 4 times the actual investment. This means that an investment of $291.2 million in the WAP could yield nearly $1.3 billion in economic benefits to local communities.

—Reducing consumption of imported fuels by reducing residential energy consumption. Our country currently imports nearly 60 percent of its oil from foreign countries. This figure is higher than the import percentage in the 1970s, when the oil embargo threatened our ability to operate as a nation. The conservation efforts of the WAP network will help reduce our country's dependency on foreign oil, thereby strengthening our country's national security.

In 2001, the Administration earmarked the WAP as a "Presidential Priority" in its National Energy Policy Plan. President Bush committed $1.4 billion to be added to WAP over a ten-year period to help thousands of low-income families meet their energy needs while reducing their energy burden. Each year since then, the Administration has asked for higher appropriations levels in their budgets submitted to Congress. In response to these higher budget requests, Congress voted to fund the WAP in 2004 at $227.6 million—$61 million less than the President's request. Again in 2005, the President, in keeping with his commitment to WAP as a "priority" within his energy strategy, has asked Congress to appropriate $291.2 million for the Program. Our organization strongly supports the President's request and would respectfully request this Committee to provide the funding at the budget request level of $291.2 million to meet the President's priority status for the WAP.

In addition to the state grant funds included in this year's request, the states are also supporting an initiative being sponsored by the Office of Management and Budget to conduct an overall evaluation of the WAP to establish its cost effectiveness as a federal investment. The last in-depth evaluation of the WAP occurred in 1989, with various meta-evaluations being conducted in subsequent years. This new evaluation initiative will help solidify the Program's claim of outstanding energy conservation and long-term assistance to low-income families in need. The evaluation will take approximately three years to complete and could cost nearly $9 million. NASCSP respectfully requests that a line item in the Appropriations bill be created to set-aside these funds from the traditional state formula grant activity and that the Department of Energy be given the decision of how these funds will be set-aside (either within one year or over an extended period of time).

NASCSP is also concerned about the low level of funding proposed for the State Energy Programs (SEP) in 2005. SEP enjoys a broad constituency, supporting state energy efficiency programs that include energy generation, fuels diversity, energy use in economic development, and promoting more efficient uses of traditional energy resources. SEP funding has fallen steadily from a recent high in 1995 of $53 million to its fiscal year 2004 level of $45 million. The President's fiscal year 2005 request is $42 million. The state energy offices are the crucial centers for organizing energy emergency preparedness. They have been asked to do much new work in the sensitive area of infrastructure security. Taking into consideration this growing burden, the increasing difficulty of managing energy resources, together with increasing opportunities for states to implement cost-saving measures, we are supporting their request of $74 million for fiscal year 2005. This level would restore the program's recent funding cuts, enhance their ability to address energy emergency preparedness, and allow for inflationary impacts since 1995.

By the evidence provided herein, this Committee can be assured that the increase in WAP and SEP funding will provide essential services to thousands of low-income families, resulting in greater energy savings, more economic investments, increased leveraging of other funds, and less reliance on high-cost, foreign oil—outcomes that will benefit the nation. NASCSP looks forward to working with Committee members in the future as we attempt to create energy self-sufficiency for millions of American families through these invaluable national programs.

Prepared Statement of the National Association of State Energy Officials

Mr. Chairman and members of the Subcommittee, the National Association of State Energy Officials (NASEO) submits this testimony in support of funding for a variety of U.S. Department of Energy programs. Specifically, we are testifying in support of no less than $365.2 million in funding for the State Grant programs, including, the State Energy Program (SEP) ($74 million) and the Weatherization Assistance Program (WAP) ($291.2 million). This figure moves in the direction of President Bush's promise included in his campaign issue paper to double the Weatherization Assistance Program and the State Energy Program. This campaign promise would provide $76 million for SEP and $306 million for WAP. We also support an important program which has been a dramatic success, the State Energy Programs Special Projects (SEP Special Projects) account, which should receive at least level funding of $16.5 million. SEP Special Projects has set a standard for state-federal cooperation and matching funds to achieve critical federal and state energy goals. These programs are successful and have a strong record of delivering savings to low-income Americans, homeowners, businesses, and industry. We also support the increase proposed in the President's budget for the Energy Information Administration (EIA) and an increase of $600,000 for EIA's State Heating Oil and Propane

Program in order to cover the added costs of doubling the frequency of information collection (to weekly), the addition of natural gas, and increasing the number of state participants. Generally, EIA funding is a critical piece of energy emergency preparedness and response. NASEO continues to support at least level funding for a variety of critical deployment programs, including Rebuild America, Energy Star and Clean Cities. The industries program should be funded at a $100 million level to promote efficiency efforts and to maintain U.S. manufacturing jobs, especially in light of the loss of millions of these jobs in recent years. Proposed cuts in these programs are counter-productive and are detrimental to a balanced national energy policy. The states also strongly support increased funding for the State Technology Advancement Collaborative (STAC). The fiscal year 2004 conference report allocated $5 million for STAC and recommended that DOE direct other resources into this successful initiative. It is a new area of cooperation. Our hope is that STAC will speed procurement and dramatically improve multi-state/federal cooperation and coordination.

Over the last year, both oil and gas prices have been rising in response to international events as well as very low domestic inventories. Even in the absence of the international situation, the United States may very well find itself in the grips of an energy crisis as summer approaches. In addition, we now have quantifiable evidence of the success of the SEP program, which we did not have in years past, which demonstrates the unparalleled savings and return on investment to the federal taxpayer of SEP.

In January 2003, Oak Ridge National Laboratory (ORNL) completed a study and concluded, "The impressive savings and emissions reductions numbers, ratios of savings to funding, and payback periods . . . indicate that the State Energy Program is operating effectively and is having a substantial positive impact on the nation's energy situation." The ORNL study found that $1 in SEP funding yields:

—$7.23 in annual energy cost savings
—1.17 million source MMBTUs saved
—$3.54 in leveraged funding from the states and private sector
—Annual energy savings of 41,358,478 BTUs
—Annual cost savings of $256,422,600

The annual cost-effective emissions reductions associated with the energy savings are equally significant: (1) Carbon—719,251.8 metric tons; (2) VOCs—127.2 metric tons; (3) NO_X—5,739 metric tons; (4) PM10—144.8 metric tons; (5) SO_2—7,655.7 metric tons; and (6) CO—968.7 metric tons.

It is important to note that the actual program benefits are even greater since the ORNL study quantifies the benefits of only 14 SEP program areas, representing about 60 percent of SEP funding. This means that the savings above are calculated on 100 percent of SEP funding but include only 60 percent of the results. Results not quantified include clean energy production activities such as demonstration of alternative fuels, development of wind energy resources, and geothermal activities. In addition, essential energy emergency preparedness and response activities are not quantified by the ORNL study (since the study focused only on energy efficiency activities).

EXAMPLES OF RECENT SEP-FUNDED ACTIVITIES

California.—The SEP program has helped California leverage other funding sources for projects. The Public Agency Energy Efficiency Loan Program has operated since 1979, and it has awarded over $160 million in low cost loans to 750 organizations, with total energy cost savings of over $130 million annually. This helps hospitals, schools and colleges. The California Energy Commission instituted a demand response program which has reduced peak demand (250 MW in 2002), and they are operating a statewide pilot for dynamic pricing. Since 1998, the Commission's renewable energy promotion program has helped bring 420 MW of new facilities on line. Under the SEP Special Projects program the State has received $14 million, leading to leveraging of $85 million in non-federal funds for innovative projects.

Kansas.—The State is concentrating efforts on energy efficiency in colleges and universities, other state institutions and municipal buildings. Utilizing energy service performance contracts, the State has developed $80 million in projects, with annual savings of $7.2 million so far, impacting 22 million square feet of space. The projects range from municipal buildings in Topeka and Manhattan to the University of Kansas Medical Center. In other areas, the state energy office is promoting wind energy development, innovative photovoltaic applications and soybean/diesel use as a transportation fuel.

Maryland.—The Maryland Energy Administration (MEA) is strongly promoting Energy Star products in the State. $1 million has been made available to market Energy Star appliances, lighting, lighting fixtures and heating and cooling equipment. The Governor has been an active participant in the advertising campaign. The State provides a 7–1 match for the basic SEP grant. The State has also been actively promoting industrial partnerships, with over 100 companies participating in energy assessments, training or specific process efficiency or other energy projects. The energy performance contracts developed in 2003 with MEA's assistance totaled $14 million. A separate state agency loan program for energy efficiency helped universities and hospitals, and other state-supported institutions. A Green Building Tax Credit was launched in late 2003, with an allocation of $25 million to offset the higher costs of design and construction associated with green buildings. $34 million in projects have already been encouraged. Maryland is focusing on energy projects associated with economic development.

Mississippi.—The breadth of this State's programs are staggering. The Energy Division provided almost $1.2 million in grants to a diverse group including Holmes County Schools, Oktibbeha Economic Development Authority, North Panola School District, City of Jackson, Alcorn State University, Coast Transit Authority, Delta Transit System, City of Natchez, etc. Loans for innovative energy/economic development projects have included Foster Millworks and Timber Productions, Mississippi River Corporation and Laurel Lumber Company (this project utilized waste wood to reduce natural gas usage). Energy performance contracts have been executed totaling approximately $34 million. Almost $3 million in energy efficiency lease-purchase financing loans have been provided to state institutions, colleges and school districts.

Montana.—The State is focusing on residential energy efficient housing. A new $500 State energy conservation tax credit for new and existing homes built above code has dramatically changed the residential housing market. A focus on public buildings, multi-family housing, schools and local governments through a partnership with DOE's Rebuild America Program has stimulated an $11.5 million investment in energy efficiency on over 2 million square feet of building space. The State also issued $7.5 million in general obligation bonds to fund 60 projects for energy efficiency in State-owned buildings. SEP provides engineering and technical support to allow these projects to go forward. Montana is also working to promote alternative fuels use in Yellowstone and Grand Teton Parks through a regional coalition.

Nevada. They have focused on a wide variety of projects. Working with the Clark County School District, the energy office has helped produce energy savings of $6.7 million over the past three years alone, with $4 million in 2003. The State is focusing on increasing the effectiveness of energy codes by working with builders and local code officials. Utilizing SEP and other funds, the State is promoting use of alternative fuels. Expansion of renewable energy facilities has also been a priority of this office, including wind, solar and geothermal plants.

New Mexico.—The State played a key role in the development of the 204 MW New Mexico Wind Energy Center, which commenced operations in 2003. The State is also working with Mexico to improve energy efficiency in the border region. The energy office is developing energy performance contracts, which have produced enormous savings for Santa Fe Community College and the Albuquerque Housing Authority, to name two. The energy office has also reviewed 122 construction plans for public schools in the State to ensure compliance with energy codes and to suggest energy cost savings opportunities.

North Dakota.—The energy office has instituted a performance contracting and State Facility Energy Improvement Program, the latter utilizing State-issued bonds to finance projects with a 10-year payback or less. $4.5 million in projects for 37 buildings has been instituted, with a payback of 6.3 years. Twelve institutions have also participated in performance contracting with $14 million in improvements funded, involving 184 buildings with annual savings of approximately $1.5 million annually. SEP has also allowed the State to conduct resource modeling, which has assisted in the development of wind energy resources.

South Carolina.—The energy office has focused on economic development projects. For example, the state played a key role in the development of the 5 MW Palmetto Landfill/BMW LFGTE project, which provides 25 percent of the BMW facility's power needs. The State has also put into use (or encouraged private companies to utilize) 1,200 alternative fuel vehicles. In fiscal year 2003 alone, the state committed $3 million to finance 11 energy efficiency projects for five state agencies, one school district and a local government, which is projected to save $12 million in lifetime energy costs. These public sector energy efficiency programs have generated nearly $50 million in life-cycle savings since the start of the program, with $12.9 million of energy office investment.

Vermont.—In Vermont, over $7 million has been invested in schools for energy efficiency. The energy office is also working with farmers on innovative methane production programs utilizing animal waste, including anaerobic digesters. The State has promoted a residential energy code, which includes training for architects and builders. Starting in 2003, financial incentives have now been provided for solar, wind and solar hot water systems.

West Virginia.—The State has been working on industrial energy efficiency programs for many years. Working with West Virginia University, the state has identified industrial process efficiency improvements in five plants in 2003 alone, with annual savings of $2 million, with a federal investment of only $75,000 through SEP. Some of the other innovative projects include: (1) boric acid alternatives to heat treatment (kiln drying) for pallet lumber manufacturers, to save energy and costs; (2) development of a poultry house biofilter project to remove ammonia; and (3) promotion of energy efficiency programs for aluminum, chemical, forest products, glass, metals casting, mining and steel industries.

CONCLUSION

In conclusion we would like to remind the Subcommittee of the successes that state energy offices deliver to the taxpayer in spite of the relatively small federal investment in the program. This modest federal investment, through the State Energy Program, is the type of success that state-federal energy partnerships can deliver. The states' success is based upon our ability to directly meet the needs of taxpayers, small business people, farmers, and industry. We are asking for $74 million in funding for SEP for fiscal year 2005; a small price to pay for success. As Congress and the Administration consider the development of a new energy policy, we understand the need to prioritize funding. We need to achieve a balance between demand-side and supply-side resources. The programs we discuss herein can help us address our energy problems, both in the near-term and the long-term.

PREPARED STATEMENT OF THE NATIONAL HYDROGEN ASSOCIATION

The National Hydrogen Association (NHA) supports the President's Budget Request for FreedomCar under the vehicle technologies section of the Energy Efficiency and Renewable Energy program, and the President's FutureGen initiative for new technologies including carbon sequestration and the hydrogen from coal initiative under the Fossil Energy section of the U.S. Department of Energy's budget. The National Hydrogen Association encourages the Committee to consider an increase of $7 million to be added to the technology validation line item in the fuel cell technologies program of the Energy Conservation section of the Department of Energy's budget, increasing the total for the fuel cell technologies program from $77.5 million to $84.5 million.

The Committee is familiar with the challenges and the potential of fuel cells for transportation and is aware of industrial commitments to fully develop and test this technology before it is put in the hands of consumers. Technology validation is necessary at various intervals to assure progress is occurring and money, both public and private, is being appropriately spent. Therefore, the National Hydrogen Association urges the Committee to consider the request for an increase in technology validation.

The National Hydrogen Association recognizes three primary drivers to a future fueled by hydrogen. They are:

—Energy Security
—Economic Prosperity
—Environmental Stewardship

The President's coal initiative with carbon sequestration as identified in the budget request, addresses each one of these drivers. Furthermore, the NHA has identified the commercialization of fuel cells and other hydrogen-related technologies as taking place in stationary applications before transportation applications. The President's coal program incorporates hydrogen production and use thus enabling a commercialization path with environmental consideration built in. The National Hydrogen Association supports the requested increase in this program.

The NHA is aware, as are members of the Committee, that the transition to hydrogen is complex. Technological challenges must be met and commercialization barriers lowered to attract industrial interest and money to leverage federal dollars. This Committee has required cost-sharing of DOE-funded projects. The NHA supports the cost-share requirement but urges the Committee to send a strong message of support to the corporate and small business community that their investment in this somewhat risky future will be recognized. Please send this message by a full appropriation of the President's budget request for FreedomCar, the zero-emission coal initiative, and a fuel cell technology program funded at $84.5 million.

The National Hydrogen Association is a trade membership association comprised of over 86 industry, small business and university/research members dedicated to enabling the transition to hydrogen. Since its inception in 1989, the NHA has fostered the development of hydrogen technologies and their utilization. It is committed to the ideas that hydrogen can be produced from domestic resources, distributed as an energy carrier for use in transportation and stationary applications, and barriers to commercialization can be overcome. All of these ideas are at various stages of implementation as part of the transition to a hydrogen energy future.

Thank you for allowing this testimony to be submitted for the record.

Prepared Statement of the National Mining Association

The National Mining Association's (NMA) member companies account for the vast majority of the coal, metals and minerals mined in the United States today. This statement presents the mining industry's views on the fiscal year 2005 budget for the following agencies: Office of Fossil Energy, Office of Energy Efficiency and Renewable Energy, Energy Information Administration, the U.S. Geological Survey and the Bureau of Land Management.

OFFICE OF FOSSIL ENERGY

NMA strongly supports the President's FutureGen initiative announced last year by Department of Energy (DOE) Secretary Spencer Abraham. The integration of coal gasification technology, combined cycle electricity generation, hydrogen production and carbon sequestration is an important step for our nation's energy future. Over the long term, domestic coal can continue to provide the basis for affordable electricity and become the basis for affordable hydrogen for transportation and other uses. When coupled with carbon sequestration, America can move rapidly toward energy independence with near zero to zero emissions.

The DOE's fiscal year 2005 budget requests $237 million for the FutureGen project and $50 million for the Clean Coal Power Initiative (CCPI). The NMA supports the Administration's funding request for FutureGen using previously appropriated funds for the Clean Coal Technology Program. However, the NMA is concerned that the Administration's support for the FutureGen project has come at the expense of the CCPI and basic coal R&D programs. The technologies developed in the CCPI and coal R&D programs are integral to the success of the FutureGen project. The alliance of coal and utility companies interested in cost-sharing the FutureGen project with the federal government warned the Administration that this type of request could jeopardize the future technological integrity of the FutureGen project. The NMA urges the Congress to restore the shortfalls in the CCPI and the deep cuts to the coal R&D programs while providing statutory language which would dedicate the total $237 million to the FutureGen project in this and future fiscal years.

Ongoing R&D activities must be maintained and expanded to support the greater use of coal while addressing the new SO_2, NO_X and mercury standards proposed under the Clear Skies Initiative and by pending EPA regulations. NMA recommends that DOE restore funding for the advanced coal combustion program and the advanced turbine research program. Coal utilization science and related programs are also essential to assure the development of advanced coal technologies. NMA supports funding for the development of advanced materials aimed at steam power generation in ultra supercritical modes. The current request is only adequate to continue existing work, thus limiting the opportunity for new research. DOE should use a portion of the funds appropriated for this program for new projects.

The funding specifically allocated for the Integrated Gasification Combined Cycle program must be increased from the requested $34.45 million. The requested level severely limits support for hydrogen initiatives and FutureGen. NMA recommends that the funding levels be increased to $66 million to accelerate pilot and intermediate scale work and field testing as well as for design work needed for various coal ranks and for increased system reliability.

Carbon Capture and Sequestration.—The DOE Carbon Capture and Sequestration program is designed to develop a portfolio of cost effective greenhouse gas capture, storage and mitigation technologies to the point of commercial readiness by 2012. The program is an important part of the President's FutureGen initiative. The current program is focused on developing efficient, low cost approaches to advanced CO_2 separation technologies. In fiscal year 2005 the funding requested will continue this focus and complete pilot projects begun this year. NMA supports the $49 million requested for this program and believes that it should be expanded to allow DOE to undertake more pilot demonstration projects for pre-combustion, membrane and post-combustion CO_2 capture technologies. Many of these projects will be of a longer term nature, but research must begin now.

Solid Fuels and Feedstocks Research.—Research is needed to develop advanced technologies for the recovery, separation and utilization of coal resources economically and in an environmentally acceptable manner. The research being conducted by CAST (Coal Advanced Separation Technologies) is directed toward this goal. Support for this program is not included in the DOE fiscal year 2005 budget request. NMA supports restoring $5.0 million for advanced separation research.

NMA supports continued funding of the Steubenville Comprehensive Air Monitoring Program (SCAMP) to develop information essential for defining the relationship between fine particulate matter (PM) concentrations in ambient air and the fine PM concentrations to which individuals are exposed. SCAMP is co-funded by the Department of Energy, the Ohio Coal Development Office, the National Mining Association, the American Petroleum Institute, the Electric Power Research Institute, the American Iron and Steel Institute, and CONSOL Energy Inc.

University Research.—The DOE should continue to provide strong support for research on mining at U.S. academic institutions. Although we are pleased that DOE has requested the same level of funding as received in fiscal year 2004—$3 million—we would urge Congress to increase this to $5 million. Mining engineering departments continue to consolidate and some are closing, due to lack of funding, diminishing the national capability to develop fundamental sciences to improve mining practices, and impairing the ability of the universities to train future generations of mining engineers. We cannot have a viable mining industry in the United States without education to support the research and the people needed to keep the United States in the forefront of mining and environmental technology. An increase in funding to $5 million for university research, with the increase dedicated to projects that focus on mercury control technologies, is important to support our educational system.

OFFICE OF ENERGY EFFICIENCY AND RENEWABLE ENERGY

The Mining Industry of the Future Program.—The 70 percent funding reduction proposed in the Administration's budget must be rejected and funding levels should be restored to at least the $4.9 million level appropriated for fiscal year 2004. The proposed cut to $1.4 million would essentially be marking the beginning of the end of the program for mining. Several of the projects underway would have to be halted in mid-stream after monies have already been expended. The eight projects selected for funding in January would be cancelled and no more research solicitations could be issued. The Mining Grand Challenge that was issued in March will not be funded. Response to the program has been overwhelming since its inception in 1999. Since then, 132 proposals totaling nearly $150 million have been received. Clearly there is a need for mining research that is not being satisfied as only a portion of these projects could be funded. Of the total projects started to date, industry's cost share is just over 54 percent, or about $36 million.

In January 2004, eight new mining and exploration projects were selected. If these get underway, the total number of active projects funded would be 43, 19 of which are active and 14 of which have been concluded or will be completed this summer. As required by the Government Performance Results Act, an evaluation of the energy saved by these projects indicates that: 20 of the mining projects funded in fiscal year 2003 will save 167 trillion Btus annually by year 2020, and 22 mining projects funded in fiscal year 2004 will save 205 trillion Btus annually by year 2020. If the program continues, NMA and DOE will conduct a review of the roadmap developed in 1999 to ascertain if research objectives have been met and to revise the roadmap to meet realities of today.

NMA has incorporated the Mining Industry of the Future program into its Mining Climate Action Plan (MICAP) developed in response to the Administration's request to industry to voluntarily reduce greenhouse gas emissions. The proposed cuts would jeopardize the ability of the mining industry to meet our stated goals under this plan.

ENERGY INFORMATION ADMINISTRATION (EIA)

In addition to its value to the nation, the functions performed by the EIA are of significant importance to the mining industry. EIA's unbiased analysis and independent short and long-term forecasts form a basis for reasoned and responsible policy decisions by the Congress, the DOE and other government agencies on both the Federal and State levels. EIA's independence and objectivity are especially important as governments develop policies to respond to energy price increases and/or to possible energy shortages. EIA's energy data collection and dissemination responsibilities are essential to the development of sound public policy and to the industry's ability to evaluate production and market trends and to make investment decisions that accrue benefits to the nation. NMA supports the Administration's request for a $3.9 million increase in funding for EIA for a total of $85 million for this important agency.

U.S. GEOLOGICAL SURVEY (USGS)

The USGS's role in mineral information, exploration, identification of geological hazards and mapping offers important support to the mining industry. In addition, the USGS is the only source for the majority of the United States' statistical data on mining and minerals commodities. This information provides the basis for informed policy decisions by the Federal government and is extensively used by other governmental agencies, by Members of Congress and by State and local governments, as well as industry, academia and nongovernmental organizations. Our nation is becoming more dependent upon foreign sources to meet its metals and minerals requirements as exploration and development of domestic resources are declining. The development of a National Minerals Policy to halt and reverse this trend is vital to our nation's economic future and our national security. NMA opposes the proposed $6.7 million reduction of funding for the Mineral Resources Program in the fiscal year 2005 budget request.

BUREAU OF LAND MANAGEMENT (BLM)

The Department of the Interior's (DOI) fiscal year 2005 proposed budget reflects the department's intent to administratively implement both a 26 percent increase in the annual mining claims maintenance fee and a new cost recovery mechanism on mining and other BLM permitting activities. It serves no constructive purpose to increase claims fees or require complete cost recovery for government activities affecting the permitting of domestic mining operations, when government delays in these very activities are driving critical mining projects from the United States to other areas of the world. International studies done in 2003 by Behre Dolbear mining consultants and the Fraser Institute identify the mine permitting process in the United States as "one of the most inefficient in the world."

Before DOI imposes higher fees for its permitting activities, we strongly recommend that Congress require DOI to take concrete actions to reduce the delays and expense attendant to the current permitting process. In 1999, Congress appropriated $800,000 for a National Academy of Sciences (NAS) study of "Hardrock Mining on Federal Lands." NAS found a number of shortcomings, including: inadequate staff and resources; no timeframes for permit completion; no systematic evaluation of the source of permit delays and possible solutions; no coordination between those responsible for NEPA compliance and permit reviews; long delays on cultural and tribal resource issues; and, lack of early, consistent cooperation and participation by all federal, state and local agencies involved in the NEPA process.

None of these problems have been dealt with adequately to date. We respectfully request that until accomplishment of the above stated steps identified by the NAS four years ago, cost recovery mechanisms and increases in current claims maintenance fees should be postponed. We encourage Congress to prohibit implementation of the fee increases set forth in the proposed budget, at least until the department fully implements the NAS recommendations and there is tangible proof that the permitting system has been improved.

PREPARED STATEMENT OF THE NATIONAL RESEARCH CENTER FOR COAL AND ENERGY, WEST VIRGINIA UNIVERSITY

Chairman Burns and Members of the Subcommittee: Our testimony is directed to programs in the Office of Fossil Energy and the Office of Energy Efficiency and Renewable Energy in the U.S. Department of Energy.

INTRODUCTORY COMMENTS

We advocate a strong energy research program, which is based on the best use of our indigenous natural resources while minimizing our dependence on imported energy forms. Coal is an abundant fuel in the United States; Wyoming mined more coal in 2001 than eight of the ten other top producing nations. Coal provides more than half of our electrical energy and can be the source of clean, affordable liquid transportation fuels. Coal will be the near-term source of supply for hydrogen for advanced power and transportation systems. Fossil Energy programs in research & development and clean coal technology deployment will be the backbone for developing new technologies for zero emissions coal-based systems for generating power, for producing liquid transportation fuels, chemicals, and high-value-added products, and for making hydrogen—but only if adequate funding is provided to meet objectives outlined in well defined energy roadmaps. We cite in particular the plan developed by the Coal Utilization Research Council working jointly with the Electric Power Research Institute and the Office of Fossil Energy.

Clean coal-based technologies are necessary for meeting both our national and global needs for clean energy and for ensuring our energy security. We urge the continued support of the Subcommittee for the Coal and Power Program of the Office of Fossil Energy and for the fuels programs of the Office of Energy Efficiency and Renewable Energy. Programs of particular concern are discussed below.

FOSSIL ENERGY PROGRAMS

Fuels Program.—Funding for the fuels research program in fiscal year 2005 has been requested by the Administration at a level of $16 million and allocated exclusively for programs in hydrogen production from coal. While we applaud the increased funding for the hydrogen program compared to the $5 million requested for fiscal year 2004, we are deeply concerned regarding the absence of Administration requests for research directed toward liquid transportation fuels. With our national, and indeed global, dependence on automobiles, large fleets of trucks, aircraft, and marine vessels, we continue to need advanced research to develop clean burning fuels for the private, commercial, and military transportation sectors. In addition to environmentally friendly fuels, our nation also must increase our energy security and decrease our growing dependence on imported oil and liquid natural gas.

We support continued funding for a well-rounded coal fuels research program in the Office of Fossil Energy and make the following recommendations /requests to the Subcommittee:

—Funding is requested for the work of the Consortium for Fossil Fuel Science [CFFS] supported by the Subcommittee in fiscal year 2004. The CFFS program will focus on advanced research to support the hydrogen program requested by the Administration. We recommend continuation of the CFFS in fiscal year 2005. The Consortium has requested funding of $2.5 million in its testimony.

—Under the China-United States Bilateral Agreement, our nation has an opportunity to study the design, construction, operation, and environmental & economic impacts of large coal-based liquid fuels production facilities to be constructed in China. We recommend the addition of $0.5 million to the Fossil Energy program to conduct this study. The plant operators will provide significant cost sharing. This program is funded at a level of $100,000 currently under the Fuels program.

—We note that the FutureGen program proposed by the Administration has the essential elements to produce liquid fuels, not just hydrogen, and urge the Subcommittee to recommend that DOE include liquid fuels production along with demonstrating advanced gasification, hydrogen production and carbon sequestration technologies under the FutureGen initiative.

—It is critical that sufficient funding be provided for the Ultra Clean Fuels Program to complete projects that were started several years ago. These projects should be supported to completion so that we may reap the benefits from earlier investments.

—It is important that we maintain a strong program to ensure our nation's ability to meet the increased demand for coal to support both our current power generation fleet and the new markets that will be created to support the hydrogen initiatives. Research is needed to develop advanced technologies for the recovery, separation, and utilization of coal resources economically and in an environmentally acceptable manner. Funding for the Center for Advanced Separations Technology [CAST] is requested at a level of $4 million to expand its program to address separations problems encountered in areas such as mercury emissions control. The Subcommittee supported funding for the base CAST program at a level of $3 million for fiscal year 2004.

—Funding is requested to continue the coal extraction program in fiscal year 2005 at a level of $1.7 million. In addition, funding for the Consortium for Premium Carbon Products from Coal should be continued at a level of $1 million. Both of these programs focus on producing useful (and high value-added) carbon products from coal. The need for these products is more critical than ever since many of the traditional sources of carbon products are reduced due to the loss of coking ovens associated with steel manufacturing and the necessity of finding alternative sources other than imported petroleum for such products.

Focus Area for Computational Energy Science.—This program develops models for, and dynamic simulations of, advanced energy plants to improve the development schedules and to reduce the costs of new plants, and supports the President's Climate Change Initiative. The modeling results are applicable to a wide variety of fossil energy technologies such as fuel cells, advanced turbines, combustion systems, and chemical reactors. We request additional funding of $3 million for this program over and above the Administration fiscal year 2005 Budget of $4 million for a total of $7 million for this program in fiscal year 2005. The added funding provides support for computational energy researchers nationally in areas related to the mission of the National Energy Technology Laboratory.

Advanced Research Programs.—The Advanced Research Program supports a wide range of projects that develop enabling technologies for the advanced power generation systems currently being developed. This program also provides support for university-based research, for which one of the benefits is the education of the next generation of energy scientists and engineers. We recommend continued strong support for the Advanced Research Program. Increased support is recommended for two initiatives recently initiated by the Subcommittee. The first program is HiTEC, the High Temperature Electrochemistry Center. We recommend an addition of $2 million to the Administration budget request to enable this Center to increase the number of universities able to participate in this program. The second program is the new enabling research initiative to support the FutureGen program that is headquartered at Montana State University. We recommend continuation of this program for fiscal year 2005 at a level of $10 million.

Oil and Gas Programs.—With numerous technical experts predicting the near-term decline in oil and natural gas production, and the increased cost of oil due to the actions of cartels like OPEC, it is essential that we sustain our oil and gas programs at sufficient levels to ensure adequacy of supply. Funding for these programs should be restored to at least their fiscal year 2004 levels of $35 million and $43 million, respectively.

The regional resource centers funded under the Petroleum Technology Transfer Council [PTTC] provide technology and training to many small oil and gas companies throughout the nation. The expertise available to small operators through these centers contributes to the success of important programs such as regional carbon sequestration partnerships and enhanced coal bed methane production that provides over 7 percent of our natural gas fuel supply. We recommend that the PTTC program be continued in fiscal year 2005 at a level of $3 million.

ENERGY EFFICIENCY PROGRAMS

Industries of the Future.—We are concerned that the fiscal year 2005 Administration budget request has significantly reduced funding for the Industries of the Future program, a program that has demonstrated significant return on investment and enabled our energy intensive industries such as steel and aluminum to maintain manufacturing jobs in the United States. Of particular concern is the drastic reduction in funding for the Industries of the Future (Specific) Program which enables our energy intensive industries to rally together in focal programs which build strong partnerships. We request that the Industry of the Future programs in both the specific and crosscutting technologies be restored to at least their combined fiscal year 2004 level of $93 million.

FreedomCAR and Vehicle Technologies Program.—As with the Fossil Energy programs, we are concerned about the Vehicle Technologies Program regarding the focused investment in hydrogen research at the expense of research in traditional liquid fuels. Our nation will use traditional liquid fuels into the foreseeable future as we develop hydrogen technologies. While it is important that we continue investments in advanced liquid fuels, the present budget request from the Administration has essentially deleted funding for these areas. We should continue work toward developing non-petroleum based fuels. We request that the Subcommittee restore funding for Fuels Technology programs to the fiscal year 2004 level of $24.65 million. We have a particular interest in the following:

—Non-Petroleum Based Fuels and Lubricants: We request funding for continuing the programs of the National Research Center for Alternative Fuels, Engines and Emissions at a level of $2 million in fiscal year 2005.

—Automotive Lightweight Materials: We request funding for continuing the Metal Matrix Composites program at a level of $1 million in fiscal year 2005.

—Fueling Infrastructure: There are over 130,000 natural gas vehicles and over 300,000 compressed natural gas cylinders in use. Detailed visual inspection must be performed every three years or 36,000 miles. There are few certified inspectors, with no widely available program to train such individuals. We request $1 million to continue an initiative begun in fiscal year 2003 to develop a Natural Gas Vehicle Compressed Natural Gas Cylinder Safety Inspection and Certification Training program under the leadership of the National Alternative Fuels Training Consortium [NAFTC]. The NAFTC is an organization of 23 institutions distributed nationally that provide training in alternative fuel vehicle safety and maintenance.

CLOSING COMMENTS

Thank you for the opportunity to offer testimony on these important programs. We appreciate the support of the Subcommittee.

PREPARED STATEMENT OF PLUG POWER, INC.

Plug Power urges the Appropriations Subcommittee on Interior and Related Agencies to support the President's request of $77.5 million for the proton exchange membrane (PEM) fuel cell program in the Department of Energy's (DOE) Energy Efficiency and Renewable Energy Office. We also urge inclusion of language that ensures the continuation of a stationary PEM fuel cell program at the DOE.

Plug Power is a leading developer and manufacturer of on-site energy systems based on proton exchange membrane (PEM) fuel cells for stationary applications. The Company was formed in 1997 as a joint venture between Edison Development Corporation, a DTE Energy company and Mechanical Technology Incorporated. Plug Power's strategic partners include GE Fuel Cell Systems, DTE Energy Technologies, Vaillant GmbH, Honda R&D Co., Ltd., Engelhard Corporation and Celanese Ventures. The Company's headquarters are located in Latham, N.Y., with offices in Washington, D.C., and The Netherlands.

Plug Power currently sells a 5kW reformer based fuel cell powered by natural gas or LPG for grid parallel applications and a hydrogen fueled fuel cell for back up/UPS and battery replacement applications. In August 2004, Plug Power will also launch an On Site Hydrogen Generator capable of supplying hydrogen for applications such as generator cooling.

Key to Plug Power's success is leveraging the strengths of partners and suppliers to ensure that value is added at every step of the design and manufacturing process. Plug Power has assembled a team with extensive engineering knowledge, experience in the business of manufacturing and an eagerness to work with you, the customer.

STATIONARY FUEL CELL DESCRIPTION

A stationary fuel cell is an on-site, electrochemical energy conversion device, which converts the chemical energy from a fuel directly into electricity and heat. When operated directly on hydrogen, the fuel cell produces this energy with clean water as the only by-product. Although hydrogen is the primary fuel source for fuel cells, the process of fuel reforming allows for the extraction of hydrogen from more widely available fuels such as natural gas and propane. Eventually, we believe that hydrogen will also be generated from electricity created from renewable sources such as solar, wind, or biomass.

STATIONARY FUEL CELL BENEFITS

—Our traditional central generation model for supply of power in the United States is failing to meet the needs of a growing economy with increasing demand for high-quality power. There are weaknesses in power generation, transmission and distribution infrastructure that can best be met with the new paradigm of distributed generation: placing the generating assets on-site, where both the thermal and electric energy is needed. Fuel cells will be an important technology component in our nation's distributed generation portfolio.

—Fuel cells require hydrogen and oxygen to react chemically and produce electricity (and heat) and can therefore use any hydrogen rich fuel, or direct hydrogen. This allows fuel cell products to be "customized" for customers' available fuel. It also provides the option of renewably generated hydrogen for a fully renewable and zero emissions energy system.

—Fuel cells can provide highly reliable electricity. Some studies estimate that power quality and reliability issues cost our economy as much as $150 billion per year in lost materials and productivity alone, while others have reported estimates as high as $400 billion per year (source: Bear Stearns, April 2000 Distributed Energy, p. 8).

—Because fuel cells provide electricity at the site of consumption, they reduce the load on the existing transmission and distribution system. Siting the fuel cells at the point of consumption also avoids the line losses (up to 15 percent) inherent in moving electricity and provides an alternative to costly and unattractive traditional power lines.
—Because fuel cells make both electric and thermal energy where it is needed, the heat can be recaptured in combined heat and power applications to attain combined efficiencies of over 80 percent.

NEED FOR GOVERNMENT FUEL CELL RESEARCH AND DEVELOPMENT

Plug Power is enthusiastic about the President and Congress' commitment to hydrogen and fuel cell technology, made evident by the increased budget request and last year's appropriations level. We feel that there is a vital role for the U.S. Government, and specifically the Department of Energy, to work with industry on precompetitive research and on systems architecture and integration with specific products and applications in mind. These efforts begin with a fundamental understanding of the PEM fuel cell stack membranes, catalysts, plates, as well as reformer fundamentals as they relate to contaminant resistant catalysts and hydrogen storage technology. Further, the availability of higher quality heat from high temperature (150C to 200C) PEM stacks requires fundamental research on stack components and associated systems that further increases the value and impact of stationary power systems. Breakthrough research is still necessary in the development of reliable and cost effective stationary PEM fuel cell systems.

Another area of high interest is the coupling of hydrogen generation and reformation for stationary and automotive applications to further increase overall efficiency and impact the progress toward widespread fuel cell use and greater energy independence. The results of all these efforts are universally applicable to fuel cell power systems, speed their commercial introduction, and move the United States closer to energy independence.

IMPORTANCE OF PEM STATIONARY FUEL CELL PROGRAM AT DOE

As I mentioned in a letter to Secretary Abraham, I am extremely concerned about the recommendations of the Committee on Alternatives and Strategies for Future Hydrogen Production and Use (National Academy of Engineering), and how these recommendations might be used to undermine portions of the Department of Energy Hydrogen and Fuel Cell Program.

In particular, one of the major demand side findings of the panel is that DOE strategy does not adequately define integrated stationary and transportation trade off opportunities and it therefore calls for a further study. We would support such a study; however, the report goes on to recommend that in view of scarce resources, the Department should discontinue the PEM stationary RD&D Program. This latter recommendation, if realized in a change to DOE policy, would prove devastating to the current stationary programs in which Plug Power and its partners participate. The finding of the panel and the recommendation that results from such finding are clearly inconsistent. The finding of the panel must be addressed more directly—commission a study to determine what the Department's next steps should be prior to leaping to the conclusion that particular programs should be summarily terminated.

Additionally, the study calls for stimulating both hydrogen demand from fuel cell technology, as well as hydrogen production from a variety of sources. Again, I agree. But we need to develop that hydrogen production to marry with something—fuel cells. I firmly believe that the R&D of back-up, standby, stationary base power and portable fuel cells provide the bridge to vehicular fuel cells and to a distributed hydrogen production system in the short term for several reasons.

First, stationary/portable fuel cells are the precursor to transportation fuel cells. Early applications, such as stand by and back up power provide the basis for continued development of a nascent commercial fuel cell industry. It is the area in which companies such as Plug Power are vigorously pursuing cost reduction, reliability improvements, and supply chain development issues. The industry will not hit transportation price points until commercialization of early fuel cell technology applications yield first. The industry will most likely start by engaging with significant niche applications and then a growing stationary market will develop where the price points are higher than those for the automotive industry.

U.S. companies involved in the supply chain to the fuel cell industry are also very concerned about the continuation of a stationary program because it is seen as an effort that will yield profitability sooner. Without that shorter-term effort, they will be unable to continue to develop technologies that go into fuel cells—stationary, portable or automotive. Additionally, fuel cell companies, such as Plug Power, will be unable to establish firm supplier bases for fuel cell specific parts: parts that will also be needed in a future transportation fuel cell industry. We need to be able to get costs under control and establish that fuel cell supplies and components are commodities rather than specialty products.

Second, stationary fuel cell applications that rely on hydrogen, such as standby and back-up power fuel cells, provide the first entry for distributed hydrogen production. We are, as always, faced with a "chicken or egg" problem in introducing fuel cell vehicles. Is it the fuel cell vehicle or the hydrogen infrastructure that comes first? No company will invest heavily in a distributed hydrogen infrastructure in hopes that "they will come." Stationary and portable applications, however, provide some demand in the short term and therefore a rationale for beginning to develop that hydrogen infrastructure. These same types of systems that power stationary systems may also be able to provide distributed hydrogen on a small scale for 10s to 100s of vehicles as the market is getting started.

Third, the introduction of stationary or other fuel cell power systems at the commercial/consumer level will foster acceptance and support from the broad public of the Hydrogen Economy and the benefits of fuel cells by eliminating the concerns and uncertainty generated by the introduction of a new technology. Further, the mass introduction of units in the field and the accumulation of real world operating data will prove invaluable in advancing the technology and evaluating economics in a way that is applicable to all applications. Reliability improvements, cost reductions and technology advances are dependent on these data.

In summary, it is my hope that the Subcommittee and DOE, not only continue to fully fund PEM fuel cell R&D, but also recognize the synergies between stationary and transportation PEM Fuel cell development and continue the stationary program for years to come.

Prepared Statement of the Southern Company

Mr. Chairman and Members of the Committee: Southern Company operates the Power Systems Development Facility (PSDF) (http://psdf.southernco.com) in Wilsonville, AL for the U.S. Department of Energy's (DOE's) National Energy Technology Laboratory (NETL) and several industrial participants.[1] The PSDF was conceived as the premier advanced coal power generation research and development (R&D) facility in the world. It has fulfilled this expectation. I would like to thank this subcommittee for its past support of the PSDF and request its continued support. This statement requests a $7 million increase in DOE's Coal and Power Systems budget for the PSDF. The Administration's budget requests $18 million for the PSDF in fiscal year 2005; however, $25M is necessary to conduct the future test program agreed to with DOE (see details below) and to support FutureGen—the integrated hydrogen and electric power production and carbon sequestration research initiative proposed by President Bush. DOE's FutureGen Program Plan submitted to Congress on March 4, 2004 described the transport gasifier (one of the technologies under development at the PSDF) as a promising candidate for inclusion in FutureGen because:

". . . its high throughput relative to size, simplicity, and reduced temperature of operation compared with current gasifiers, will yield benefits throughout the FutureGen plant. The transport gasifier has been successfully operated in the air-blown mode at the Power Systems Development Facility (PSDF); however, oxygen-blown operation is required for FutureGen, and PSDF's operational phase in the oxygen-blown mode is in its early stages.

"Current efforts at the PSDF are focused on developing the performance database for the transport gasifier in the oxygen-blown mode using a variety of coal feed-

[1] Current participants include Southern Company, EPRI, Kellogg Brown and Root, Siemens Westinghouse Power Corporation (SWPC), Peabody Energy, the Burlington Northern Santa Fe Railway Company, and the Lignite Energy Council. The Lignite Energy Council includes major producers of lignite, who together produce approximately 30 million tons of lignite annually, the nation's largest commercial gasification project, and investor-owned utilities and rural electric cooperatives from a multi-state area that generate electricity from lignite, serving two million people in the Upper Midwest region. The Council also has over 250 contractor/supplier members who provide products and services to the plants and mines. Air Products and Chemicals, Praxair, Inc., and Pall Corporation have proposed significant future participation. In addition to the Wilsonville plant site major work is planned for the PSDF, or components are being developed at the following locations: Grand Forks, ND (sub-scale gasifier testing), Houston, TX (gasifier development); Orlando, FL (gas turbine low-NO_X burner), Pittsburgh, PA (filter fabrication), Allentown, PA and Tonawanda, NY (advanced air separation technology); and Deland, FL (filter fabrication).

stocks from lignite through bituminous coals. With planned upgrades to the oxygen supply and related systems, the capacity of the existing transport gasifier is expected to nearly double. Planned improvements in the coal feed system, particulate control device, and the char cooling and removal system will significantly increase overall reliability of the transport gasifier, which would further reduce costs. The target is to achieve 95 percent availability rather than the 75 percent–80 percent availability typical of today's gasifiers.

"Because of its simplicity in design and lower temperature of operation, the transport gasifier can potentially reduce the capital cost of an IGCC plant by up to 20 percent (or from $1,400 to $1,120/kW) over those employing today's technologies. In addition, the operations and maintenance costs are expected to be lower and availability higher because of the lower temperature of operation."

A key feature of the PSDF is its ability to test new systems at an integrated, semi-commercial scale. Integrated operation allows the effects of system interactions, typically missed in unintegrated pilot-scale testing, to be understood. The semi-commercial scale allows the maintenance, safety, and reliability issues of a technology to be investigated at a cost that is far lower than the cost of commercial-scale testing. Capable of operating at pilot to near-demonstration scales, the PSDF is large enough to produce industrial scale data, yet small enough to be cost-effective and adaptable to a variety of technology research needs.

Southern Company also supports the overall $33 million increase in the President's Coal Research Initiative within DOE's Fossil Energy R&D program for fiscal year 2005 recommended by the Coal Utilization Research Council (CURC[2]). The goals of the Clean Coal Technology Roadmap developed by DOE, EPRI, and the CURC are achievable with funding at this increased level.

The Roadmap identifies the technical, economic, and environmental performance that advanced clean coal technologies can achieve over the next 20 years. Over this time period coal-fired power generation efficiency can be increased to over 50 percent (compared to the current fleet average of ~32 percent) while producing de minimis emissions and developing cost-effective technologies for carbon dioxide (CO_2) management. EPRI recently used the modern financial technique called "Real Options" to estimate the value of advanced coal R&D.[3] The major conclusion of this study is that the value to U.S. consumers of further coal R&D for the period 2007–2050 is at least $360 billion and could reach $1.38 trillion. But, for these benefits to be realized the critically important R&D program outlined in the Clean Coal Technology Roadmap must be conducted.

SUMMARY

The United States has always been a leader in energy research. Adequate funding for fossil energy research and development programs will provide this country with secure and reliable energy while reducing our dependence on foreign energy supplies. Current DOE fossil energy research and development programs for coal, if adequately funded, will assure that a wide range of electric generation and hydrogen production options are available for future needs. Congress faces difficult choices when examining near-term effects on the Federal budget of funding energy research. However, significantly increased support for advanced coal-based energy research is essential to the long-term environmental and economic well being of the United States. Prior DOE clean coal technology research has already provided the basis for $100 billion in consumer benefits at a cost of less than $4 billion. Funding the Clean Coal Technology Roadmap beginning with CURC's recommendation of $33 million above the Administration's budget request for DOE coal R&D can lead to additional consumer benefits of between $360 billion and $1.38 trillion.

One of the key national assets for achieving these benefits is the PSDF. The fiscal year 2005 funding for the PSDF needs to increase to $25 million to support construction of new technologies that are critical to the goals of the Clean Coal Technology Roadmap and to the success of President Bush's FutureGen program. The major accomplishments at the PSDF to date and the future test program planned by DOE and the PSDF's industrial participants are summarized below.

---

[2] CURC has over 40 members interested in coal-based energy systems including major universities, coal companies, railroads, electric generators, and technology suppliers. CURC members also include EPRI, the United Mine Workers of America, the Edison Electric Institute, the National Mining Association, and the National Rural Electric Cooperative Association.

[3] EPRI Report No. 1006954, "Market-Based Valuation of Coal Generation and Coal R&D in the U.S. Electric Sector", May 2002.

PSDF ACCOMPLISHMENTS

The PSDF has developed testing and technology transfer relationships with over 50 vendors to ensure that test results and improvements developed at the PSDF are incorporated into future plants. Major subsystems tested and some highlights of the test program at the PSDF include:

Transport Reactor.—The transport reactor has been operated successfully as a pressurized combustor and as a gasifier in both oxygen- and air-blown modes and has exceeded its primary purpose of generating gases for downstream testing. It is projected to be the lowest capital cost coal-based power generation option, while providing the lowest cost of electricity and excellent environmental performance.

Advanced Particulate Control.—Two advanced particulate removal devices and 28 different filter elements types have been tested to clean the product gases, and material property testing is routinely conducted to assess their suitability under long-term operation. The material requirements have been shared with vendors to aid their filter development programs.

Filter Safe-Guard Device.—To enhance reliability and protect downstream components, "safe-guard" devices that reliably and completely seal off failed filter elements have been successfully developed.

Coal Feed and Fine Ash Removal Subsystems.—The key to successful pressurized gasifier operation is reliable operation of the coal feed system and the filter vessel's fine ash removal system. Modifications developed at the PSDF and shared with the equipment supplier allow the coal feed equipment to perform in a commercially acceptable manner. In addition, an innovative, continuous process has been designed and successfully tested that reduces capital and maintenance costs and improves the reliability of fine ash removal.

Syngas Cooler.—Syngas cooling is of considerable importance to the gasification industry. Devices to inhibit erosion, made from several different materials, were tested at the inlet of the gas cooler and one ceramic material has been shown to perform well in this application.

Instrumentation.—Several instrumentation vendors have worked with the PSDF to develop and test their instruments under realistic combustion and gasification conditions.

Fuel Cell.—A 0.5 kW solid oxide fuel cell manufactured by Delphi has undergone initial successful testing on syngas from the transport gasifier marking the first time that a solid oxide fuel cell has been operated on coal-derived syngas.

Combustion Turbine Burner.—Integrating the existing 3.8 MW combustion turbine with a new syngas burner developed by SWPC has allowed further system automation and controls development.

PSDF FUTURE TEST PROGRAM

Future testing at the PSDF is focused on supporting FutureGen and the Technology Roadmap. These programs aim to eliminate the environmental issues that present barriers to the continued use of coal including major reductions in emissions of SO_2, CO_2, NO_X, particulates, and trace elements (including mercury), as well as reductions in solid waste and water consumption. The focus will remain on commercialization of these new technologies as well as those currently under development at the PSDF. Assuming adequate funding, work at the PSDF will include:

Oxygen-Blown Transport Gasifier.—Continue the development of the oxygen-blown transport gasifier to further optimize its performance, explore feedstock flexibility, increase system pressure, and provide syngas for testing of downstream systems.

Air Separation Membranes.—Test advanced air separation membrane modules provided by U.S. manufacturers to evaluate membrane performance and system integration issues.

Coarse Ash Handling.—A new type of coarse ash depressurization system, with no moving parts or valves has been developed and will be tested. Like the fine ash removal system successfully developed earlier, this system will reduce capital and maintenance cost and improve plant reliability.

Advanced Syngas Cleanup.—Test new advanced syngas cleanup systems for reducing hydrogen sulfide, hydrochloric acid, ammonia, and mercury to near-zero levels.

H_2/CO_2 Separation Technologies.—Integrate and test advanced H_2/CO_2 separation technologies to assess their performance on coal-derived syngas.

Syngas Cooler.—Test alternative designs that are less complex, have lower capital cost, and offer better control of the syngas exit temperature.

New Particulate Control Device Internals.—Evaluate alternative filter system internal designs from several vendors.

Improved Fuel Feed Systems.—Alternatives to conventional lock hopper feed systems have been identified and will be evaluated. The results will be applicable to all dry-feed gasifiers.

High-Temperature Heat Exchangers.—The PSDF has been identified as a suitable location for testing of high-temperature heat exchangers that can be used in both advanced combustion and gasification technologies.

Syngas Recycle.—Add a syngas compressor to allow the use of syngas for instrument purges, aeration to promote recycle solids flow, filter back pulse gas, and burner cooling flow at startup to produce higher heating value syngas and more closely match commercial operating conditions.

Fuel Cell.—Install and test a 5 to 10 MW hybrid fuel cell/gas turbine module.

Sensors.—Several vendors have begun testing their sensors for a variety of functions, including control of temperature and coal feed rate; detection of gaseous species, tar, and dust at low concentrations; and detection and continuous measurement of hazardous air pollutants.

PREPARED STATEMENT OF SAGE ELECTROCHROMICS, INC.

SAGE Electrochromics, Inc., located in Faribault, Minnesota, is a developer of energy saving electrochromic (EC) window products and is working in partnership with the U.S. Department of Energy (DOE.) We at SAGE urge you to recommend a budget level of $7,000,000 for the Window's Technologies Program at Department of Energy (DOE) in fiscal year 2005 Interior Appropriations.

DESCRIPTION OF ELECTROCHROMICS

An electrochromic window (door or skylight) is a solar control device that regulates the flow of light and heat with the push of a button. The window tint can be varied from fully colored to completely clear or anywhere in between. The EC properties are achieved through thin metal oxide layers on one of the glass surfaces, otherwise the construction is similar to the standard insulating glass unit (IGU) used in millions of homes and office buildings.

THE UNIQUE BENEFITS OF ELECTROCHROMICS

Industrial and government partners in the DOE EC program are performing cost shared research and development that will lead to significant energy and cost savings by fundamentally changing the nature and function of window products for tomorrow's buildings. Significant savings in the cooling and lighting loads can be achieved while reducing peak electricity demand. Just as important is the ability of EC technologies to improve visual and thermal comfort and thereby increase worker productivity and the aesthetics of the home or office space.

Traditionally, adding windows to a building envelope has meant reducing energy efficiency because the other materials in the structure are much more energy efficient. However, with EC technology, windows will become multifunctional energy saving appliances in the home or office space and thereby will allow increased use of windows for aesthetic reasons. The Lawrence Berkeley National Laboratories (LBNL) estimated that the use of EC in average size windows in commercial buildings will reduce cooling electricity consumption by up to 28 percent, lower peak electrical power demand by 6 percent and decrease lighting costs by up to 19 percent for the entire building perimeter zone.

In the residential sector, use of electrochromic windows could lead to a 65 percent reduction in cooling over the existing installed base and a 47 percent reduction in cooling over the best performing glass used today—spectrally selective low-E. Heating savings compared to the installed base and that used in new construction today are 61 percent and 31 percent respectively. This will be even more important for the customer's bottom line as the cost of energy becomes increasingly market driven.

National energy savings are also impressive. The calculated national total energy savings for all market segments due to EC glazing adoptions show energy savings of 0.71 quads across all market sectors, which translates into total annual national energy cost savings of $11.5 Billion. These estimates are based on current EC technology, which is expected to improve during the marketing period. Additionally, the LBNL estimates do not include the use of occupancy sensors, which could substantially reduce cooling costs in the summer and heating costs in the winter simply by switching the EC glass to the completely darkened or clear states at the appropriate time.

Although energy and energy-related costs savings are significant, additional benefits accrue from using EC technology and may even be more important. Reduced fading of fabrics has significant cost impacts in many installations. Glare control and greater thermal comfort, as well as the ability for full daylighting have been shown to increase worker productivity and reduce absenteeism. Ability to change building design to take advantage of more window space is a significant architectural benefit and may result in additionally energy savings. It is estimated the EC industry could easily grow to over $15 Billion in the U.S. building industry alone—with another $12 Billion in military, specialty and transportation sectors.

ADDITIONAL WORK TO BE DONE REQUIRES FURTHER INVESTMENT

DOE has supported this research and development for the past few years, but insufficient funding has been split among a number of players in the industry. Traditionally, activities have focused on development of durable electrochromic materials and devices for use in building applications. This research has brought the technology a long way; however, it has become clear that the industry needs and will cost share pre-competitive research in three areas. First, basic materials and device processing research for EC windows must continue, which is the principal area funded by the DOE EC program in prior years. Second, technology and engineering activities focused on large area manufacturing, improved productivity, and higher yields should now begin. And third, systems engineering and applications research focused on design, specifications, installation and lifetime of electrochromic windows in buildings need to be expanded.

In Materials and Processing Research and Development, near term activities must focus on continued optimization of the device and the individual thin film layers. Improved optical performance is needed to insure user satisfaction and broad adoption of this energy saving technology. Advanced materials for better dynamic range will result in maximum daylighting for building occupants while still eliminating glare from computer display terminals. Low cost materials will be introduced along with rapid processing technologies (e.g. plasma enhanced deposition for faster throughput). Additionally, the EC device electrical properties must be adjusted to enable reproducible switching without complex control hardware that adds cost and could degrade reliability.

With respect to Large Area Manufacturing Technology and Engineering, future activities should include quality improvement programs to reduce defects and increase yields. Also, advanced manufacturing technologies such as bar coding will be implemented for flexible manufacturing with reduced costs for tooling and product changeovers. High volume production of large area EC glazings will require the implementation of in-situ diagnostics for real-time automatic control of thin film uniformity. Additionally, consensus EC window performance requirements must be developed together with standards setting organizations and will entail significant testing in the initial stage to establish the technical basis for performance requirements.

In Systems Engineering and Application, the DOE program must include extensive field trials of electrochromic windows in buildings. Occupant feedback on performance, comfort level and other parameters will be solicited and utilized to design ergonomic control algorithms and hardware. Multiple window control should also be demonstrated so the industry can learn how to tie the adjacent windows together for solar management of the overall space. Long term testing of switchable window systems over the full range of outdoor climatic conditions is required to assess product reliability. And finally, EC window performance requirements must be developed together with standards setting organizations—which will entail significant testing upfront to establish the technical basis for performance criteria.

DEPARTMENT OF ENERGY'S COMMITMENT TO ELECTROCHROMIC RESEARCH

We are pleased to align ourselves with the Bush Administration's commitment to electrochromic research. The following is a quote from the Department of Energy's fiscal year 2005 Budget Request to Congress for Window Technologies:

"In fiscal year 2005, competitive research, cost-shared with industry, will be conducted to further improve product performance, manufacturer yields, and fundamental manufacturing processes of electrochromic devices that have successfully passed rigorous laboratory durability and field tests. This will pave the way for a range of competing products in the market place with greater market appeal through uniform coatings, high reliability and reduced costs."

An important DOE goal is the attainment of zero energy buildings (ZEB). This requires highly insulated dynamic control windows. Switchable smart windows will be combined with high R-value technologies (e.g. aerogels) to develop the type of "superwindow" needed for maximum energy savings. Partnerships must be established among advanced technology organizations, major window companies, and the DOE to fabricate, install and test these next generation window systems.

PREPARED STATEMENT OF THE BIOMASS ENERGY RESEARCH ASSOCIATION

This testimony pertains to the Biomass Energy Research Association's (BERA) recommendations for fiscal year 2005 in support of the USDA's Forest Service (USDAFS) initiation of a targeted research, development, and deployment (RD&D) program. The objectives are to develop advanced, economically practical methods for collection and removal of forest wastes, underbrush, and small-diameter tree thinnings for use with the production of virgin forest biomass from large-scale, sustainable energy plantations. It is estimated that 190 million acres of federal forests and rangelands face very high catastrophic risks of fire and that this program can play a major role in minimizing these hazards while simultaneously improving the growth and harvesting of woody biomass for energy, fuels, and chemicals. BERA recommends that $34,000,000 be appropriated for this high-priority RD&D in fiscal year 2005. Separate statements have been prepared for submission on other biomass energy RD&D performed by the Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE) under the Interior and Related Agencies Bill and under the Energy and Water Development Bill.

BERA is a non-profit association based in Washington, DC. It was founded in 1982 by researchers and private organizations that are conducting biomass research. Our objectives are to promote education and research on the production of energy in all its forms from waste and virgin biomass that can be economically utilized by the public, and to serve as a source of information on biomass RD&D policies and programs. Please note that BERA does not solicit or accept federal funding to sustain its work.

On behalf of BERA's members, I would like to thank you, Mr. Chairman, for the opportunity to present our Board's position on the funding of forest biomass-for-energy RD&D. Specifically, BERA's Board of Directors recommends that the appropriations for this program in fiscal year 2005 be allocated as follows.

—Continue the Biobased Products and Bioenergy Research (BPBR) program of the USDAFS which has been in progress since 1992: $3,000,000.
—Compile all relevant technical and economic information and data on the methods used to eliminate catastrophic forest fires: $2,000,000.
—Collect DOE's forest biomass research results, including those from short-rotation forestry, obtained from laboratory and field projects conducted over the last 25 years and consolidate them with those of the USDAFS: $1,000,000.
—Evaluate the technical value and economics of the consolidated results in collaboration with selected states and industrial organizations, DOE's EERE, and others including participation by Canada and countries that may already have advanced technologies in-hand: $4,000,000.
—Develop an optimized RD&D plan for implementation in the USA and Canada with industry participation including the use of the best available technologies in the field to control and eliminate forest fires and to build and operate large-scale, sustainable, forest biomass energy plantations: $4,000,000.
—Initiate the RD&D plan with industry participation and cost sharing of scale-up projects: $20,000,000.

This new RD&D program recommended by BERA has been structured in accordance with the Healthy Forest Restoration Act of 2003 (H.R. 1904). We urge that it be funded starting in fiscal year 2005.

BACKGROUND

An important need exists to expand the USDAFS' RD&D program; it concerns the large, repetitive, wide-spread losses that have occurred in the Nation's forests over the last several years because of wild fires. Such fires are supported by the accumulation of dense undergrowth and brush coupled with poor forest management practices, insect infestation and disease that increase the number of dead trees, and other factors. The loss and injury to fire fighters and others; large property, financial, and esthetic losses; and environmental harm have resulted in commercial forests as well as in privately and federally owned forests. BERA believes that this problem can be optimally addressed when combined with the development of large-scale, forest biomass energy plantations, and that funding should be provided to start an RD&D program as described in this testimony as soon as possible. Each of these targeted goals is essential to the long-term sustainability of the forest and biomass energy industries in North America and to help reduce and displace fossil fuel consumption.

One of the original goals of the Bioenergy/Bioproducts Initiative, which was created as a result of "The Biomass Research and Development Act of 2000," and Title IX of the Farm Bill, was to triple U.S. usage of bioenergy and biobased products. Although the timeframe has been extended out to 2015 or 2020, a strategic plan has been developed to reach this goal by the multi-agency Biomass Research and Development Board (BRDB) co-chaired by the Secretary of Energy and the Secretary of Agriculture. Substantial increases in biomass energy and fuel consumption are clearly needed because of what has happened to U.S. crude oil, natural gas, and electricity markets, our continually increasing dependence on imported oil, the renewed importance of achieving U.S. energy security, and the impacts of environmental issues. For example, crude oil imports have steadily increased from an average of 6.1 million bbl/day in 1992 to an average of 9.0 million bbl/day in 2002, while the corresponding crude oil imports per capita were 8.7 and 11.8 bbl/capita-year. It is time to determine whether practical biomass energy systems can be developed that are capable of displacing much larger amounts of fossil fuels than they have in the past. The amount of biomass energy consumption in 2002 was about 1.7 million barrels of oil equivalent (BOE) per day, approximately 79 percent of which was wood-based. Conversion of the recovered wood "trash" alone for use as an energy resource at a rate of only 1.0 dry ton/acre-year from the 190 million acres mentioned previously can potentially double this amount of biomass energy consumption.

In fiscal year 2002, DOE began to restructure EERE's biomass RD&D program; this process is continuing. The critical research to develop, plant, grow, and manage energy crops, particularly forest biomass, for conversion to cost-competitive energy and fuels has been terminated, and the funds requested by DOE for biomass feedstocks are for infrastructure development only, such as for transportation and storage. DOE stated that other agencies or departments are better suited to handle this research. While DOE's feedstock production program has made significant research contributions over the last 25 years, BERA strongly endorses the idea that the USDA should assume responsibility for this program. The USDA has a long history in biomass production and is recognized worldwide for its accomplishments in developing advanced agricultural and forest biomass production methods. Woody feedstocks are essential for the production of much larger amounts of affordable biomass energy, fuels, and chemicals than have been realized to date. BERA has submitted testimony in support of forest biomass energy RD&D by USDAFS for fiscal year 2003 and fiscal year 2004, but funding was not provided by the Conferees or requested by USDAFS. BERA strongly recommends that RD&D on woody biomass production for dedicated energy and feedstock uses be continued by the USDAFS under the Interior and Related Agencies Bill.

Expansion of USDAFS' program by adding the two targeted objectives recommended by BERA enables a considerably higher probability of significantly increasing the contribution of biomass to primary U.S. energy demand by displacing more fossil fuel usage and eliminating a national fire hazard. The key to this eventuality is the deployment of technologies for producing and recovering low-cost virgin and waste forest biomass for conversion to cost-competitive supplies of energy, fuels, and chemicals. Forest biomass is the Nation's and the world's largest reserve of renewable carbon resources. Without the availability of economically competitive forest biomass feedstocks, the probability of tripling biomass energy consumption in the United States is doubtful. Ultimately, this RD&D program is expected to lead to commercial, sustainable energy plantations that are integrated with conversion processes in biorefineries supplied with forest-based fuels and feedstocks. Multiple product slates will be produced that are sufficiently flexible to meet market conditions and demands.

In the remaining paragraphs, I would like to elaborate on the high-priority forestry research that BERA strongly urges be continued or started.

BERA RECOMMENDATIONS

USDAFS Research for Biobased Products and Bioenergy for Fiscal Year 2005

The USDAFS plans to continue its BPBR program to develop new and more economical technologies for the production, management, harvest, and utilization of woody materials for energy and high-value products. This work builds on the USDAFS' expertise on industrial wood recycling, wood chemistry, and wood-plastic composites; small-diameter timber harvesting and utilization; and experience in intensively managed silvicultural systems. The research is a natural complement to the forest waste recovery and woody feedstock production RD&D for energy, fuels, and chemicals by the USDAFS that BERA recommends be added to its overall program.

Information and Data on Forest Fires

In-depth searches of USDFS and state and federal government reports and files, the national and international literature, and discussions with experts will be conducted to compile relevant information and data on forest fires. Technical information, economic data, and historical references will be compiled and organized in a report that will be used to establish the bases for assessing the consolidated results of these searches and the following consolidated report of DOE's forest biomass RD&D program.

DOE's Research and Field Results

DOE has conducted an extensive forest biomass production program from the 1970's up to 1992. This research included laboratory and field projects performed by academe, national laboratories, research institutes, and the private sector. The program emphasized the development and selection of special species, hybrids, and clones of trees, and advanced growth, management, and harvesting procedures for dedicated energy crops. Research on short-rotation tree growth and the screening of tree species in small-scale test plots was carried out in several areas of the country. Depending on the geographic location, woody species recommended as energy feedstocks from the test-plot results included hybrid poplars, willow, eucalyptus, black locust, and others. In collaboration with DOE, BERA recommends that the documented results of these efforts be collected and consolidated with those of the USDAFS' RD&D efforts on woody biomass production. Further, it is recommended that a plan be developed and implemented for preserving the large amount of improved woody crop clonal materials produced both by the USDAFS and the university collaborators of DOE.

Evaluation of the Consolidated Results

BERA recommends that selected state and company representatives, representatives from Canada and other countries, and others be invited to join with the USDAFS and DOE's EERE for the purpose of evaluating the consolidated data and information compiled by the USDAFS in this program. The first objective of this assessment is to carefully examine, analyze, and evaluate the historical records of wild forest fires throughout North America and tree species in terms of their potential for sustained growth in energy plantations at maximum yields under acceptable growth conditions in different geographic regions. The second objective is to update and perform comparative economic analyses of what appears to be effective forest fire prevention methodologies and conceptual plantation designs to assist in the selection of systems for field tests. Presuming the industrial organizations that participate in this work are experienced in large-scale, commercial tree production and forest fire prevention, their inputs will be invaluable in performing the next phase of this program, which consists of producing an RD&D plan.

Development of an Optimized, Advanced RD&D Plan

The purpose of this phase of USDAFS' program is to produce a 10-year, strategic RD&D plan that continues the research necessary to obtain the data and information needed for optimization of methods for recovering and removing waste biomass and small-diameter thinnings from forests and the testing of their efficacy on preventing forest fires, to design forest plantations for different regions of North America, including environmental impacts, and to integrate fire prevention methods with forest biomass production. The management, growth, harvesting, storage, and transport to hypothetical processing plants of both the waste and virgin biomass should be included in this work. The resulting system designs should lead to industry cost-shared field projects to demonstrate medium-scale, sustainable, forest biomass production and the removal of residuals in several geographic locations. It is important to include a schedule of milestones over the life of the RD&D.

Initiation of the RD&D Plan With Industry

Considerable progress has been made on the efficient production of short-rotation woody crop and multi-crop systems. In addition, research on tissue culture techniques and the application of genetic engineering methods to low-cost energy crop production have shown promise. This research should be continued to develop advanced biomass production methods that can meet the anticipated feedstock demand.

BERA also recommends that industry cost-shared, scale-up projects of at least 1,000 acres in size be installed and operated in different regions of the country as a forerunner to commercial energy plantations in which dedicated energy crops are grown and harvested for use as biomass resources. The results of this work will provide sufficient operating and capital cost data to afford second generation economic data for larger modular systems and to perfect the design of sustainable energy plantations. The scale-up projects should be strategically located and should utilize the advanced woody biomass production methods developed in the research programs. Successful completion of this work will help biomass energy attain its potential by providing the data and information needed to implement the design, construction, and operation of practical forest biomass production methods for sustainable energy plantations that can supply low-cost feedstock for conversion to heat, steam, electric power, liquid and gaseous fuels, and chemicals.

It is expected that during the first year of this program, fiscal year 2005, site studies can be completed to facilitate the selection of specific areas that are deemed suitable for energy plantation construction, and that installation on at least one site can be started. DOE should be involved in this program where appropriate so that their work on biomass infrastructure can be applied to program goals such as the design and operation of integrated biomass production and conversion systems.

Prepared Statement of Siemens Westinghouse Power Corporation

SUMMARY OF RECOMMENDATIONS

The Siemens Westinghouse Power Corporation believes that energy technology R&D is essential to our nation's future and respectfully offers the following funding level recommendations in the fiscal year 2005 DOE Fossil Energy R&D budget for Interior Appropriations

Central Systems—Turbines—$25 million.—To support FutureGen by the development of including advanced materials, combustion processes, and advanced sensors and diagnostics, along with university-led research. FutureGen is likely to succeed only if support for this core R&D program is increased to meet the program goals.

Distributed Generation—High Temperature Stationary Fuel Cells—$21.5 million.—For continuation of research for stationary power generation fuel cells.

Distributed Generation-SECA—$50 million.—To fully-fund on-going research for next generation high power density stationary power fuel cell systems (SECA)

—The United States has placed a high priority on developing cleaner more efficient electric power generation technologies;

—The Administration's 2005 budget proposal has significantly under funded the core fossil energy R&D budget which unless corrected, will adversely affect progress toward developing cleaner and more efficient coal based technologies like FutureGen which will be required to meet the increasingly demanding environmental, siting and efficiency demands for new generation technologies;

—New proposals being debated in the Congress will significantly tighten environmental standards but today's technologies are unlikely to meet these standards without additional R&D investments;

—The Administration is addressing the need for advanced energy technologies through initiatives like the Clean Coal Power Initiative and FutureGen, as well as the Freedom Car and Freedom Fuels proposals. Implicit in all of these initiatives is the need to employ our extensive technology capabilities to first utilize coal, our most abundant, dependable and least expensive energy source. As we move to develop advanced coal technologies like integrated gasification combined cycle (IGCC), advanced gas turbines and stationary fuel cells are certain to play key roles in the U.S. generation supply mix;

—The National Research Council's recent report on DOE's Vision 21 program recommended that "additional commitments should be made to develop, design and test large scale turbine and fuel cell power systems that can function successfully on both synthesis gas (syngas) and hydrogen; "The full potential of these cleaner burning and more efficient cold-based generation technologies cannot be achieved without continued investments in advanced gas turbines and stationary fuel cell technologies."

—The Administration has correctly recognized the need for continued R&D funding support for the cost shared, industry-DOE gas turbine program but without significant increases in research to develop gas turbines that can burn synthetic gas derived from coal we are unlikely to meet our expectations in important programs such as FutureGen or IGCC.

—The fiscal year 2005 funding level for high temperature stationary fuel cell power generation applications is zero. This is despite the widespread recognition that the development of stationary fuel cell applications is necessary before success in the transportation sector is feasible. Successful commercialization of stationary fuel cells should provide key technology building blocks that will be required for the transportation programs to reach the aggressive goals which have been established.

—Under the proposed fiscal year 2005 budget, the Administration's stationary fuel cell and turbine program funding commitments fall significantly short of those needed for these two key technologies if the United States is to achieve the Administration's laudable commercialization objectives.

Under the Advanced Turbines—Central Systems—budget line, Siemens Westinghouse Power Corp. recommends a 2005 funding level for DOE's refocused Turbine program of $25 million. While this level is well above the Administration's recommendation of $12 million, it is conservative when compared to DOE-Stakeholder estimates that the program should be funded at a $40 million a year level if we are to achieve the cost and reliability criteria necessary for widespread market penetration of high-efficiency coal plants.

Under Distributed Generation—High Temperature Stationary Fuel Cells we recommend a funding level of $21.5 million.—Without continued funding, the high temperature fuel cell programs will not be completed in a timely fashion to enable their market deployment within the next three years. A significant portion of the tasks remaining will directly apply to and benefit the SECA program, especially as larger sized systems above 10 kW are developed over time utilizing the SECA technology. The $21.5 million funding level will also enable Siemens Westinghouse to continue progress toward the aggressive cost reduction targets mandated by DOE.

Under the Distributed Generation—SECA budget line, we also recommend the funding be increased from the $23.5 million recommended by the President to $50 million.—The Solid State Energy Conversion Alliance or SECA, which this budget line supports, holds great promise for delivering an advanced planar solid oxide technology that will make possible smaller and more efficient fuel cell for the stationary and transportation markets. The cost reductions and technology developed under SECA will enable both stationary and transportation applications.

FUTUREGEN GAS TURBINES

The Department of Energy, in cooperation with industry, has funded research and development through its Advanced Turbine Program, which has made U.S. gas turbines the most advanced in the world. The latest generation of gas turbines, in a combined cycle configuration, is almost twice as efficient as the existing fleet of power plants, while at the same time producing much lower emissions. This gas turbine based advanced generation technology can also be deployed with investment costs that are among the lowest now available in the marketplace on a $/kW basis. But in order to meet the demands of a carbon constrained world, the technology needs to evolve to meet the technology and environmental demands we expect for future coal based power generation concepts such as FutureGen.

The United States is in the process of committing itself to major improvements in both the efficiency and the emission levels of coal powered power plants under DOE's core Clean Coal research and development programs. The Administration has also committed itself to development of the hydrogen economy through the FutureGen program. We can also expect that the FutureGen initiative will result in significant improvements in emission and efficiency levels for existing coal burning generation facilities while at the same time moving us to a new generation of technologies like CO_2 capture ready Integrated Gasification Combined Cycle (IGCC). IGCC holds the potential of using the U.S.'s vast reserves of cheap and abundant coal in ways that are substantially cleaner, more efficient and which will be technologically ready to sequester CO_2.

While the Administration has recognized the important role of the gas turbine in preserving future U.S. coal markets by including funding for the Turbine program in its 2005 DOE R&D budget proposal, the level is significantly below that required to support the FutureGen program in several critical technologies including: advanced materials, sensors, and combustion technologies which will be required of advanced syngas-ready turbines. To enable advanced turbine technologies that will operate on natural gas, synthetic gas from coal or hydrogen, we recommend that the funding level be increased to $25 million. At this level we can accelerate the R&D needed for synthetic coal gas and FutureGen hydrogen applications. Our recommendation reflects the technology needs identified by DOE and others and is also consistent with the view that the turbine program is an integral and key enabling component of the NEP, the CCPI and FutureGen. This increased level of funding will also permit adequate support for the University Turbine Systems Research Program. This program has played a key role in encouraging pre-competitive basic science program participation by the university community and has been a major source of graduate level recruitment for the power generation industry.

Unfortunately, today's advanced gas turbines that use technologies developed under DOE's Advanced Turbine Systems program will require major technology advances if they are to play the key roles envisioned by the Administration's initiatives for several reasons:

—Today's turbine technologies cannot efficiently and reliably use the coal-derived synthetic fuel gas or high hydrogen content gas produced by gasification technology and which are essential to the Department of Energy's FutureGen initiative.

—We do not have the materials or coating systems available that will permit today's advanced turbines to operate at the much higher operating temperatures needed to lower the cost of IGCC plants that provide coal derived syngas or hydrogen to the turbine.

—We do not have the integrated diagnostic equipment, such as real time on-board sensors, to permit the higher levels of reliability needed in these future highly integrated systems. Thus without significant additional research and development in combustion science, advanced real time sensors and diagnostics and advanced materials and coating systems, we run the very real risk that other advanced technology components could be ready for deployment, but lack the key component, the advanced gas turbine.

—With the successful resolution of these technology challenges, the United States will be able to increase its national security, lower consumer costs and reduce emissions.

FUEL CELLS

Stationary fuel cell technology has advanced rapidly in recent years and is broadly and increasingly seen as the stepping stone to long term transportation applications. In particular, fuel cell stationary power applications are now a technological reality although their costs currently limit their application to niche markets where the high costs can be justified.

The Siemens Westinghouse Pittsburgh-based tubular solid oxide fuel cell (SOFC) technology is at a critical pre-commercialization stage with an urgent need for continued pre-commercial demonstrations for product development required to assure commercial viability. The current focus on cost reduction efforts is also essential to ensure a competitive technology which is crucial to the development of high volume manufacturing for commercialization. While the SOFC program has resulted in needed cost reductions, additional work on advanced cell manufacturing, manufacturing assembly and fabrication technologies is critical to achieve the mandated DOE cost reduction targets. Additional demonstrations are needed to ensure that these cost reductions have long term benefits and are sustainable.

The Solid Energy Conversion Alliance or SECA, is the only fuel cell program which is funded in the Administration's proposed fossil energy budget. But the program is funded at a level of only $23.5 million compared to $34.5 million in the fiscal year 2004 budget, a reduction of 32 percent despite the increased DOE contract awards! The SECA program holds great promise but at the Administration recommended level of $23.5 million, it is unlikely to achieve its goals in a timely fashion. We recommend therefore that the Distributed Generation—SECA budget line be increased to $50 million. At this level the program can meet its contract obligations to fund existing commitments and confirm this far reaching new program of research and development.

To date, our efforts have produced a superior technology that has demonstrated the longest running fuel cell of any kind, the longest running high temperature fuel cell system and the world's first high efficiency fuel cell/microturbine hybrid. Instead of eliminating DOE's program continued federal support is critical to achieving the program's milestones and commitments. To achieve these additional cost reductions we recommend a fiscal year 2005 funding level for high temperature fuel cell applications under the Distributed Generation budget line of $21.5 million. The technology and know how developed over the next two years under the tubular solid oxide fuel cell program is also expected to directly benefit the SECA program.

PREPARED STATEMENT OF SOFCO-EFS HOLDINGS LLC

INTRODUCTION

Chairman Burns, Ranking Member Dorgan, and members of the Subcommittee, I am pleased to submit testimony for the Subcommittee's consideration on a program for the Department of Energy.

SOFCo-EFS Holdings LLC (SOFCo-EFS) has been developing integrated fuel cell systems and fuel processors since 1994. SOFCo-EFS employs highly skilled people in Alliance, Ohio and Lynchburg, Virginia.

We currently receive Department of Energy Solid State Energy Conversion Alliance (SECA) funding for our research efforts while providing a private sector match to government dollars provided. However, the SECA program is being threatened. I would request that SECA receive full funding at $50 million in fiscal year 2005 in order to sustain continued research in fuel cells for commercially viable applications. Any reduction in this amount will slow the program and jeopardize other fuel cell research programs which are in step with the SECA timeline for development. The currently proposed 55 percent reduction will jeopardize SECA's overall viability.

SOFCo-EFS has been recognized as a leader in the emerging fuel cell industry at the state and national level. In 2003, SOFCo-EFS received an Emerging Technology Award from Ohio Governor Bob Taft and the Ohio Department of Development, along with a proclamation from the Ohio House of Representatives recognizing SOFCo-EFS' "tremendous record of technological innovations." As a member of one of the original SECA industry teams, SOFCo-EFS was recognized as one of the leading solid oxide fuel cell developers in the United States. However, SOFCo-EFS' contribution to the fuel cell industry is not limited to technology development.

SOFCo-EFS has been instrumental in establishing Ohio based fuel cell initiatives and in growing support for the technology in both the industrial and education sectors. It is a founding member of the Power Partnership for Ohio, a major government-university-industry cooperative venture supporting the development and commercialization of fuel cells and the Ohio Fuel Cell Coalition, a growing organization dedicated to education, advocacy and aiding collaboration and networking in order to build job opportunities around fuel cell technology.

FUEL CELLS AND REVITALIZATION OF LOCAL ECONOMIES

The potential of fuel cells as a clean, efficient, reliable source of electric power has been recognized worldwide. Over 650 installations have successfully demonstrated these benefits. However, the widespread introduction of fuel cells into commercial markets requires further technical advancement, cost reduction, and in some cases development of new infrastructure. Because of the potential for reducing dependence on foreign oil, and the positive impact on emissions reduction, power quality and reliability, and domestic jobs, the creation of a robust fuel cell industry is in the national interest.

Numerous federal agencies have sponsored programs aimed at the development and demonstration of fuel cell technology. While most of these programs have reached technical success, few programs have focused on the cost reductions required to achieve market acceptance. For example, the application of fuel cells by NASA has received attention. However, mission specific features are the critical criteria for these systems, not manufactured costs for commercial applications. In fact, most estimates indicate that current fuel cell costs, factored for high volume production, are between 2× and 10× the costs required for large scale penetration into commercial markets.

In Ohio we have seen the steady loss of manufacturing jobs as the historical manufacturing base matures and labor costs become the governing factor. Since 2001, over 168,000 manufacturing jobs have been lost. Fuel cells offer great prospects for new, high technology jobs, many of which can be created through extensions of the existing manufacturing infrastructure. Governor Taft has recognized this potential, and has committed state support for advancing the fuel cell industry in Ohio.

DEPARTMENT OF ENERGY'S SOLID STATE ENERGY CONVERSION ALLIANCE (SECA) PROGRAM

The DOE Solid State Energy Conversion Alliance (SECA) is a flagship program for moving fuel cells to a stage of development that will create the opportunity to gain the national benefits through widespread public use. This program is unique in structure and goals. Through a competitive process it has combined the top academic, government, and non-profit research organizations with six product oriented teams to deliver fuel cell systems that meet specific product specifications and high volume manufactured cost targets.

The SECA program supports solid oxide fuel cell (SOFC) system development. These systems are generally believed to offer the highest efficiency and lowest cost option, if certain critical targets are overcome. Unlike other fuel cell technologies, SOFC's do not require pure hydrogen for a fuel, and they have been demonstrated to high durability. In addition, since these systems operate at temperatures in excess of 700C, they offer options for efficient combined heat and power applications. Because of these features, it is believed that SOFC's are attractive for a wide range of distributed power and auxiliary power applications. These large markets exist today, and can be penetrated without changes in infrastructure or fuels, if cost and performance are competitive. Because of this, we see the SECA program as one of the critical pathways toward helping the nation begin to capture the promise of fuel cells.

The effort to develop affordable, reliable technology within a well defined product line is difficult and risky. Obviously, this is the domain of private industry, and rarely funded by government programs. Product line extensions have well understood market projections, manufacturing sales and distribution costs, and customer feedback processes. Even with these in place, many products fail. Obviously, this is the domain of private industry with very little support from government funds. However, disruptive technologies pose greater opportunities and threats. Since they usually do not fit within specific product lines, the markets, costs, and timing are uncertain. Thus, the risk is too high for most companies to undertake aggressive development. Fuel cells fit within this classification. Some estimates indicate the total market as high as $250 billion per year. But, the timing and the commercialization costs are highly uncertain. Because of the benefit to national priorities and the great promise for revolutionizing the way we live, government support is warranted to help industry to overcome these risks so that fuel cells move aggressively into the market place.

The SECA program is in the third year of a ten-year, three-phase schedule. This schedule has a 20/50/50 industry cost share requirement for the respective phase and a 60/40 funding split between industry-led teams and national laboratory/academia themes. At this stage, all teams are on schedule to meet cost/performance targets for the first phase. (It is noteworthy that the $800 per kilowatt manufactured cost target would qualify systems for certain high performance markets without further cost reduction). Thus, in addition to the fit with national goals, the SECA program provides a strong program performance justification for maintaining the original funding level, i.e. $50 million per year for phase one. Any reduction in this amount will slow the program, and the currently proposed 55 percent reduction will jeopardize the overall viability.

CONCLUSION

It is strongly urged that the Congress appropriate the additional $27 million of funding needed to supplement the Department of Energy's request of $23 million for SECA. This will allow SECA to retain its original funding level, and allow the DOE to continue to pursue this program as long as program metrics are met. Overall, this will create jobs, improve the security of our nation, and reduce the environmental impact of electric power production.

Prepared Statement of the State Teachers' Retirement System, State of California

Department of Energy—Elk Hills School Lands Fund: $36 million for fiscal year 2005 installment of Elk Hills compensation.

Congress Should Appropriate the Funds Necessary to Fulfill the Federal Government's Settlement Obligation to Provide Compensation for the State of California's Interest in the Elk Hills Naval Petroleum Reserve.

SUMMARY

Acting pursuant to Congressional mandate, and in order to maximize the revenues for the Federal taxpayer from the sale of the Elk Hills Naval Petroleum Reserve by removing the cloud of the State of California's claims, the Federal Government reached a settlement with the State in advance of the sale. The State waived its rights to the Reserve in exchange for fair compensation in installments stretched out over an extended period of time.

Following the settlement, the sale of the Elk Hills Reserve went forward without the cloud of the State's claims and produced a winning bid of $3.65 billion, far beyond most expectations. Under the settlement between the Federal Government and the State, the State is to receive compensation for its claims in annual installments over 7 years without interest. Each annual installment of compensation is subject to a Congressional appropriation. In each of the past 6 fiscal years (1999–2004), Congress has appropriated a $36 million installment of Elk Hills compensation for the State.

The State respectfully requests an appropriation for fiscal year 2005 of $36 million from the Elk Hills School Lands Fund for the seventh installment of compensation for the State's claim, as called for by the terms of its Settlement Agreement with the Federal Government.

The Elk Hills appropriation has the broad bipartisan support of the California Senate and House delegation.

BACKGROUND

Upon admission to the Union, States beginning with Ohio and those westward were granted by Congress certain sections of public land located within the State's borders. This was done to compensate these States having large amounts of public lands within their borders for revenues lost from the inability to tax public lands as well as to support public education. Two of the tracts of State school lands granted by Congress to California at the time of its admission to the Union were located in what later became the Elk Hills Naval Petroleum Reserve.

The State of California applies the revenues from its State school lands to assist retired teachers whose pensions have been most seriously eroded by inflation. California teachers are ineligible for Social Security and often must rely on this State pension as the principal source of retirement income. Typically the retirees receiving these State school lands revenues are single women more than 75 years old whose relatively modest pensions have lost as much as half or more of their original value to inflation.

CONGRESSIONAL DIRECTION TO SETTLE THE STATE'S CLAIMS

In the National Defense Authorization Act for fiscal year 1996 (Public Law 104–106) that mandated the sale of the Elk Hills Reserve to private industry, Congress reserved 9 percent of the net sales proceeds in an escrow fund to provide compensation to California for its claims to the State school lands located in the Reserve.

In addition, in the Act Congress directed the Secretary of Energy on behalf of the Federal Government to "offer to settle all claims of the State of California . . . in order to provide proper compensation for the State's claims." (Public Law 104–106, § 3415). The Secretary was required by Congress to "base the amount of the offered settlement payment from the contingent fund on the fair value for the State's claims, including the mineral estate, not to exceed the amount reserved in the contingent fund." (*Id.*)

SETTLEMENT REACHED THAT IS FAIR TO BOTH SIDES

Over the course of the year that followed enactment of the Defense Authorization Act mandating the sale of Elk Hills, the Federal Government and the State engaged in vigorous and extended negotiations over a possible settlement. Finally, on October 10, 1996 a settlement was reached, and a written Settlement Agreement was entered into between the United States and the State, signed by the Secretary of Energy and the Governor of California.

The Settlement Agreement is fair to both sides, providing proper compensation to the State and its teachers for their State school lands and enabling the Federal Government to maximize the sales revenues realized for the Federal taxpayer by removing the threat of the State's claims in advance of the sale.

FEDERAL REVENUES MAXIMIZED BY REMOVING CLOUD OF STATE'S CLAIM IN ADVANCE OF THE SALE

The State entered into a binding waiver of rights against the purchaser in advance of the bidding for Elk Hills by private purchasers, thereby removing the cloud over title being offered to the purchaser, prohibiting the State from enjoining or otherwise interfering with the sale, and removing the purchaser's exposure to treble damages for conversion under State law. In addition, the State waived equitable claims to revenues from production for periods prior to the sale.

The Reserve thereafter was sold for a winning bid of $3.65 billion in cash, a sales price that substantially exceeded earlier estimates.

PROPER COMPENSATION FOR THE STATE'S CLAIMS AS CONGRESS DIRECTED

In exchange for the State's waiver of rights to Elk Hills to permit the sale to proceed, the Settlement Agreement provides the State and its teachers with proper compensation for the fair value of the State's claims, as Congress had directed in the Defense Authorization Act.

While the Federal Government received the Elk Hills sales proceeds in a cash lump sum at closing of the sale in February, 1998, the State agreed to accept compensation in installments stretched out over an extended period of 7 years without interest. This represented a substantial concession by the State. Congress had reserved 9 percent of sales proceeds for compensating the State. The school lands owned by the State had been estimated by the Federal Government to constitute

8.2 to 9.2 percent of the total value of the Reserve. By comparison, the present value of the stretched out compensation payments to the State has been determined by the Federal Government to represent only 6.4 percent of the sales proceeds, since the State agreed to defer receipt of the compensation over a 7-year period and will receive no interest on the deferred payments.

Accordingly, under the Settlement Agreement the Federal Government is obligated to pay to the State as compensation, subject to an appropriation, annual installments of $36 million in each of the first 5 years (fiscal years 1999–2003) and the balance of the amount due split evenly between years 6 and 7 (fiscal years 2004–2005).

THE MONEY IS THERE TO PAY THE STATE

The funds necessary to compensate the State have been collected from the sales proceeds remitted by the private purchaser of Elk Hills and are now being held in the Elk Hills School Lands Fund for the express purpose of compensating the State.

For each of the last 6 fiscal years, Congress has appropriated a $36 million installment of Elk Hills compensation to the State, leaving a balance of approximately $108 million owing to the State under the settlement.

CONGRESS SHOULD APPROPRIATE THE FUNDS NECESSARY FORTHE FISCAL YEAR 2005 INSTALLMENT OF ELK HILLS COMPENSATION

The Administration's proposed fiscal year 2005 Budget did not propose any appropriation for the 7th annual installment of Elk Hills compensation due for fiscal year 2005. The Administration provided no explanation, but stated in the accompanying budget documents: "In light of the delays in equity finalization, the Department [of Energy] expects to consult with the State of California in calendar year 2004 to discuss a revised payment schedule."——(Fiscal year 2005 Budget Appendix, at p. 403).

Upon further consideration of its position, the Administration has determined to amend the President's fiscal year 2005 Budget to request $36 million for the seventh installment of Elk Hills compensation, payable in fiscal year 2005. (See letter from the Secretary of Energy Spencer Abraham to Rep. Bill Thomas, dated April 5, 2004, attached). In his letter, Secretary Abraham states, "the Administration has reviewed the level of fiscal year 2005 funding for the Elk Hills School Lands Fund in light of your letter, and we have concluded that an additional payment of $36 million in fiscal year 2005 would be appropriate. The Administration will submit to Congress a budget amendment for this amount." (p. 1).

CONCLUSION

The State respectfully requests an appropriation for fiscal year 2005 of $36 million from the Elk Hills School Lands Fund for the seventh installment of compensation for the State's claim, as called for by the terms of its Settlement Agreement with the Federal Government.

Attachment.

THE SECRETARY OF ENERGY,
Washington, DC, April 5, 2004.

Hon. WILLIAM M. THOMAS,
U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN THOMAS: Thank you for your February 26, 2004, letter inquiring about the Administration's budget request for the seventh payment under the School Lands Settlement Agreement executed on October 11, 1996 by the Department of Energy (DOE) and the State of California pursuant to title XXXIV of the Defense Authorization Act for fiscal year 1996 (Act).

Let me assure you that the Administration is fully committed to fulfilling the Department's obligations under the Settlement Agreement, which was executed in connection with the sale of the Government's interest in Naval Petroleum Reserve No. 1, also known as Elk Hills. Additionally, I am pleased to inform you that the Administration has decided to amend its fiscal year 2005 Budget to include a request for an additional payment of $36 million in fiscal year 2005, bringing total fiscal year 2005 funding to $72 million.

The President's fiscal year 2005 Budget submitted to Congress in February 2004 included the $36 million provided in the fiscal year 2004 Interior and Related Agencies Appropriations Act for the next payment under the Elk Hills School Lands Settlement Agreement, which becomes available for payment on October 1, 2004, the beginning of fiscal year 2005. The Budget did not include any request for additional funding due to the uncertainty concerning the amount that ultimately will be due the State. The equity finalization process has proceeded more slowly than anticipated at the time of the Agreement. The Department currently expects equity finalization to be completed by the end of fiscal year 2007, at which time (assuming no further delays) we will know the amount due to the State under the terms of the Settlement Agreement.

Nevertheless, the Administration has reviewed the level of fiscal year 2005 funding for the Elk Hills School Lands Fund in light of your letter, and we have concluded that an additional payment of $36 million in fiscal year 2005 would be appropriate. The Administration will submit to Congress a budget amendment for this amount.

The delays in the equity finalization process and the payment schedule clearly warrant consultation between the State and the Department, and I have instructed our legal representatives to contact the State's representatives to discuss the status of our equity finalization process with the State and the payment schedule under the Agreement.

If the Department may be of further help, please contact me or Mr. Rick A. Dearborn, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202)586–5450.

Sincerely,

SPENCER ABRAHAM.

PREPARED STATEMENT OF THE U.S. FUEL CELL COUNCIL

Chairman Burns, Ranking Member Dorgan and honorable members of the committee. The fuel cell industry is requesting that this subcommittee support an increase of $20 million over President Bush's request of $77.7 million for the Energy Conservation Budget within the Department of Energy (DOE) as well as a restoration of funds to fiscal year 2004 levels for the Office of Fossil Energy.

On behalf of the 115 companies from across the country that we represent, the U.S. Fuel Cell Council would first like to thank you for the opportunity to share our thoughts with you. Also, thank you for your support of our industry last year. The increases you were able to obtain for the Fossil Energy Office program, as well as your ability to hold onto much of the President's increased request for the program in the Energy Efficiency and Renewable Energy Office, was greatly appreciated.

Mr. Chairman, the Fuel Cell Industry has a proud record of working hand-in-hand with our government counterparts. In his 2003 State of the Union Address, President Bush committed our nation to building a hydrogen economy as a way to decrease our dependence on foreign oil, improve the environment and obtain greater energy independence. Since the President made that commitment, our technologies have received favorable attention by Congress, the Administration, as well as the public.

As you know, fuel cells are devices that convert chemical energy in fuel to electricity and heat without combustion. Fuel cells transform the way power is generated and delivered, because they are:

—Secure, reliable and provide high-quality power at the point of demand, with some systems able to provide "free" thermal energy as well as electric energy;
—Fuel-efficient, using far less fuel to generate power than needed by comparable technologies; and
—Clean, emitting virtually no pollution during the power generation process.

As an industry, we are happy to report that we are making significant strides in carrying out the President's mission, and we are committed to ensuring a continued and aggressive competitive Research and Development program within the Department of Energy to advance America's transition to a hydrogen economy.

A committee of the National Academies of Science (NAS) recently examined the Department of Energy's hydrogen and fuel cell vehicle program and concluded that a transition to hydrogen "could fundamentally transform the U.S. energy system, creating opportunities to increase energy security . . . while reducing environmental impacts."

The National Academy study also recognized the enormous long-term potential of the hydrogen economy, and recommended expanding research in fuel cell cost reduction and durability, and in hydrogen storage, delivery and safety. The report, "The Hydrogen Economy: Opportunities, Costs, Barriers, and R&D Needs" stated it was "impressed by how well the hydrogen program has progressed."

Again, the U.S. Fuel Cell Council wants to build on this momentum. We encourage this committee to increase funding from the budget request by $20 million to bring total fuel cell funding in the Energy Conservation Budget to $97.7 million. This compares with a $65.2 million level in 2004. These funds support competitive solicitations for research and development of components, reformers, stacks and fuel cells systems in portable, stationary, transportation and micro applications. Increases in funding will be used to fund industry efforts to improve reliability, decrease costs and move technology forward. The industry is also pleased to see an emphasis on codes and standards, and we are actively pursuing standards for telecommunications applications as well as equipment separation distance standards.

In general, fuel cells and surrounding systems developed within the Conservation account are Proton Exchange Membrane (PEM) fuel cells. PEM is a highly versatile technology, and we encourage DOE to fund the full range of applications: portable and micro fuel cell systems, stationary fuel cell systems, and transportation related fuel cell systems. The USFCC is very encouraged by the consistent funding request for the Freedom Car initiative.

Our industry is also developing larger scale fuel cells for stationary applications under the Office of Fossil Energy (FE), and we are concerned about the alarming 68 percent decrease in the FE Distributed Generation Systems Budget funding request. For fiscal year 2005, all but one funding line has been eliminated and the remaining Solid State Energy Conversion Alliance (SECA) funding was reduced to a mere $23 million. We urge the Subcommittee to provide at least $50 million for the all-important work under SECA and to restore the level for Fuel Cell funding to the fiscal year 2004 appropriated amount of $71 million.

Allow me to briefly review some of the programs that fall under your jurisdiction within the Office of Energy Efficiency and Renewable Energy and the Fossil Energy Office. They include: Transportation Systems; Distributed Energy Systems; Stack Component R&D; Fuel Processor R&D; Technology Validation; Technical/Program Management Support; and the Solid State Energy Conversion Alliance (SECA).

TRANSPORTATION SYSTEMS

Transportation Systems R&D addresses key barriers to fuel cell systems for transportation applications. These barriers include attaining low cost and high-durability technical targets. Due to the strong level of industry development of complete systems, this program does not develop integrated systems. Rather, it seeks component technology critical to system integration.

DISTRIBUTED ENERGY SYSTEMS

Distributed Energy Systems develops high-efficiency PEM fuel cell systems as an alternative power source to grid-based electricity for buildings and other stationary applications. The program supports the Hydrogen Fuel Cell and Infrastructure Technology (HFCIT) program by overcoming barriers to stationary fuel cell systems that will enable the widespread use of fuel cells in distributed energy applications.

STACK COMPONENT R&D

Stack Component R&D focuses on critical technical hurdles for PEM fuel cell stack components for both stationary and transportation applications. Hurdles include cost, durability, efficiency and overall performance. The success of these research and development efforts will assist the industry in making their decision regarding commercialization of fuel cells.

FUEL PROCESSOR R&D

The Fuel Processor R&D program helps develop fuel processors for transportation, stationary, auxiliary and portable power generation. Fuel processing technology will enable fuel cells to be fuel-flexible—capable of reforming gasoline, methanol, ethanol, natural gas and propane into hydrogen. Due to the current lack of hydrogen infrastructure, this technology will enable fuel cells, which operate more efficiently and in an environmentally friendly manner, to be used until hydrogen becomes more readily available.

TECHNOLOGY VALIDATION

Technology Validation is coordinated with other government programs and is a 50/50 cost shared effort between the government and industry for automobile manufactures, energy companies, suppliers, universities and states. The effort will validate components under real-world conditions, and assist industry by providing safety, maintenance and fueling data. Technology validation will also be critical to help industry make commercialization decisions by 2015.

TECHNICAL/PROGRAM MANAGEMENT SUPPORT

The Technical/Program Management program provides the analysis framework and technical support to meet the DOE's planning process. It also keeps the research and development agenda on target to meet and exceed goals.

SECA

The Solid State Energy Conversion Alliance, under DOE's Office of Fossil Energy, works in conjunction with the National Energy Technology Laboratory and the Pacific Northwest National Laboratory to develop commercial, cost-effective solid oxide fuel cell prototypes for diverse applications. The solid-oxide fuel cells will help mitigate environmental concerns associated with current methods of generating electricity from fossil fuels.

As you know, the fuel cell industry is emerging, and in the short term, is dependent on industry-government collaboration, particularly for research, development and demonstrations.

Mr. Chairman, allow me to take a moment to say a word about demonstrations, which have received a lot of negative attention lately. In our opinion, recent comments mischaracterize demonstrations as premature and distractive to developing fuel cell technology. Our council feels that a structured and comprehensive demonstration program is particularly important for the development of our industry. Demonstrations serve as extensions of DOE's research, designed to obtain performance and durability data in real world environments. In fact, the chairman of the NAS committee has recently characterized research, development and demonstration as a "continuum" in the commercialization process.

Let me conclude by saying that America is poised to lead the world in fuel cell and hydrogen technology; however, other countries, particularly Japan, continue to gain on our progress. That said, if America expects to be the dominant producer and user of fuel cells, we must continue to make commitments that will move us toward President Bush's vision of a sustainable hydrogen economy.

To that aim, the 115 members of the U.S. Fuel Cell Council encourage robust funding for all of the fuel cell activities under your jurisdiction.

Thank you for considering our requests, and we thank you for your steadfast support over the years.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

PREPARED STATEMENT OF ADVOCATES FOR HEALTH, PUBLIC PARKS, AND RECREATION

The undersigned organizations urge your support for a fiscal year 2005 appropriation of $200 million from the Land and Water Conservation Fund for assistance to state and local governments, and $50 million for the Urban Park and Recreation Recovery Program.

Recent revelations in the *Journal of the American Medical Association* (March 10, 2004) on the increasing rate of mortality attributable to physical inactivity and poor diet increase the imperative to invest in public park and recreation facilities that encourage active lifestyles. The 400,000 deaths annually due to physical inactivity and poor diet is the "largest increase among all causes of death," the report observes. Also, Kenneth H. Cooper, M.D., M.P.H. recently noted, "(Today) our kids are fatter and less fit than they have been in the history of this country." (Statement to National Governors' Association, Winter Meeting, Feb. 22, 2004.)

A report by the National Center for Chronic Disease Prevention and Health Promotion reinforces our recommendations. The Center observed, "(C)haracteristics of our communities such as the accessibility and location of parks, trails, sidewalks and recreation centers . . . may play an even greater (than social environments) role in promoting or discouraging an individual or family's level of physical activity."

Congressional support for increased public access through recreation development and resource conservation holds high potential for at least stabilizing costs over the long term. For example, the four diseases that may be prevented by appropriate active lifestyles, including active recreation—heart disease, cancer, stroke, and diabetes—are life-threatening and costly to treat. The Centers for Disease Control and Prevention has observed that if physically inactive people were to become sufficiently active, we could potentially reduce health care costs by over $75 billion a year. Active recreation also can promote mental health; it can reduce feelings of anxiety and depression.

Youth, especially, can benefit from active recreation. About 15 percent of all children are obese, a condition that increases the risk of high blood cholesterol, high blood pressure, and diabetes. By being physically active on a regular basis, often at public parks and recreation sites, youth may be able to avoid or delay health problems associated with obesity and related conditions.

With appropriate funds, thousands of public park and recreation facilities in American communities will be created, restored, and expanded, thus offering greater opportunity for active lifestyles. We urge your support for federal-state-local fiscal partnerships that will further these objectives.

Richard Hamburg, Director of Government Relations, American Heart Association
John Thorner, Executive Director, National Recreation and Park Association
Jacqueline vdH Sergent, MPH, RD, LDN, Health Promotion Coordinator, Granville-Vance District Health Dept, Oxford, NC
Donna Nichols, State Directors of Health Promotion and Education, Texas
Barbara J. Moore, PhD, President and CEO, Shape Up America!, Portage, WI
Arlene Prather-O'Kane, RNC, Program Manager, Black Hawk County Health Department, Waterloo, IA
Nicole Mayernik, MPH, Health Promotion Coordinator, Rockingham County Dept. of Public Health, Wentworth, NC
Paddy Rossbach, RN, President and CEO, Amputee Coalition of America, Knoxville, TN
Robert L. Guenther, Vice President, Public Policy, United Fresh Fruit & Vegetable Association
Margo G. Wootan, D.Sc., Director of Nutrition Policy, Center for Science in the Public Interest
Carol Tucker Foreman, Distinguished Fellow & Director, The Food Policy Institute, Consumer Federation of America
Sue Koob, Executive Director, Preventive Cardiovascular Nurses Association
Robert Klaus, President and CEO, Oral Health America, Chicago, IL
Dan Flynn, Secretary General, US Soccer Federation
John Koskinen, Acting Executive Director, US Soccer Foundation
Cherie Tucker, Executive Director, American Youth Soccer Organization
Jane Voichek, Ph.D., President, Society for Nutrition Education, James Cosgrove, Executive Director, US Youth Soccer
David Watt, Executive Director, American Running Association, American Medical Athletic Association
Karen Votava, Executive Director, East Coast Greenway Alliance, Wakefield, RI
Richard Olken, Executive Director, Bikes Belong Coalition, Boston, MA
Leonard A. Cohen, PhD, Director, Research Animal Facility, Institute for Cancer Prevention, Valhalla, NY
Harold Goldstein, DrPH, Executive Director, CA Center For Public Health Advocacy, Davis, CA
Sara B. Bonam, President, Association of State and Territorial Public Health Nutrition Directors
Becky J. Smith, PhD, CHES, CAE, Executive Director, American Association for Health Education
Amy Joy Lanou, Ph.D., Nutrition Director, Physicians Committee for Responsible Medicine

---

Prepared Statement of the Confederated Tribes of the Warm Springs Reservation of Oregon

Summary

Mr. Chairman, I am Garland Brunoe, Chairman of the Confederated Tribes of the Warm Springs Reservation. I hereby submit the following requests for the fiscal year 2005 BIA and Indian Health Service appropriation:

(1) Add $2 million to BIA TPA Forestry designated for Warm Springs,

(2) Restore Endangered Species funding in Non-Recurring Programs to $2,679,000,

(3) Add $500,000 to BIA Water Management Planning and Pre-Development in Non-Recurring Programs designated for Warm Springs water settlement implementation studies,

(4) Add or earmark $500,000 for Warm Springs in BIA Law Enforcement, Special Programs and Pooled Overhead, and

(5) Add $2,232,000 to IHS Hospitals and Clinics to fulfill U.S. commitments in the Warm Springs IHS Joint Venture Agreement Pilot Project.

(1) Add $2 million to BIA TPA Forestry designated for Warm Springs

We request the addition of $2 million to the Bureau of Indian Affairs Tribal Priority Allocation budget specifically for the BIA Forestry program at Warm Springs. Forestry funding was slashed by nearly 20 percent in fiscal year 1996, crippling the BIA's capability to manage our forest as a trustee. In fiscal years 2003 and 2004, the Administration acknowledged this shortage by requesting BIA TPA Forestry increases of $1.5 million for each year. But the Forestry program is so underfunded that those increases were principally dedicated to forested reservations that previously had no TPA Forestry funding. Forested tribes such as Warm Springs, with already existing TPA Forestry budgets, regardless of their insufficiency, saw no appreciable increase.

The insufficiency of BIA Forestry funding has been documented many times over past years in internal BIA documents and by outside independent observers. In fact, the Second Indian Forest Management Assessment Team (IFMAT–II) report, mandated by Congress to be done every ten years by a fully independent assessment team, was issued in December 2003 with a key finding that the federal funding of Indian forests is strikingly below that for National Forests and recommending that BIA Forestry funding be increased by $119 million annually to achieve funding parity. At Warm Springs, the consequences of a historically insufficient Forestry program have been manifested by our Tribe's lawsuit against the BIA for timber mismanagement. The case is again before the appeals court and remains unresolved since 1996. From the time the Tribe initially prevailed and proved that the BIA breached its trust responsibility, there has been no appreciable increase in BIA TPA Forestry funding for our Reservation. In fact, the BIA has actually reduced BIA Forestry funding at Warm Springs from the early 1990's.

The $2 million increase for Warm Springs is necessary if the BIA is to rectify its Forestry inadequacies on our Reservation and fulfill, as a trustee, its legal duties and obligations to properly manage the Tribes' forest resources.

(2) Restore Endangered Species funding in Non-Recurring Programs to $2,679,000

This budget item includes the only funding provided by the Bureau of Indian Affairs for northern spotted owl and marbled murrelet compliance requirements under the Endangered Species Act for Northwest tribes. In fiscal year 2003, Warm Springs received $103,000 for this mandate, a reduction from the fiscal year 2000–02 levels of $191,000. The program was initiated by Congress in direct response to management requirements necessitated by the owl and murrelet listings under the ESA. It was subsequently combined with funding for a ferret program that the Administration unsuccessfully sought to eliminate in fiscal year 2002 (Congress funded the total ESA program at $3 million.) In fiscal year 2003 the Administration sought unsuccessfully to eliminate both activities and requested only $197,000 for the program. Congress appropriated $2,679,000. In fiscal year 2004 the Administration again sought to dramatically reduce both activities. Congress partially restored the program to $2,172,000, a reduction of $507,000 from fiscal year 2003.

For fiscal year 2005, $2,189,000 is requested for the BIA ESA program. We ask that the program be restored to at least the fiscal year 2003 level of $2,679,000. The funds are essential to our compliance with Endangered Species Act management requirements. The 2003–2004 reduction in funding from established levels and increasing compliance costs severely constrain our ability to meet those requirements, which in turn sharply restricts the planned timber sales levels essential for the employment and operation of our sawmill and for the revenues necessary to support our tribal governmental operations. Most other federal agencies have comparatively lavish ESA compliance budgets. It is both inequitable and startlingly callous that ESA funding for Indian tribes, whose economies are often among the most beleagured, should be treated so dismissively, particularly when, for at least the timber tribes, their economy is so dependent on the sufficient funding of this federal mandate.

(3) Add $500,000 to BIA Water Management Planning and Pre-Development in Non-Recurring Programs designated for Warm Springs water settlement implementation studies

In opening, we note that the Administration has requested lower funding levels for Water Management, Planning, and Pre-Development in fiscal years fiscal year 2003 and fiscal year 2004, and has effectively frozen the program at this diminished level for fiscal year 2005.

Warm Springs specifically requests $500,000 be provided for the Warm Springs Tribe to complete the studies and planning necessary for Water Management Planning and Pre-Development on the Reservation. In 1997, Warm Springs was the first tribe in many years to reach a negotiated water settlement with the United States and the State of Oregon. This settlement left most of the water in the Metolius and Deschutes Rivers and eliminated the need for the expensive water development legislation that normally accompanies tribal water settlements. But financial support is still needed for the Tribe to realize many of the benefits of the settlement, including development of a Comprehensive Warm Springs Water Development Plan, conduct of water quality modeling for the Deschutes River Basin, and examining potential energy development. An increase of $500,000 will allow the Tribe to pursue these projects and will help assure that the Tribe and the United States both participate in the benefits of settlement.

(4) Add or earmark $500,000 for Warm Springs in BIA Law Enforcement, Special Programs and Pooled Overhead

Beginning in the early 1960's, as the Tribe began to assert more jurisdiction and authority over reservation law enforcement, the BIA responded by gradually transferring federal funding elsewhere. Today, such a response is specifically prohibited by the Indian Self-Determination Act.

Law enforcement and public safety remains a very high priority at Warm Springs. In the past three years, Tribal leaders have worked to improve law enforcement capability on the reservation by augmenting Tribally-funded police officers, corrections officers, investigators and fire medics with additional personnel and equipment supported in part by BIA law enforcement funds.

For fiscal year 2005, we note that the Administration has requested an increase of more than $10,000,000 for Law Enforcement programs. However, we understand that 80 percent of that increase is targeted to operate 8 new BIA jails. Our concern is that the fiscal year 2005 requested increase, like the $20 million increase requested by and provided to BIA Law Enforcement Services for fiscal year 2004, will be directed to those locations where tribes have left law enforcement responsibility entirely up to the BIA. Tribes such as Warm Springs that have stepped forward to help share local law enforcement responsibilities must not be penalized for having done so, and should share in BIA LES funding increases.

The needs at Warm Springs are severe. Our tribal police force is extremely overextended, and no other law enforcement authority (State Police, County Sheriff, U.S. Marshall, ect.) patrols or operates at Warm Springs. Major crime has increased on our Reservation to the degree that the FBI has assigned an additional agent in the area. Additionally, the Warm Springs jail, designed and built by the BIA, fails to meet current federal requirements, especially for juvenile offenders. Our law enforcement circumstances are dire and the BIA must not be permitted to continue sidestepping its responsibilities for the public safety of the Warm Springs Reservation. Accordingly, we request that the Congress direct an increase of $500,000 in BIA Law Enforcement Services for Warm Springs.

(5) Add $2,232,000 to IHS Hospitals and Clinics to fulfill U.S. commitments in the Warm Springs IHS Joint Venture Agreement Pilot Project

In 1993 the Congress, Indian Health Services (IHS) and the Warm Springs Tribe entered into an innovative "Joint Venture Pilot Project" to improve health care facilities and services at Warm Springs. The Tribe financed and constructed a new clinic to federal standards and the Congress and IHS agreed to fully fund and staff an enhanced health care program in the new facility. However, the federal funding actually provided has been far short of the promise. Moreover, for the last several years inadequately funded federal mandates have further diminished health services at Warm Springs. We request a $2,232,000 increase in funding IHS Hospitals and Clinics to offset unfunded pay costs, to adjust for 12 percent medical inflation and to provide full direct services for Warm Springs.

Mr. Chairman, that concludes the Warm Springs testimony on the fiscal year 2005 BIA and IHS appropriations.

PREPARED STATEMENT OF THE CONFEDERATED TRIBES OF THE SILETZ INDIAN RESERVATION

INTRODUCTION

My name is Delores Pigsley, I am Chairman of the Confederated Tribes of the Siletz Indian Reservation. Our territory, while located on the beautiful Oregon Coast, is rural and isolated, especially from critical health care services. I submit this written testimony to the Appropriations Committee seeking additional funds for the Indian Health Service and for specific health programs at Siletz.

IHS FISCAL YEAR 2005 BUDGET

Overall, with regard to the President's fiscal year 2005 request for Indian Health Service, we note that the request represents a mere $45 million or 1.6 percent increase over last year's enacted level. It is noted that the fiscal year 2004 IHS appropriation was subject to two budget recissions totaling $36.4 million. If the recission amounts were added back to the IHS' final fiscal year 2004 allocation, the President's request would only be a .3 percent increase. This is a shameful and deliberate attempt to abrogate the federal responsibility for health care to Indian people that was pre-paid by Indian lands and property and guaranteed in treaties and executive orders. We must, at the very least, have a budget that accounts for medical inflation of 10 percent of $126.3 million; population growth of $59.8 million; and Pay Act increases of $36 million. This is needed just to preserve our current level of services.

The Confederated Tribes of Siletz operate a small ambulatory health facility under Public Law 93–638 Self-Governance Compact with the Indian Health Service. Our small facility provides more than 24,000 primary care visits each year, consisting of medical care, dental services, optometry and pharmaceutical. In addition, our health program consists of mental health, substance abuse, community health, diabetes program and numerous health promotion/disease prevention activities. Below, we discuss our most immediate health care funding needs.

Contract Health Services

Adequate funding of medical inflation, population growth and deferred CHS is critical to the health and well-being of our Siletz Tribal Members. Because the majority of our tribal population does not live within reasonable commuting distance to our clinic, we operate and rely heavily on Contract Health Services for hospitalization, specialty care and primary care that is not easily accessible through our facility because of distance. Insufficient resources in this program has resulted in unfunded, deferred health care requests such as CT scans, hernia repair, knee and/or hip surgeries, psychological counseling, back surgeries and many other treatments that do not meet current funded levels of priority. Our patients must become sicker to meet priority for treatment, which is contrary to the Tribe's goals of promoting health and well-being for our membership. At a minimum, CHS inflationary increases totaling $59.4 million should be added to the 2005 IHS appropriation. Our Siletz CHS program needs an earmark of $1.8 million to meet unmet CHS needs.

Pharmaceuticals

Pharmaceuticals are the fastest growing cost for our health program. Last year alone our CHS spending in this category exceeded $400,000. Combined with pharmacy costs in our health clinic, we spent over $1 million in 2003 in this area. Each year for the past three years pharmaceutical costs have risen by nearly 40 percent, compared to the dismal average 3 percent inflation in Indian health appropriations. We are well aware that it will take active management of our pharmacy programs, in addition to access to lower-cost pharmaceuticals, to regain control over pharmacy costs. We recommend a $2 million separate line item for pharmaceuticals so the Siletz Tribe can implement cost savings programs to control use and to purchase needed pharmaceuticals.

Pain Management Program

The Siletz Tribe is very interested in establishing a Pain Management program. Narcotic addiction and medication diversion within the Siletz Community has become increasingly problematic. Patients with real chronic pain often must rely on medications alone to cope with daily living. We envision development of a holistic approach to pain management encompassing social/physical/emotional/cultural interventions. Group patient education and support meetings will be combined with personal training and 1:1 therapeutic movement, acupuncture and traditional healing to assist our members in achieving their highest potential. A special earmark appropriation of $750,000 to support further development and implementation of the program is recommended.

Siletz Community Health Clinic Remodel and Expansion Project

Our facility was constructed in 1990 without Indian Health Facilities appropriations. Our Tribe recognized the health care shortage in our community and labored to meet those needs through alternative funding sources. In ten short years our program has outgrown our building, and many services are housed in other locations. Medical, dental and pharmacy areas are overcrowded and diminish our capacity. Our Substance Abuse program and Contract Health Services are off-site. Medical records are overflowing. We need to embark on a major remodel and expansion to maintain quality services. We intend to leverage some of our own third-party collections to obtain other funding from outside sources. Congressional support for a special earmark of $2.75 million for architecture, engineering and construction—plus an additional $5 million recurring staffing package is recommended.

PREPARED STATEMENT OF THE NATIONAL CONGRESS OF AMERICAN INDIANS

On behalf of the more than 250 member tribal nations of the National Congress of American Indians, we are pleased to present testimony on fiscal year 2005 appropriations for the Bureau of Indian Affairs and Indian Health Service.

On February 2, President Bush proposed a $2.4 trillion budget for fiscal year 2005 that included level funding and numerous decreases for Indian programs, continuing the trend of consistent declines in federal per capita spending for Indians compared to per capita expenditures for the population at large.

We are deeply disappointed that this budget does not reflect leadership by this Administration to take on the "Quiet Crisis" which has resulted from underfunding of federal Indian Programs according to a 2003 report of the bipartisan U.S. Civil Rights Commission. While we recognize that this budget reflects fiscal belt-tightening across the board, we believe this quiet crisis should be a national priority to address—certainly as worthy of focus as programs such as sending a manned mission to Mars which this Administration has prioritized instead. We hope that Congress will work with tribes to see this priority better reflected in the budget process.

The Administration's proposed budget does not reflect the priorities of Indian Country to fully fund Indian health care, Tribal Priority Allocations, contract support, school facilities, and services at the local level. These priorities have been laid forth by the BIA/Tribal Budget Advisory Council, as well as by tribal leaders in budget consultations with IHS and other agencies. We ask that these recommendations be taken more closely to heart as the fiscal year 2005 budget advances.

BUREAU OF INDIAN AFFAIRS/OFFICE OF SPECIAL TRUSTEE

The BIA budget request for fiscal year 2005 is $2.3 billion, a drop of $52 million from the 2004 enacted level. In the BIA budget, the costs of OST-BIA reorganization are effectively punishing tribes for the Department's own trust mismanagement—a double injury to individual and tribal trustees hurt by this mismanagement. With continuing focus on a reorganization plan that NCAI and numerous tribes have opposed, the 2005 BIA budget proposes a net increase of $42 million in trust-related programs, and cuts to other programs to offset trust increases that result in a de facto decrease in critical tribal funding within BIA of over $100 million. Other key areas of the BIA budget, such as Tribal Priority Allocations and initiatives that support education and economic development, remain deeply under-funded.

Tribal Priority Allocations (TPA).—TPA funding is the main source of tribal resources to provide governmental services at the local level for most tribes. Funding for this account supports ongoing services at the local tribal level for such critical needs as housing, education, natural resource management, and tribal government services. Since tribes have flexibility to use TPA funds to meet the unique needs of their individual communities, these funds are an essential resource for tribes to exercise their powers of self-governance. This account, key to tribal self-determination, has been deeply underfunded for years. According to a 2003 report by the U.S. Commission on Civil Rights, the percentage of BIA funds provided to TPA has steadily dwindled since 1998. Between fiscal year 1998 and fiscal year 2003, TPA spending power has decreased by $36.5 million or 4.4 percent. Unfortunately, the proposed fiscal year 2005 budget fails to even address inflationary costs, with only a $5 million increase requested for this key account. NCAI recommends at least a 5 percent increase in TPA for fiscal year 2005 to address inflationary cost increases, a total increase of $35 million over the fiscal year 2004 enacted level.

According to the U.S. Census Bureau's *Poverty in the United States: 2001,* 31 percent of reservation inhabitants live in poverty, 2.7 times higher than the national poverty rate. Likewise, unemployment for American Indians averages 43 percent—twice the rate during the Great Depression—compared to the national rate of 5.5 percent. Simply put, tribal governments simply cannot continue to provide essential government services to our growing—and disproportionately poor—population without a substantial increase in our TPA funds.

Self-Determination Pay Cost Increases.—NCAI recommends that 638 Pay Costs be restored to full funding for tribes in the fiscal year 2005 Interior Appropriations budget. In the past, the 638 Pay Cost account has matched what the Administration and Congress provide for federal workers employed by federal agencies each year. But tribes received only 15 percent of their 638 Pay Cost funding in fiscal year 2003 and about 30 percent in fiscal year 2004. As a result of these decreases, tribes' core service funding is effectively rendered far less than nearly a decade ago. This underfunding seriously undermines tribes' ability to provide critical services promoting the public safety, security, and well being of communities already suffering some of the worst living standards in America. Some federal agencies may be able to absorb such an onslaught of cuts, but tribes—wrestling with well-documented funding shortfalls to begin with—cannot. The Pay Cost disparity between federal and tribal employees seriously undermines the federal Indian policy of self-determination and self-governance.

Office of Special Trustee.—The budget request includes a significant initiative to increase funding for trust management within the BIA and the Office of Special Trustee. The request included a significant increase of $53.3 million to the Indian Land Consolidation account, a welcome increase to an area supported by NCAI and tribes as vital to long-term trust management reforms. However, $109 million would be directed toward a historical accounting without mutually acceptable parameters established on how to undertake this extraordinary complex task. The Office of Special Trustee would receive a $113.6 million increase—to $322.7 million—which is partially offset by a $63 million cut to BIA Construction and a $13.5 million cut to BIA Other Recurring Programs. Within BIA Construction accounts, Education Construction will lose $65.9 million—despite a terrible backlog of new school construction needs that everyone agrees must be taken care of promptly.

Tribal leaders have repeatedly emphasized that funding needed to correct problems and inefficiencies in DOI trust management must not come from existing BIA programs or administrative monies—yet once again, this year's budget request reduces effective funding for tribes to fund a reorganization that tribes have opposed. It is critical that the Department request additional funding from Congress to correct the internal problems created through their administrative mistakes rather than depleting existing, insufficient BIA program dollars for these purposes.

Contract Support Costs (CSC).—Contract Support Cost (CSC) funds are the key to self-determination for tribes—these funds ensure that tribes have the resources that any contractor would require to successfully manage decentralized programs. The President requested a $2 million reduction in funding for BIA contract support costs, down to a proposed level of $133.3 million from the fiscal year 2004 request of $135.3 million. The shortfall in BIA CSC (including direct CSC) is estimated to be $51 million by year end fiscal year 2005, a shortfall which continues to penalize tribes that elect to operate BIA programs under the self-determination policy. Additional CSC appropriations are needed to implement the self-determination and self-governance policy as supported by Congress. An additional $25 million is needed in BIA to fully fund CSC (excluding direct contract support costs).

School Operations.—NCAI and the U.S. Civil Rights Commission have called for badly needed increases to funding for BIA School Operations—but rather than addressing the tremendous need that exists for classroom dollars, transportation, and contract support for tribally operated schools, this critical account would be decreased under the proposed budget to $522.4 million, down $6 million from the enacted amount in fiscal year 2004.

Proposed funding for Administrative Cost Grants—the equivalent of contract support for tribally operated schools—not only fails to come close to addressing the drastic shortfalls faced in this account, but would actually be cut. Despite current funding that is approximately 70 percent of the formula required by law for essential Administrative Cost Grants that support sound management of tribally-operated schools, the President's budget would cut funding for this critical line item by $3.8 million to $45.3 million for fiscal year 2005.

With the added burden of implementing the requirements of the No Child Left Behind Act, additional funding for ISEP is absolutely critical to the continuing function of BIA schools. NCAI also remains deeply concerned about the impact of OIEP's consolidation of line officers on BIA school functions.

INDIAN HEALTH SERVICE

The fiscal year 2005 funding request for the Indian Health Service marks a rise of $45 million over the fiscal year 2004 enacted level—but falls far short of addressing the overall growth in population and rapidly increasing medical costs which have resulted in expanded unmet needs in Indian Country. The HHS discretionary budget has increased at a much faster rate than the total IHS budget since 1975, despite estimates that between 1998 and 2003, the service population of IHS has increased at least 11.5 percent and industry experts estimate that medical costs have grown 10 to 12 percent annually.

Proposed funding for Indian health care facilities construction would be cut by more than half under the proposal, down from $94 million enacted in fiscal year

2004 to $42 million requested in fiscal year 2005. Funding for Maintenance and Improvement as well as Medical Equipment for Indian health facilities would receive level funding in the proposed budget. Yet IHS facilities have an average age of 32 years and medical equipment is used for twice the normal life span in IHS facilities as compared to general facilities. According to the National Indian Health Board, in 2001, there was a $900 million backlog in unmet needs for health facilities, impeding Indian access to care and contributing to the degenerating health conditions in Indian Country.

Contract Health Service.—About a quarter of IHS' budget for Clinical Services is dedicated to contracted care. The amount required to meet the needs of the Contract Health Service programs in Indian Country is estimated to be $1 billion, but the request for Contract Health Services would provide only $497 million for fiscal year 2005, less than half the amount needed to run the program. NCAI recommends an increase to Contract Health Services of $175 million in fiscal year 2005, which would fund approximately 60 percent of the documented need.

Contract Support Costs.—The fiscal year 2005 request for IHS contract support costs is $267.4 million, the same as enacted in fiscal year 2004 and $3.3 million less than enacted in fiscal year 2003. Contract support costs are necessary for tribes' ability to successfully administer IHS programs under the tribal self-determination policy. The transfer of federal Indian programs to tribal operation consistently results in improved service delivery, increased service levels, strengthened tribal institutions, and has led to exceptional innovations in Indian Country health care. The failure to fully fund contract support costs has emerged as the leading impediment to realizing the full promise of the Self-Determination policy since the chronic underfunding of contract support effectively penalizes tribes for exercising their self-determination rights. NCAI urges an additional $100 million to meet the shortfall for IHS contract support costs.

Despite slight increases, IHS' real spending per American Indian has fallen over time, after adjusting for inflation and population growth. The IHS spends roughly $1900 per person per year on comprehensive health services, far below expenditures per person by public and private health insurance plans, and 50 percent of what is spent for health care for federal prisoners. Even when IHS non-medical expenditures per person are accounted for, IHS spends less on its service users than the government spends on any other group receiving public health care.

While important gains have been made in funding for diabetes prevention and treatment efforts, progress toward the goal of eliminating health disparities for American Indians and Alaska Natives will require coordinated, concerted efforts—and increases across the board in the IHS budget.

CONCLUSION

NCAI realizes Congress must make difficult budget choices this year. As elected officials, tribal leaders certainly understand the competing priorities that you must weigh over the coming months. However, the federal government's solemn responsibility to address the serious needs facing Indian Country remains unchanged, whatever the economic climate and competing priorities may be. We at NCAI urge you to make a strong, across-the-board commitment to meeting the federal trust obligation by fully funding those programs that are vital to the creation of vibrant Indian Nations. Such a commitment, coupled with continued efforts to strengthen tribal governments and to clarify the government-to-government relationship, truly will make a difference in helping us to create stable, diversified, and healthy economies in Indian Country.

PREPARED STATEMENT OF THE RAMAH NAVAJO SCHOOL BOARD, INC.

ABSTRACT

The Ramah Navajo School Board, Inc. (RNSB) expresses its appreciation for the opportunity to submit its views on matters coming before the 108th Congress. The United States of America, through its legislative body the Congress, has established a relationship with the indigenous people of the lands encompassed by the present boundaries of the United States and has committed to provide education, health, protection, and maintenance of the identified tribal territories in payment for the confiscation of lands, water, air, and natural resources through treaties. The Indian Health Service has been designated primary steward for the provision of health care services to the American Indian population. Since its inception in 1955, the Indian Health Service has never been funded adequately to stem the health problems associated with the impoverished state of American Indian reservations. The Ramah

Navajo School Board, Inc., supports complete funding of $16-to-$19 billion for the Indian Health Service and the passage of the American Indian Health Care Improvement Act wherein funds will be allotted through its various Titles.

COMMUNITY BACKGROUND

The Ramah Navajo community, located in west central New Mexico bridging both Cibola and McKinley counties, is a part of the larger Navajo Nation, but is geographically located outside of the Navajo Nation boundary. Because of its location, the Ramah Navajo community has been largely ignored by the larger Navajo Nation, county governments, and state governments. The Ramah Navajo School Board, Inc. (RNSB) was established on February 6, 1970, because of the lack of support from the local county school district and the State of New Mexico in the replacement of the condemned public school. Students were then bused to schools in Gallup, New Mexico, approximately 55 miles away or Grants, New Mexico, about 60 miles away. In addition, some students were being placed in Indian boarding schools, even further from the Ramah Navajo community, separating students from home and family. RNSB then obtained funding to build a community school with the assistance of the Ramah Navajo Chapter, which allowed RNSB to operate the school and provide for a culturally relevant curricula.

Encouraged by the success of this initiative, RNSB was approached by community members concerned about the lack of stable health care services. Health care then was part-time and sporadic at best. RNSB utilized PL. 93–638 to obtain funds from the Indian Health Service to establish the first health clinic in 1978—the Pine Hill Health Center—which now provides medical, dental, optometric, audiology, and emergency medical services with ambulance transportation to other facilities.

JUSTIFICATION

The Pine Hill Health Center is a Federal Qualified Health Care (FQHC) facility, which serves the Ramah Navajo Community, including a large number of non-Indian patients. It is the only primary health care facility within 45 miles of the next health care service. The cost associated with its operations continues to rise, and now, apparently, without any relief in sight in light of the President's proposed budget of $2.9 billion for all of Indian Health Service and the 500-plus American Indian tribes. Factors contributing to cost increases for the Pine Hill Health Center include:

—Continuing increases in the number of patients seen at the facility.
—Community population continues to increase annually with people moving in and approximately 60 new babies being born in the community every year.
—Elder population continues to achieve longevity, but this also increases age-associated elderly maladies.
—These age groups, the very young and the elderly, require continuing health care services.
—Because our Health Center is only a primary care facility, some of our severely ill and injured patients have to be transferred to Zuni Hospital or to Albuquerque if the acuity of the patient warrants more extensive care.
—Diabetes continues to be a growing problem for the American Indian population, including our Ramah Navajo people. We have seen a local increase of 15 patients who were pre-dialysis during the 1999–2003 period. Our review of the present IHS budget is that it is inadequate to address the tide of this disease.
—Patients afflicted with respiratory conditions are adversely affected by the extremes of temperature at our location near the continental divide (8,000 ft.).
—And, of course, all health care costs are rising with inflation.

Therefore, the Ramah Navajo School Board, Inc., is requesting congressional funding increases in the IHS budget for fiscal year 2005 in order that our American Indian people can receive health care comparably offered to others in this country. Indian Health programs receive per capita expenditure of only $2,500, compared to the following:

—Medicare enrollees at $5,915.
—Veteran Administration medical care costs at $5,214.
—U.S. Personal Medical Care Services at $5,065.
—Medicaid enrollees at $3,879.
—Medical Care for Prison Inmates at $3,803.
—Federal Employee Health Benefits at $3,725.

This is a disgraceful disparity. American Indian health funding is below all of these. Please support our efforts to provide quality and safe health care to the Ramah Navajo community people and bring the level of health care for our people up to that of the average American.

RELATED AGENCIES

PREPARED STATEMENT OF THE AMERICAN ASSOCIATION OF MUSEUMS

Chairman Burns, Senator Stevens, and distinguished members of the Subcommittee, the American Association of Museums (AAM) is pleased to submit testimony concerning the fiscal year 2005 budgets of the National Endowment for the Arts (NEA) and the National Endowment for the Humanities (NEH).

The American Association of Museums, headquartered in Washington D.C., is the national service organization that represents and addresses the needs of museums and to enhance their ability to serve the public. AAM disseminates information on current standards and best practices and provides professional development for museum professionals to ensure that museums have the capacity to contribute to lifelong education in its broadest sense and to protect and preserve our shared cultural heritage. Since its founding in 1906, AAM has grown to more than 16,000 members across the United States—nearly 10,500 individual museum professionals and volunteers, more than 3,000 museums, and 2,500 corporate members.

The museum community has enjoyed a positive and productive working partnership with both the NEA and NEH for many years. Whether they have worked in conjunction with the Institute of Museum and Library Services or on their own, the contributions of the NEA and NEH to the vitality of America's museums and the public services they provide to our communities can not be underestimated. These two agencies have provided invaluable support to America's museums since their inception, and we fully support them and the good work they do for the American people.

Consequently, we view the proposed fiscal year 2005 budgets for the NEA and NEH with great optimism. We appreciate the Administration's strong support for each agency and fully support the President's request of $162 million for the National Endowment for the Humanities and are interested in the opportunities presented by the new NEA program, *American Masterpieces: Three Centuries of Artistic Genius.*

As the committee knows, the core of the NEH request is an increase of $26.7 million to expand an initiative begun two years ago entitled *We the People.* We fully support this investment designed to advance the public's understanding of American history, culture, and civics. *We the People* will further NEH's core functions—advancing scholarship, education, preservation, and access to intellectual and cultural resources and public understanding of the humanities—and will do so in a way that develops Americans' abilities as citizens.

While we are pleased with the Administration's request for new funding to support the *American Masterpieces* initiative to help broaden public access to and understanding of our rich artistic heritage, we respectfully request that this increase be matched with a $31 million investment in the NEA's core mission to support and promote the presentation, preservation and creation of the arts in America and to fund the Challenge America initiative, which uses the arts to enhance America's communities through grants for arts education, youth-at-risk, cultural preservation, community arts partnerships and improved access for all Americans.

We recognize that we are in the midst of a national crisis both at home and abroad and that difficult budget decisions need to be made, but we urge the committee to consider the economic, educational and social return even a modest increase in the federal investment in the arts and humanities would bring to the people we all serve.

It would be incorrect to suggest that artistic and cultural events would cease without funding from the federal government. However, we are convinced that America would not have the rich, diverse and vibrant artistic community we have in this country if it were not for the investments both large and small organizations have received from the NEA over the last 35 years. The recognition that comes from being awarded NEA grant funding is invaluable to cultural organizations. It helps them leverage additional private support—NEA requires grant recipients to match all awards up to a ratio of four to one—that allows organizations to continue to grow and mature long after the federal money is gone. Dollar for dollar, private funding simply cannot match the leveraging effect of even a modest amount of government funding.

Even leaving aside the educational and social value of strengthening the federal investment in the arts, both of which are substantial, the economic value speaks for itself. According to a 2002 study by Americans for the Arts, the nonprofit arts industry alone generates $134 billion annually in economic activity, supports 4.85 million jobs and returns $1.4 billion to the federal government in income taxes. NEA seed money has helped make this possible.

Last year in testimony before this subcommittee, NEA Chairman Dana Gioia stated that one of his five primary goals for the NEA was to "reclaim its leadership role in American culture." He said, the Endowment

"must enter a new era, confident of its civic responsibilities in a society overwhelmed by commercialized electronic mass entertainment. The NEA must enlarge the conversation of American public life to include the arts. It must promote, preserve, and celebrate the best of our culture, old and new, classic and contemporary. It must reacquaint America with its own best self."

For, as he so rightly put it, "nothing less is worthy of our nation."

A budget of $170 million would enable the NEA to further its efforts to support and promote creativity in the arts in communities throughout all 50 states. Building on the success of the agency's recent tour of Shakespeare, the NEA is working to ensure that great art is available to all Americans, especially those in traditionally underserved areas including rural communities and inner-city neighborhoods. With additional resources, the NEA can fully fund the Challenge America initiative and use the strength of the arts to enhance America's communities.

Mr. Chairman, culture is what defines, builds and binds our communities. In cities and towns across America, one finds numerous examples of arts, culture and the humanities being used as educational tools, economic engines, sources of civic pride, and catalysts for fostering multicultural understanding. America needs a prudent and forward thinking investment in our artistic and cultural institutions to present our enormously distinguished and diverse artistic legacy to all Americans, and the rest of the world, to promote creativity in our society, and to preserve the artistic heritage of our past for future generations. We ask the committee to make that investment and support a budget of $170 million for the NEA for fiscal year 2005.

We also ask the committee to support the administration's request of $162 million for the National Endowment for the Humanities. The NEH plays an important role in the American experience. In fact, the humanities are essential to democracy. They are the basis for reasoned discourse and make possible the shared reflection, communication, and participation upon which democratic society depends. In last year's testimony, NEH Chairman Bruce Cole made a very compelling case for supporting the NEH's budget. He said:

"At this critical time, it is urgent that Americans understand the principles, events, and ideas that have defined our past and shape our future. Democracy, unlike other forms of government, is not self-perpetuating. Its principles and practices must be cultivated in order to be transmitted and sustained."

The NEH is the largest single source of funding for humanities programs in the United States, enriching American intellectual and cultural life through support to museums, archives, libraries, colleges, universities, state humanities councils, public television and radio, and to individual scholars. Thus it is well positioned to help redress the deficiencies identified by numerous studies and reports that show that students in K–12, and even college, have a poor, or at best confused, understanding of our nation's history and the ideals and principles of democracy upon which it was founded.

Increasing support for NEH is critical to addressing the nation's future needs in education. With more than two-thirds of our nation's K–12 curriculum dedicated to the humanities, including subjects such as reading, literature, history and civics, continuing this support is crucial to addressing our nation's needs in education and correcting the problem of "American amnesia" as Chairman Cole put it.

The reach of the NEH's programs extend beyond the classroom and lecture hall by engaging the public in the humanities through exhibits in museums, libraries, and historical organizations; the varied programs of the state humanities councils; and a variety of other activities. In a recent national public opinion survey, almost 9 out of 10 Americans (87 percent) said museums are one of the most trustworthy sources of information among a wide range of choices. This high level of trust can in part be attributed to the careful research that goes into developing museum exhibitions and programs. NEH grants, in addition to being invaluable in supporting efforts to preserve and protect our vast cultural, historic, and artistic resources held in trust for the American people in our museums, are also invaluable in supporting efforts to research those treasures and put them into historical context. An object or artifact without context tells no story and teaches nothing.

As with the NEA, a modest investment through the NEH produces rich dividends. NEH seed money for high quality projects and programs, and NEH's reputation for scholarly excellence, leverages millions of dollars in private support for humanities projects and brings the humanities alive for millions of Americans each year—from the youngest students to the most veteran professors to men and women who simply strive for a greater appreciation of our nation's past, present, and future.

Federal support for the humanities has historically received bipartisan support in Congress, from the Endowment's creation in 1965 to the present day. Every American President has said that the humanities play an essential role in American life and are worthy of federal support and this administration is no exception, as evidenced by their strong support for the *We the People* initiative. We strongly support this program and the NEH in general and ask the committee to fully fund the administration's budget request of $162 million for fiscal year 2005 for this extremely valuable agency.

Mr. Chairman, we firmly believe that the NEA and the NEH are both essential resources and leaders for the American people in their respective areas. The museum community is proud to partner with both agencies to provide high quality programs and services for the people we all serve.

The NEA and NEH are focused on serving the American public and the needs of our communities to ensure that we all have access to the cultural and intellectual legacy of our democracy. Additional funding would enable the agencies to not only pursue their new and innovative initiatives, but also to increase their ability to invest in their core missions. We of course recognize, Mr. Chairman, that you and your colleagues are under intense pressure to balance the funding needs of the many worth programs under your jurisdiction. We would ask you though to consider carefully the good work being done by the NEA and NEH for the American people and do what you can to fund these urgently needed increases.

Prepared Statement of the American Association of Museums and the Society for Historical Archaeology

Mr. Chairman and members of the Subcommittee: I am Jason Hall, Director of Government and Public Affairs for the American Association of Museums, presenting written testimony on behalf of a consortium consisting of the American Association of Museums and the Society for Historical Archaeology.

As you know, Section 10 of the Native American Graves Protection and Repatriation Act (Public Law 101–601—"NAGPRA") authorizes the Secretary of the Interior to "make grants to Indian tribes and native Hawaiian organizations for the purpose of assisting such tribes and organizations in the repatriation of native American cultural items" and to "make grants to museums for the purpose of assisting the museums in conducting the inventories and identification required under sections 5 and 6." While we appreciate the Congress and the President agreed in the Interior bill to provide funding of approximately $2.5 million for fiscal year 2004 to allow the statutorily-mandated repatriation process to proceed, we respectfully urge Congress to increase the appropriation to at least $5 million for fiscal year 2005. We present the following reasons in support of this request.

As you are aware, NAGPRA is remedial legislation. Congress enacted the law in 1990 in large part to assure that Native American remains and funerary and other objects retained by the federal government and museum community are returned under the law to appropriate tribes and organizations for reburial or other appropriate treatment. As remedial legislation, NAGPRA will not remedy the problem Congress sought to resolve unless adequate dollars are appropriated so that tribes and museums can complete the repatriation process—which is now under way but which necessarily proceeds slowly in many cases because of essential museum-tribe consultation and other factors. Repatriation is a high priority of the museum and tribal communities, which do not have adequate funds to do the necessary work required by NAGPRA.

Since repatriation is the subject of federal legislation as well as regulations and administrative guidelines, the U.S. government has a trust responsibility to Indian tribes and their members in the area of repatriation. This trust responsibility imposes strict, binding fiduciary standards on the conduct of executive agencies, here the National Park Service and the Department of the Interior, in its treatment of tribes in repatriation matters. Adequate funding for tribes, museums and universities is necessary to carry out the statutory mandates of Congress.

At the same time, it is clear that the communities and sovereign Indian tribes represented by the consortium have been called upon to take a much increased role in implementing Public Law 101–601 in the past several years, as the mandated summaries and inventories of museum holdings were largely completed by museums and sent to the tribes in mid-November, 1993, and mid-November, 1995, respectively. Activity has intensified immensely in recent years and will continue to do so as the number of actual repatriations continues to increase.

The consortium's testimony provides information on how the requirements of the law are creating significant costs for our communities and seeks your support for funding for the grant program authorized in the law, so that we can continue to comply with it in a timely and responsible way. Let me start by addressing in generic terms the needs of the museum community. In order to comply with Public Law 101–601, museums have to engage in activities falling into four categories: (1) preparation of inventories, in the case of human remains and associated funerary object, and written summaries, in the case of unassociated funerary objects, sacred objects and cultural patrimony; (2) notification and consultation with Native American groups and visitation by those groups to museum collections; (3) research to identify cultural affiliation of human remains and objects; and (4) repatriation.

To prepare the inventories of human remains and funerary objects which were due by November 16, 1995, museums have needed to: physically locate every item within the museum's storerooms; locate and review existing records to compile information necessary to determine whether a funerary object is "associated" or not, and to determine the cultural affiliation of the objects; catalog any remains ad objects that are not catalogued; document (e.g., measure and photograph) and analyze the human remains and funerary objects; and compile an inventory of human remains and funerary objects containing the information required under Public Law 101–601, including cultural affiliation. The delay in promulgation of the final regulations, and the late start and low level of grant funding for repatriation grants to the tribes and museums, have slowed the process such that a significant number of museums were not able to prepare inventories by the November 16, 1995 deadline, despite timely and continuing good faith efforts, and had to appeal for extensions.

With respect to unassociated funerary objects, sacred objects and objects of cultural patrimony, museums were required to and did, prepare a written summary by November 16, 1993 rather than an itemized inventory of their collections. Nevertheless, many museums needed to undertake many tasks similar to those noted above in order to collect the required information. Throughout all of this, museums have needed to consult with native American tribes which might have an interest in the objects. The time and funds spent on consultation with Native American peoples varies according to the physical proximity of the museum to the particular group.

Once the inventory and written summary are complete, the museum must identify the tribal representatives authorized to accept repatriable objects and formally notify those representatives. Tribal representatives must travel to the museums to examine the objects and consult with the museum. Remains and artifacts must be packed and shipped to the appropriate Native American group. During this process, disagreements may arise as to the disposition of items covered by Public Law 101–601, and these issues must be resolved.

Let me turn to some specific cases. On December 6, 1995, the Senate Committee on Indian Affairs held an oversight hearing on the implementation of NAGPRA. Final NAGPRA regulations, with some sections still incomplete, were published two days prior to the hearing. Two years later, the Interior Department published an interim rule on one of those incomplete sections, the civil penalties section. But as of April 2001, there have been no final regulations issued on the three remaining sections (future applicability, culturally unidentifiable remains, and unclaimed items from Federal or tribal lands.)

Representatives from the National Park Service, the NAGPRA Review Committee, three affected tribes, and a witness representing both the American Association of Museums and an affected museum, testified about compliance with the law. NPS witness Katherine Stevenson noted that the NPS had made 83 NAGPRA grant awards totaling $4.37 million since the beginning of the program, but that over that time, they had received 337 grant proposal requests totaling nearly $30 million, and she conceded that the Interior Department's $2.3 million request for fiscal year 1996 did not meet the valid needs demonstrated in the grant applications from museums and the tribes. Since that 1995 testimony, the situation has remained much the same in terms of funding needs. As of April 2002, the NPS has been able to make 351 NAGPRA grant awards totaling approximately $21.3 million since the beginning of the program, but during that time, it has received well over 770 grant proposals totaling more than $52 million, and funding has essentially been flat at $2.3 million, and more recently $2.5 million annually. The $2.5 million appropriation continues to fall short of valid needs.

The witness representing museums in 1995, William Moynihan, President of the Milwaukee Public Museum, testified about the effort of his museum to comply with the law. He noted that the "Milwaukee Public Museum will have committed well in excess of half a million dollars by 1997 to deal with the legislation. Existing staff in our Anthropology/History Section have been reallocated from their normal duties to NAGPRA-related activities, a large team of volunteers assembled, and trained student interns and work-study students hired." He noted that the Museum has been collecting anthropological and archaeological materials for over 100 years, that included in the holdings are the remains of 1,500 individuals, and that the collections are not computerized. Despite these difficulties, the museum had completed a physical inventory of over 22,000 Native American ethnographic objects, and a preliminary inventory of 50,000 archaeological objects; sent summaries to 572 tribes and native Alaskan and Hawaiian groups; followed up with hundreds of calls to tribes; and taken a variety of other actions to comply with the law.

On a broader scale, we have results from the American Association of Museums' 1994 repatriation survey of 500 of its member institutions, including all of its natural history museums and a selected sample of its art and history museums. The survey response rate was 43.6 percent. Of those responding, 76 percent of the natural history museums, 43 percent of the history museums and 23 percent of the art museums had Native American objects. Those respondents—a little more than 200—alone had almost 3.5 million objects which fell into NAGPRA categories, and that does not include 15 responding natural history museums, including 3 large institutions, which could not give an estimate of their NAGPRA-related holdings. An overwhelming number of these institutions noted how lack of final regulations and of NAGPRA grant funding had hindered or prevented their repatriation efforts.

Estimating aggregate costs is not possible from the survey data, given the great disparities in how institutions calculated their own costs. It is clear, however, that thousands of institutions across the country are affected to some degree by NAGPRA costs.

The Native American community is also incurring major expenses in attempting to comply with the requirements and deadlines of NAGPRA. As you know, the repatriation process involves sacred items and, most importantly, human remains, not just artifacts. In this light we must approach the funding issues related to the Act. A 1994 repatriation survey done by the National Congress of American Indians indicated that some tribes had received hundreds of NAGPRA summaries from museums, and that the need for outside funding to hire experts to help them analyze these materials and subsequent NAGPRA inventory materials is virtually universal. From the dozens of responses to the survey, it is apparent that most tribes do not have the capacity to comply with the Act. For example, the Shingle Springs Rancheria/Miwok/Maidu tribe reported, "Our tribe has been well versed in the purpose and intent of NAGPRA. The response from museums {the sending out of surveys to the tribes at the November 1993 deadline} has been astounding. We have received over 100 notices. However, we cannot respond or take advantage because of lack of funds." This tribe estimated its financial needs at approximately $35,830. And at the December 1995 Senate oversight hearing, Cecil Antone of the Gila River Indian Community noted that the Community had received over 150 letters from various museums and federal agencies about the disposition of NAGPRA-related collections. The needs of the tribes vary depending on the number of responses they have received, their present and future ability to comply with the Act, and what, if any, experience their tribe has had with projects of this sort. In fact, tribal responses estimating funding needs ranged from "unknown" to "very much" to "$2 million."

In October 1990, the Congressional Budget Office estimated NAGPRA implementation costs to museums of $40 million and to tribes and native Hawaiian organizations of $5–10 million over 5 years, assuming that museums and federal agencies hold between 100,000 and 200,000 Native American remains and that the cost to inventory and review each remain would be $50–150. Those estimates now appear to be very low in light of our experience since that time. As a result, viable tribal and museum request for grants continue to exceed available funds by a large margin. In addition, museums cannot repatriate to the tribes until appropriate notices go into the Federal Register, and there is currently a backlog of about 150 such notices at the NPS, about a year's worth, due to lack of staff to process them.

In closing, let me add that while the museums and tribes must have this grant program funded simply to comply with the requirements of NAGPRA, it is also true that the grant program will accomplish far more than compliance. Museums and tribes have discovered that the exchange of data required under NAGPRA is yielding new information that helps us all. In the process of identifying sensitive cultural items, museums are learning much more about their entire collections. Delegations of elders and religious leaders have supplied valuable new insights about many objects in the repositories they have visited, and in turn they are discovering items of immense interest to their own tribes, the existence of which had been unknown in recent generations. Few items in these categories are being sought for repatriation; it is simply that access to the collections has led to much better mutual understanding and exchange of knowledge. While the repatriation process will eventually end as the transfer of materials is completed, the long-term relationship created between museums and tribes will continue.

Thus, this funding will not just support expenses mandated by law. It is also an excellent investment that serves the public interest now—and will continue to pay dividends in the future—through more accurate and respectful exhibits and education programs that are the fruits of long-term collaborations.

Finally, we respectfully urge you to keep in mind that we are talking in large part about the reburial of the remains of human beings, and that under a reasonable and dignified standard, Native American repatriation and reburial should be treated with the utmost priority and dignity.

The consortium appreciates this opportunity to testify on this issue.

Prepared Statement of Americans for the Arts

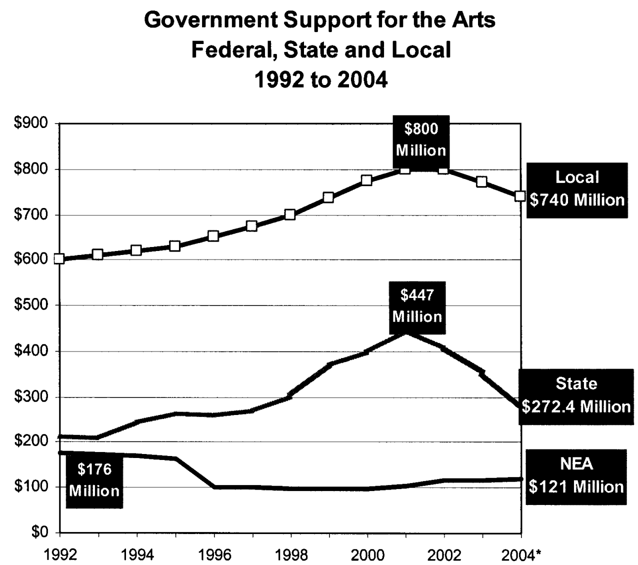
Americans for the Arts is pleased to submit written testimony to the Senate Appropriations Subcommittee on the Interior in support of fiscal year 2005 appropriations for the National Endowment for the Arts (NEA) at an increased funding level of $170 million. Americans for the Arts is the nation's leading nonprofit organization for advancing the arts in America. With more than 40 years of service and more than 5,000 organizational and individual members and stakeholders across the country, it is dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.

Of the requested funding, $31 million would expand the NEA's ability to perform its core mission—to support the creation, preservation and presentation of the arts in America—and strengthen the Challenge America initiative, which uses the arts to enhance America's communities through grants for arts education, youth-at-risk, cultural preservation, community arts partnerships and improved access to the arts for all Americans. The remainder of the increase would fund the President's request for an additional $18 million to fund a major new initiative, American Masterpieces: Three Centuries of Artistic Genius and to cover increased administrative and grantmaking costs.

Local arts agencies are Americans for the Arts' key constituency and advancing full and affordable access to the arts remains at the heart of our mission. Local arts agencies can be either a private community-based cultural organization or a unit of local government. Their primary mission is to provide funding and service support to their local cultural organizations, provide services to artists or arts organizations, and/or present arts programming to the public. Further, they meet community needs by using the arts to address social, educational, and economic development issues. Local elected leaders increasingly look to partner with their local arts agencies in programs dealing with everything from tourism to at-risk youth. In fact, 91 percent of local art agencies use the arts to address these and other community development issues. 78 percent have three or more ongoing collaborations. Typically, local arts agencies lead community cultural planning—a community-inclusive process of assessing local cultural needs and mapping a plan of implementation.

It is important to note that NEA leadership and support have played pivotal roles in creating and sustaining local arts agencies, which have grown in number from 500 in 1965, when the NEA was established, to 4,000 today. Three quarters of all existing local arts agencies are private non-profit organizations.

As important grantees of the NEA, local arts agencies are stewards of government funds, which are instrumental in leveraging local government funds as well as other private resources and are vital to the creation of thousands of local arts projects—projects that nurture the growth and artistic excellence of local artists while creating jobs and fostering critical local, state and federal tax revenue. Federal funds are more important than ever: although local arts agency budgets saw steady growth for nearly a decade, changing economic conditions in fiscal year 2003 and fiscal year 2004 have sparked declines in funding for these agencies.



- Until 2003, **local** government arts funding stayed ahead of inflation and even showed growth during the recession years of the early 1990's. In 2003, aggregate funding dropped for the first time in 15 years from $800 million to $770 million. In 2004, it will drop an estimated four percent to $740 million.
- Following record growth in **state** arts funding in the late 1990's—reaching a high of $446.8 million in 2001—state funding has dropped to $272.4 million in 2004 (39 percent decrease from 2001 to 2004).
- After reaching a high of $176 million in 1992, the **NEA** budget was cut 40 percent in 1996 and remained relatively unchanged until 2001. The 2004 budget is $121 million, and increase from $115 million in 2003 (5.2 percent increase).

Source: Americans for the Arts. State arts funding data provided by National Assembly of State Arts Agencies. 2004.
*Estimated

LOCAL ARTS AGENCIES AND CHALLENGE AMERICA

In addition to strengthening the nation's educational infrastructure, as demonstrated above, NEA also is also making a determined effort to bring the arts to all Americans through the Challenge America initiative. The initiative's four broad-based goals are:

—To connect arts organizations more closely with families and communities,
—To provide access to the arts in underserved areas,
—To encourage the development of cultural organizations in communities not previously served by the NEA, and
—To support and strengthen community arts organizations.

Since its initial funding, the Challenge America community development grants have reached hundreds of community arts organizations across the country, targeting organizations in rural communities or inner city neighborhoods with limited arts resources. Using these community development grants, local arts agencies have partnered with other community organizations to tackle projects from developing economic cultural tourism plans and restoring historic structures to addressing the educational needs of a community using the arts. Examples of recent Challenge America grants to local arts agencies include:

Tucson-Pima Arts Council Inc. (Tucson, AZ), $10,000

The Tucson-Pima Arts Council strives to make arts and culture a vital part of Southern Arizona. This NEA grant is designed to support promotion of the Tucson Cultural Arts Festival as a major tourist attraction. Project partners will plan and implement marketing efforts to expand the three-year-old Family Arts Festival into a larger and more tourist-focused event by reaching out to potential visitors from Mexico, timing promotions to lure tourists arriving at the beginning of the winter season, and creating weekend tour packages with hotels and resorts. The Metropolitan Convention and Visitor's Bureau and the U.S./Mexico Trade Commission will assist in the completion of this project.

Arlington County Cultural Affairs Division (Arlington, VA), $35,000

This Northern Virginia organization creates an environment that encourages excellence within the Arlington area arts community. As part of its mission, it provided programs and services that build community and transform lives by enhancing enjoyment and understanding of, and participation in, the arts. These NEA grant funds supports two initiatives, "Hereabouts: Creating Connections through Culture" and "ArtsWork Neighborhood Heritage Project," two programs that will include a series of mini-tours of senior centers and libraries and also feature a youth employment training program.

These grants, and many others like them, help communities that are working hard to ensure that their children are exposed to the arts—a critical component of education at every grade level, both inside and outside the classroom.

LOCAL ARTS AGENCIES AND EDUCATION: A CRITICAL LINK

The arts play a vital role in the academic success of America's students. Exposure to the arts from a young age strengthens student problem-solving and critical thinking skills, ultimately leading to higher standardized test scores. Similarly, the arts teach students the skills necessary to succeed in life and have proven to assist in leveling the "learning field" across socio-economic boundaries.

Sixty-six percent of local arts agencies implement arts education programs and activities, while others partner with or fund other organizations and agencies to address arts education issues. Arts education programs include supporting artists in the schools, designing curricula, and/or advocating for arts education. Nearly one half of local arts agencies have at least one full-time equivalent staff member who is dedicated to arts education.

NEA grants to local arts agencies not only recognize the enormous positive impact that the arts can have on the future of today's students, they also confirm the role of such agencies in mobilizing community-based cultural and artistic resources to ensure that the arts help students fulfill their potential. Accordingly, the NEA has awarded numerous grants to local arts agencies designed to support educational arts programs in communities across the country. For example:

San Francisco Arts Commission, $50,000

To support ongoing, comprehensive arts education and teacher development programs. The program will provide ongoing arts education activities for all elementary school and child development center students and professional development for educators in the San Francisco United School District.

East Side Arts Council, St. Paul, MN, $18,000

To support the Arts InFusion Project. A series of artist residencies will be designed as a means to integrate the arts into the basic school curriculum of three schools.

Watauga County Arts Council, Boone, NC, $30,000

To support The Playhouse Project. This multidisciplinary arts exploration program for children (age 5 and under) and their parents includes storytelling sessions, "art safaris," and artist-led training for parents and educators.

An increase in NEA funding will enrich the lives of more people, in more communities, throughout the country

Local arts agencies are key players in improving community life, from offering in-school and after-school educational programs for children to working with local law enforcement to reduce crime. Similarly, local arts agencies are strengthening our communities' economies every day by increasing tourism, urban renewal, and attracting new businesses, all while contributing vital dollars in local, state and federal tax revenue. We urge this subcommittee to make a commitment to supporting education and community building projects through local arts agencies by appropriating $170 million for the National Endowment for the Arts.

PREPARED STATEMENT OF THE AMERICAN SYMPHONY ORCHESTRA LEAGUE

On behalf of America's orchestras, the American Symphony Orchestra League urges the subcommittee to approve fiscal year 2005 funding for the National Endowment for the Arts (NEA) at the level of $170 million. This level of funding includes an $18 million increase requested by President Bush to support American Masterpieces: Three Centuries of Artistic Genius and a $31 million increase in grant-making funds to support and promote the creation, preservation, and presentation of the arts in America.

The American Symphony Orchestra League is the national service organization for more than 900 symphony, chamber, youth, and collegiate orchestras, with budgets ranging from less than $25,000 to more than $25 million. Together with the NEA, we share a common goal of strengthening orchestras as organizations and promoting the value of the music they perform.

The resolve of American orchestras to reach all segments of the communities they serve has never been stronger. Composer residencies at orchestras are on the rise. The number of education staffers at American orchestras has grown at least tenfold in the last 25 years. Orchestras are working to increase the representation of their diverse communities both on stage and in the audience.

All of these efforts come at a cost that cannot be covered by ticket sales alone. The grants awarded to orchestras by the NEA, and support provided to orchestras through NEA funds administered by state arts agencies, provide critical support for projects that increase access to music in communities nationwide. NEA funding both directly supports local projects and also spurs critical giving from other sources like private foundations, corporations, and individual contributors. Given the current economic strain on all funding sources, the NEA's commitment is especially meaningful today.

A few quick facts about the state of American orchestras:

—Supported by a network of musicians, volunteers, administrators, and community leaders, America's adult, youth, and college orchestras total more than 1,800 and exist in every state and territory, in cities and rural areas alike. They engage more than 76,000 instrumentalists, employ (with and without pay) more than 11,000 administrative staff, and attract more than 250,000 volunteers and trustees.

—American orchestras have never been in greater demand. In the course of a season, orchestras perform nearly 30,000 concerts to total audiences nearing 31 million. Current attendance at concerts is 10 percent higher than a decade ago.

—Orchestras are amazingly resilient, though their economic structure is delicately balanced. They are strongly supported by their communities and musicians. During the last recessionary period, eight orchestras ceased operations. Today, in each of those eight communities, a new or restructured orchestra of comparable scale has emerged.

$31 MILLION INCREASE TO SUPPORT THE CREATION, PRESENTATION, AND PRESERVATION OF THE ARTS

The NEA is a critical component in the network of public, private, corporate, and philanthropic support that makes the work of America's orchestras possible. Arts organizations and the communities they serve benefit from NEA support in a number of ways: direct grants to organizations; distribution of NEA funds through state arts agencies; Challenge America awards for access, education, and community development projects; and national NEA-supported leadership initiatives. The NEA's capacity to fund these programs remains much lower than it was during its peak level of funding at $176 million in 1992. Increasing the NEA's fiscal year 2005 appropriation from the current level of $121 million to $170 million will allow for a $31 million increase in funding to support the arts in American communities through the NEA's various grant-making programs.

In the most recently completed grant year, fiscal year 2003, the NEA's Grants to Organizations included 87 grants to orchestras and the communities they serve, supporting arts education for children and adults, expanding public access to performances, preserving great classical works, and fostering the creative endeavors of contemporary classical musicians, composers, and conductors.

In addition to these grants, in September of 2003, the NEA announced a one-time funding initiative providing grants to 25 orchestras in communities traditionally underserved by the NEA. American Symphony Orchestra League Board Chair Lou Mason joined NEA Chairman Dana Gioia and U.S. Representative Ander Crenshaw in announcing these awards at an event in Jacksonville, Florida, hosted by the Jacksonville Symphony Orchestra. Each grant is for $10,000, and supports concerts, education activities, and community events, and leverages key funding from other state and local sources:

—The Meridian Symphony Orchestra received a grant to support a community concert featuring guest soloist Patrice Jackson, a 2000 Sphinx Competition winner. The primary goals of the Sphinx Competition are to encourage, develop, and recognize classical music talent in the Black and Latino communities. The program features Jackson in a performance of Elgar's Cello Concerto.

—A grant to the Mobile Symphony supports a composer-in-residency program. Composers William Banfield and Kenji Bunch participate in the residency, which includes a premiere of Banfield's Structures, community engagement activities, and an educational component for elementary school students.

—A grant to the Stockton Symphony supports a subscription series concert. Repertoire includes a world premiere by composer Sheila Silver, Beethoven's Piano Concerto No. 3 with pianist Peter Takacs, and Mozart's Symphony No. 41 ("Jupiter"). The orchestra increases its marketing efforts for the concert by using radio and television advertising in an effort to raise public visibility of the event.

In addition to direct grants, the NEA supports important national initiatives that reach communities throughout the country. Through these national grants, the NEA exercises its unique federal leadership role, identifying and supporting specific initiatives that strengthen the creative process and improve the business practices of the nonprofit arts in America. As just one example of its national leadership, the NEA has provided key funding for a partnership between the American Symphony Orchestra League and Meet The Composer. The Music Alive residency program, designed to connect composers with a wide range of orchestras and local communities, draws on the creative strengths of composers as artistic collaborators, teachers, and new-music advocates. During residencies of two to eight weeks in communities of all sizes, composers guide their host orchestras' presentation of new music and assist in the performance of their own works, interacting with board members, musicians, administrative staff, and the community in education and outreach activities. NEA support provides direct resources for the Music Alive program, serves as a catalyst for further funding, and elevates the visibility of the program as a potential national model.

For each project funded by the NEA, there are many other worthy initiatives that go unrecognized by federal support due to lack of adequate funding. We ask you to expand the NEA's ability to perform its core mission through a $31 million increase to support and promote the creation, preservation, and presentation of the arts in America and to fund the Challenge America initiative, which uses the arts to enhance America's communities through grants for arts education, youth-at-risk programs, cultural preservation, community arts partnerships, and improved access to the arts for all Americans.

$18 MILLION INCREASE FOR AMERICAN MASTERPIECES: THREE CENTURIES OF ARTISTIC GENIUS

The $18 million increase for the NEA requested by President Bush in fiscal year 2005 will further strengthen public access to excellence in the arts through a program titled American Masterpieces: Three Centuries of Artistic Genius. The program will direct new resources in three areas:

—Touring programs by major and mid-sized arts organizations, presenting acknowledged masterpieces to new audiences.

—Local presentations of American art forms, including works of American music.

—Arts education efforts that will combine in-school programs with the touring and local presentation of artistic masterpieces.

We strongly urge your support for this important new initiative. Orchestras are poised to participate in the American Masterpieces project, and look forward to this opportunity to increase public access and appreciation for America's treasured composers and newest artistic voices. While the NEA is committed to expanding public access to the arts, it is steadfast in its support for a quality artistic product. Just as standards of artistic excellence are the primary criterion for NEA grant decisions, artistic excellence continues to guide the day-to-day operations and missions of American orchestras.

The Endowment's unique ability to provide a national forum to promote excellence, both through high standards for artistic products and the highest expectation of accessibility, remains one of the strongest arguments for a federal role in support of the arts. We ask you to support creativity and access to the arts by approving President Bush's request for $18 million in funding for the NEA initiative American Masterpieces: Three Centuries of Artistic Genius, and approving an additional $31 million increase in grant-making funds, for a total $170 million appropriation for the National Endowment for the Arts.

PREPARED STATEMENT OF THE ASSOCIATION OF AMERICAN UNIVERSITIES, AMERICAN COUNCIL ON EDUCATION, AND THE NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

The Association of American Universities, the American Council on Education, and the National Association of State Universities and Land-Grant Colleges appreciate this opportunity to submit for the record testimony in support of the National Endowment for the Humanities (NEH). Through our combined memberships, our associations represent virtually all of the research universities in the country—institutions that educate large numbers of the nation's undergraduate and graduate students and conduct the bulk of the country's basic research. We respectfully request that the Subcommittee provide the President's request of $162 million for NEH in fiscal year 2005. Approximately half of the NEH budget goes to institutions of higher education in the form of grants for research and scholarship, classroom teaching, preservation efforts, media programming, and museum exhibits. While AAU, ACE, and NASULGC are aware of current constraints on domestic discretionary spending, we strongly urge the committee to provide the President's request. Now is the time for the federal government and universities to preserve the nation's diverse heritage, history, and traditions by increasing support for humanities projects and facilities.

Our associations have a long interest in the humanities, both as an object of research and as a critical element of an undergraduate education. For example, AAU established a Task Force on the Role and Status of the Humanities in 2001 to examine how humanities are being taught at large research universities and whether they are receiving appropriate emphasis. The task force, made up of university presidents and other university leaders, will release a report shortly that calls on research universities to make humanities a major part of institutional strategic planning; strengthen the recruitment and placement process for humanities graduate students; and promote the use of digital and information technology in the humanities. The goal is to translate the report into an action plan for members of AAU and other interested colleges and universities that provides guidance and leadership for current and future humanities projects.

A robust NEH is important to humanities education at all levels. The fiscal year 2005 request for NEH represents an increase of $26.7 million (19.7 percent) over fiscal year 2004. Some $33 million of the $162 million total request would be for the "We the People" Initiative. "We the People" proposals are submitted to NEH core program offices and evaluated through NEH's merit review process. The goal of the initiative is to deepen Americans' knowledge and understanding of our national heritage through:

—new scholarship, such as the American Editions and Reference Works, both fundamental scholarly resources for understanding our identity as a nation;
—K–16 education programs, such as summer seminars and institutes;
—projects to preserve and provide access to nationally important documents and artifacts; and
—public programs in libraries, museums, and historical societies, including exhibitions, film, radio, and Internet-based programs.

NEH plays a unique role in our nation. Many of NEH's projects are unlikely to be funded by any single state or institution because of their scale and magnitude. Only an agency like NEH—with its broad vision and funding—can support such projects, which include bibliographies, encyclopedias, and reference projects related to the papers and writings of great leaders. The writings include those of presidents George Washington, Ulysses S. Grant, and Dwight Eisenhower, as well as those of other notable Americans, such as Frederick Douglass, Benjamin Franklin, Elizabeth Cady Stanton, Lewis and Clark, Thomas Edison, and Mark Twain. NEH has also supported educational television documentaries such as Ken Burns's *Civil War, The West,* and *Jazz,* and biographical films on Theodore Roosevelt, Woodrow Wilson, Charles Lindbergh, and George C. Marshall.

NEH also plays an important role in preservation and access. Millions of books, manuscripts, documents, recordings, and other cultural material are at risk because the United States lacks a permanent infrastructure for knowledge preservation and access. The requested increase for NEH will help create the tools needed to organize, interpret, and preserve information in the humanities. NEH's Newspaper Program has supported newspaper preservation projects in each of the fifty states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Again, such efforts are of substantial benefit to the entire nation but are unlikely to be funded by any individual state or institution.

Several examples of university projects funded in fiscal year 2003 and fiscal year 2004 include:

University of Wisconsin: Dictionary of American Regional English

The Dictionary of American Regional English (DARE) is a multi-volume reference tool that records the thousands of words, phrases, and pronunciations that vary from one part of the country to another. Based on extensive fieldwork in more than 1,000 communities and on a comprehensive collection of written materials, DARE traces the history of each word as it has been used in America. DARE is used by teachers, writers, librarians, physicians, forensic linguists, journalists, and historians, as well as by readers who simply appreciate the variety, wit, and wisdom found in the quotations that illustrate each entry in the Dictionary. ("We the People" project)

George Washington University: Eleanor Roosevelt and Human Rights Project

The goals of the project are to: collect, annotate, and publish Eleanor Roosevelt's political writings in print and electronic format; encourage teachers, scholars, and citizens around the world to use these documents to further the discussion of democracy and human rights; and to serve as a resource center for those interested in Eleanor Roosevelt's public life and human rights movement. ("We the People" project)

Tulane University: The Louisiana Purchase—A History in Maps, Images and Documents on CD–ROM

This multimedia CD–ROM project has brought together leading scholars from the United States, Europe, and Canada to interpret more than 100 digital images from numerous archives to tell the story of the Louisiana Purchase. The images show the Purchase in the context of commerce and culture in the United States and Europe, the Caribbean, and the larger colonial world. Interpretive summaries prepared by scholars introduce each electronic image.

UCLA: Digital Library Initiative

The project serves as a database of digital copies and electronic transliterations of clay tablets from collections in museums in Europe, the Middle East, Russia, and the United States. These literary texts use a wedge-like script called "cuneiform" and date back to the late 4th and 3rd millennium B.C. Graphics software allows the clay tablets to be presented digitally, while other tools provide linguistic analysis.

University of Iowa: Project on the Rhetoric of Inquiry

This year marks the third decade of Iowa's Project on the Rhetoric of Inquiry, launched in 1983 with the help of NEH. The project examines the ways in which disciplines employ argument and language to define their foundations and knowledge claims as well as the political, cultural, professional, and intellectual institutions that govern the knowledge industry. Federal and state financial support for humanities work over the past two decades has enabled the project to become an internationally recognized forum for scholarship, instruction, and public programming.

Cornell University: Preservation Projects

Cornell University has been using NEH funds to coordinate the identification and preservation of aging volumes on American agricultural history and rural life published between 1820 and 1945 and held by land-grant universities around the country. The most recent phase of the project is targeting materials in Georgia, Illinois, Michigan, North Carolina, and Ohio. A second project is working to preserve 3,600 titles in Cornell's world-renowned Witchcraft collection documenting the history of the Inquisition and the persecution of witches. The preservation of brittle books and newspapers and the concomitant creation of online catalog records have significantly enhanced the ability of students, scholars and the general public to gain access to these materials. Finally, NEH is funding the development at Cornell of an on-line, self-directed tutorial and the presentation of five intensive workshops on digital preservation management. An increasing number of important documents are becoming available in digital form only, a fragile medium. The tutorial and the workshops are intended to assist those who are developing or implementing digital preservation programs in libraries, archives and cultural institutions.

Research universities, small private institutions, state colleges, and community colleges use NEH grants to conserve and nurture America's heritage, bring the humanities to the community, expand knowledge, and educate the next generation of

Americans. The NEH-supported Summer Seminars and Institutes program provides an opportunity for high school and college teachers to spend six to eight weeks learning from and working with leading scholars in the humanities. These sessions provide an exhilarating boost to the participants, regenerate their enthusiasm, and facilitate the transfer of new knowledge.

The NEH has enjoyed bipartisan support throughout its 39-year history and has been the most important source of federal support for humanistic endeavors in the United States. AAU, ACE and NASULGC strongly urge the committee to provide the $162 million that the President requested for NEH in fiscal year 2005. Continued investment in the humanities is essential to enriching American life by promoting the study of history and culture.

Again, thank you for this opportunity to submit testimony.

LETTER FROM THE ASSOCIATION OF RESEARCH LIBRARIES AND THE COUNCIL OF LIBRARY AND INFORMATION RESOURCES

APRIL 30, 2004.

Hon. CONRAD BURNS,
Chairman, Subcommittee on the Interior and Related Agencies, Committee on Appropriations, U.S. Senate, Washington, DC.

DEAR CHAIRMAN BURNS: This letter is submitted on behalf of the Association of Research Libraries (ARL) and the Council on Library and Information Resources (CLIR). ARL and CLIR write in support of the fiscal year 2005 budget request of $162 million for the National Endowment for the Humanities (NEH) and, in particular, the $18.9 million request for the Preservation and Access Division, which is crucial to preserving our American heritage.

NEH plays a vital role in preserving our historic and cultural legacy, improving education at all levels, and helping Americans to better understand the life of their Nation. The Preservation and Access Division of NEH was created to help advance knowledge and understanding of the humanities in America. Through its broad range of grant programs, the Division supports projects that preserve and increase the availability of resources, such as books, journals, newspapers, photographs, and films that are crucial for research, education, and public programming in the humanities.

In 1987, Congress took a significant leadership role in recognizing the crisis confronting this country's vast printed intellectual heritage. It was then estimated that more than 12 million volumes in the research libraries of the United States were at risk of deterioration simply because they were printed on an unstable medium—acidic paper. Library stacks were lined with thousands of books, journals, and newspapers that were already so brittle that pages broke when they were turned. As a result, Congress allocated resources to NEH to coordinate and support the efforts of the library community to preserve these resources through microfilming the intellectual content of, and to provide broad access to, fragile materials. This effort, known as the Brittle Books Program, was envisioned as a long-term effort to preserve millions of important volumes. Today it is estimated that some 25–30 percent of the printed holdings in the Nation's research libraries are deteriorating because of paper acidity, and other materials, such as photographs, films, and sound recordings are in danger because of their composition and/or storage media. The requested fiscal year 2005 funding will enable the Division to continue preserving America's heritage through the support of the following projects and programs:

—Microfilming the contents of brittle books and serials;
—Preserving and establishing access to other threatened humanities resources, such as newspapers, and archival collections of unique materials;
—Enabling institutions to stabilize humanities collections by improving storage, housing, and security;
—Developing regional preservation and consultation services to help smaller cultural institutions obtain the advice and knowledge they need to preserve their collections;
—Continuing the education and training of preservation administrators and conservators; and
—Supporting research and development to improve preservation and access methods and technologies and preservation assistance grants that focus on small and mid-sized institutions.

The Division of Preservation and Access has demonstrated exceptional leadership in keeping America's heritage from perishing. In fiscal year 2003, NEH allocated 63 grants and estimates distributing 222 awards in fiscal year 2004. At the fiscal year 2005 request level, the Division could make approximately 222 grants, including an estimated 150 Preservation Assistance grants and an estimated 72 awards to create, preserve, and make available cultural resources important to research, education, and knowledge of the humanities.

As shown, funding for NEH is absolutely critical to ongoing programs of interest to the library community: the Brittle Books Program, the U.S. Newspaper Program, and Preservation Education and Training. Without Congressional support for NEH, fragile material in libraries and repositories in universities, colleges, and communities across the country would be in danger of permanent loss.

In addition to advocating for support of NEH and the Preservation and Access Division, ARL and CLIR also encourage funding for the Administration's request of $33 million for the We the People initiative, which would further enhance NEH's core functions in critical areas, including Preservation and Access. The initiative, a response to the lack of basic historical knowledge among many Americans, was created to enhance teaching, research, and understanding of American history and culture. Of particular interest to the research library community is one of the initiative's key programs: the effort to convert microfilms of historical newspapers into digital files and to mount them on a national database that would be accessible to all Americans at no cost through the Internet. This effort is a partnership between NEH, which would fund the digitization projects, and the Library of Congress, which would mount and maintain the resources over time. The resulting searchable textbase would serve as a permanent resource for the American people and for education, research, and public programming. We strongly encourage support for this initiative.

Although microfilming serves as a great tool for preserving America's books and newspapers, materials such as films, videos, photographs, tapes, and visual recordings are also in danger. ARL and CLIR strongly support the efforts of NEH to complement its preservation program with grants for the digitization of library materials. Digital technology provides new opportunities to extend the reach of humanities resources into every classroom, library, and home. To that end, many repositories of specialized and rare materials are digitizing their holdings to provide students, educators, and scholars easy access to them. Moreover, libraries and other humanities organizations are providing online access to an ever-increasing body of knowledge created in electronic journals, books, and databases that are available only in electronic form.

Although the transition to digital libraries creates new opportunities, there are new challenges that also arise. As with print resources, digital information requires preservation, which cannot be achieved simply by building digital repositories. Successful digital preservation will require collaborative agreements and efforts involving authors, publishers, technologists, and librarians. It will be important for NEH to continue to receive sufficient funding to allocate grants so that the public can be assured that the raw materials of scholarship in all major repositories will be preserved for future generations.

As noted above, NEH also provides critical assistance to our Nation's libraries, archives, historical societies, and other repositories for preservation education and training. Grants in this area help support U.S. graduate programs in art and material culture conservation; preservation workshops, surveys, and information services to hundreds of cultural institutions; and targeted workshops for staff who manage digital imaging and preservation microfilming projects.

Another point to mention is NEH's active approach to help ensure preservation of the cultural heritage in Iraq. NEH announced this special initiative, "Recovering Iraq's Past" in July of 2003 to support endeavors that would protect and document edifying resources in Iraq's archives, libraries, and museums. The Endowment anticipates distributing nine awards in fiscal year 2004 that would assist in ensuring these resources are available for future access.

Information, education, and knowledge are the pillars of our country's domestic progress and international leadership in the twenty-first century. The existence and support of humanities is vital to ensure a successful democracy by means of reflection, participation, and communication. The Nation must preserve the historical record accumulated by past generations to ensure the success of future generations.

Before closing, we'd like to take this opportunity to acknowledge the outstanding leadership of the NEH Division of Preservation and Access demonstrated by Dr. George Farr over the past 15 years. Through Dr. Farr's vision, the NEH played a central role in the development of a national preservation infrastructure that has allowed libraries, with the help of NEH funding, to preserve more than one million brittle books, catalog more than 200,000 U.S. newspapers and film 67 million newspaper pages, and preserve more than 36 million archaeological, ethnographic, and historical objects. He has also led the way in support of projects to digitize the rich array of resources that libraries hold in their collections making them available to the public on the Web. Dr. Farr's passion for preservation and access, his kind and compassionate demeanor, and his never-failing sense of how the mission of preservation and access serve the research and educational needs of the humanities in this country will be sorely missed as he retires this summer. Dr. Farr's service to the Nation, to the humanities, and to the library community has been extraordinary. We very much appreciate the Subcommittee's continuing support of NEH and its programs.

Sincerely,

DUANE E. WEBSTER, *Executive Director, Association of Research Libraries.*

RICHARD DETWEILER, *Interim President, Council on Library and Information Resources.*

PREPARED STATEMENT OF THE FEDERATION OF STATE HUMANITIES COUNCILS

Mr. Chairman and members of the subcommittee, I very much appreciate the opportunity to present written testimony on behalf of the state humanities councils, the state-based programs of the National Endowment for the Humanities. I am writing in support of the Administration's fiscal year 2005 Budget Request for the National Endowment for the Humanities which seeks funding of $162 million, including $33 million for the We the People (WTP) initiative on American history, culture and civics. The Administration's fiscal year 2005 budget request for NEH also includes the critically important request for $31.829 million in funding for state councils through the Federal-State Partnership line. Of the $9.9 million allocated for WTP in the fiscal year 2004 bill, the agency directed $3.8 million to the state humanities councils to carry out activities at the state and local level, and we hope that councils will receive at least that proportion of any increased WTP funds for fiscal year 2005.

I am Marc Johnson, chair of the board of the Federation of State Humanities Councils and also chair of the Board of the Idaho Humanities Council, where I have been honored to serve since 1998. My involvement with the Federation and the Idaho Council are passionate volunteer pursuits, which have given me enormous pleasure and satisfaction. I do not possess an academic background in humanities but nonetheless hold a fervent belief that an understanding and appreciation of our nation's history and literature; the study of our culture and institutions; where we have been as a people and where we are going are matters of utmost importance to all Americans. This is, of course, the critical work of the state councils and the NEH. My professional life includes a partnership in a Pacific Northwest-based public affairs and strategic communications consulting firm. I also serve as the President of the non-profit Andrus Center for Public Policy at Boise State University in my hometown of Boise, Idaho.

For three decades, the state humanities councils have promoted the use of history and literature to connect individuals with each other and with the life of their community. Thus the councils were well positioned to move quickly to identify and develop a wide array of programs that could realize the aims of the We the People initiative. With additional funds, councils are prepared to expand these important programs in the coming year and develop new activities, further extending the critical federal funds by using them to leverage state and private resources.

It is easy to underestimate the value of the work of the National Endowment for the Humanities and the state humanities councils in a time when there are so many pressing demands on federal dollars, but to do so is to ignore the tremendous importance of the awareness, reflection, learning and dialogue that humanities programs stimulate. No one can deny that now more than ever Americans need more rather than less opportunity to understand our own history and system of government, to engage in civil and informed dialogue, and to learn about and appreciate the cultures of our neighbors. We need a fully engaged citizenry with the skills and knowledge to address our most pressing problems. All these are the needs that humanities programs address.

PROMOTING AN UNDERSTANDING OF HISTORY

State humanities councils are the single best source of ideas and resources within their states for increasing the understanding of our history among our citizens. Through Chautauquas, reading and discussion programs, speakers bureau presentations and community grants, councils make possible reflection on history and culture in even the most remote communities in their states.

Chautauqua programs, for example, which are now sponsored by many of the councils, offer both history education and community-building activities, as residents gather to learn about the events and figures who shaped our country while also working together to create their own educational activities, often focused on how the history of their community relates to national patterns. In the coming year the Great Plains Chautauqua, a coalition of councils in North Dakota, South Dakota, Kansas, Nebraska, and Oklahoma, will feature "From Sea to Shining Sea," a program that will involve communities in each of these states in week-long exploration of the Lewis and Clark expedition through the perspectives of William Clark, Sacagawea, and York, as well as the Indian leader Tecumseh and the fur trader John Jacob Astor. Each evening residents of the community, along with visitors who drive for miles to share in this experience, gather under a tent to listen to and engage in dialogue with these historical figures. Daytime activities developed by community members themselves involve children, families and adults in additional educational experiences. Though the Great Plains Chautauqua has the longest history, similar Chautauqua programs are now sponsored by councils in dozens of other states each summer.

Some councils will use new WTP funds to move beyond the local level, in support of statewide history programs. The Montana Committee for the Humanities in 2005 will conduct a conference on varieties of Montana heroism, using original scholarship to highlight such figures as Custer, Mike Mansfield, and Chief Joseph.

Councils also sponsor thousands of speaker and reading and discussion programs across the country, often in communities so small or so rural or in urban centers so underserved that these are the only live educational programs available. Using funds made available through the WTP initiative, councils are planning to expand these valuable programs to attempt to meet needs that consistently far outdistance the resources. In Arizona, for example, where 36 scholars gave 149 presentations in 2003, the council is planning to address the We the People initiative by adding speakers to talk about such fundamental American values as civil rights and equality under the law. The New York Council for the Humanities will create a special We the People edition of their Speakers Bureau, offering 40–50 new topics in American history, under such themes as the ideals and history of the American Revolution, the founding documents and progress of American democracy "toward a more perfect union," and immigration and the idea of America. The Washington council hopes, with new funds, to add 50 presentations on topics of American history to offer in community settings as well as classrooms. In Utah the WTP additions to their Roads Scholars Speakers Bureau will include such topics as "The Top Ten Surprises in the First Ten Amendments," along with presentations on Alexander Hamilton and Lewis and Clark. The Virginia Foundation for the Humanities will expand its Speakers Bureau to include Virginia Literary Award writers whose books explore subjects related to the upcoming 400th anniversary of the Jamestown Colony.

Council reading and discussion programs offer an even more interactive educational opportunity, involving participants in discussions with their neighbors around ideas that arise from carefully chosen texts. The North Carolina Humanities Council, in collaboration with the state's Center for the Book, will develop a new discussion series entitled "The South: Recapturing Our Identity Through History." The Maine Humanities Council, which already offers a significant number of reading and discussion programs on themes of American history and culture, intends to create several new series, including one on The American Revolutionary Generation and another called Being Ethnic, Becoming American.

Indeed, many councils are using the We the People initiative to advance efforts to connect with both new Americans and those who have been marginalized through inadequate reading skills. The California Council for the Humanities, through its "Becoming Californians/Becoming Americans" program, will "allow diverse Californians to explore the stories of immigrants, including the contributions of centuries of diverse immigrant populations toward the development of America's rich civic culture." The critically important effort to engage the immigrant community is a part of a number of humanities council programs, arising from council recognition that our society will be strengthened and unified only if these newest residents are engaged rather than ignored or isolated. The Nebraska Humanities Council hopes to use new WTP resources to expand the Prime Time family reading program (originated by the Louisiana Endowment for the Humanities) that has just been launched for low income/low literacy Spanish-speaking families who have immigrated to rural communities near meat-packing centers, where there are few other local support systems to help acclimate families and prepare their children to succeed in school. The Maine Humanities Council, under its New Books/New Readers program offers a series on American history that is extremely well received by an audience—many of whom are of foreign birth and in Maine as part of a refugee resettlement program—that is eager to become more knowledgeable about the history of America.

It is equally important to inform long-term residents about the many cultures that daily change the face of our nation, and many councils have joined that effort as well. The Michigan Humanities Council, to take one example, will invite grant proposals from local communities that address Michigan's "inclusive identity," looking at the ways the state's very diverse communities address the tension between the local and the larger affiliations.

Several councils are proposing traveling exhibitions that will inform citizens about untold stories or unexamined history of their states. The Missouri council, in a partnership with tribal advisors, exhibit designers and historians, will create three exhibits that will reinterpret the history of tribes long gone from the state. The West Virginia council is developing a traveling exhibition on the West Virginia statehood process, to educate citizens of the state on the "constitutional questions, the role of slavery, economics, geography and politics that led to the break from Virginia."

A number of councils are using new technology to offer hundreds of thousands of their state's citizens resources to learn about the history and culture of their states through new electronic encyclopedias. This is particularly important at a time when the influx of newcomers, from other regions and other countries, is increasing daily in so many states. The Nevada Humanities Council is using new WTP funds to establish a website exploring the history of Las Vegas, a complicated city that will celebrate its centennial in 2005 but whose past is often clouded by fiction and misinformation. Councils in Georgia, Arkansas, South Carolina and many other states are drawing on their top scholars to develop sophisticated online encyclopedias to make the state's history available and usable to lifelong as well as newly arrived residents.

SUPPORT FOR TEACHERS AND STUDENTS

In addition to the very important educational opportunities for the public, state humanities councils continue to provide critical support for humanities teachers, often offering the only in-depth content-based humanities training available to teachers in the state. The Idaho council will offer a weeklong summer institute on "An Unfulfilled Revolution: The Presidency of Thomas Jefferson," which will immerse teachers in study and discussion with major Jefferson scholars from four universities and include curriculum development sessions. The Oregon council's "Encounters" institute will use primary documents, records and oral histories to lead secondary school teachers through an interdisciplinary study of Lewis and Clark's journey. The Illinois council will focus on more recent history, offering their teachers an in-depth study of the economic challenges to the American dream in the 1930s with "Caught in the Crucible: America in the Great Depression."

This support for teachers is supplemented by many councils through sponsorship of the highly successful National History Day program, which involves humanities scholars and public history professionals directly with students through a mentoring and judging process. In Maryland, the council-sponsored program involves more than 8,000 students and their families and addresses urgent educational needs in the state. Councils in Georgia, Hawaii, Nevada, and New Mexico are, like the Maryland council, primary sponsors of this important opportunity for students to conduct historical research and create educational programs, and a number of additional councils lend support to the program in their states.

ONGOING NEEDS

Councils are highly skilled at extending their very limited dollars by developing partnerships and by using federal funds to leverage state and private resources. Because of this they will be able to put the relatively small amount of additional funding provided in last year's appropriation through the We the People initiative to good use. But the need for humanities programs in the states far exceeds the resources state councils are able to gather to try to meet them. The amount councils are able to allocate to regrant funds, which provide the resources that enable grassroots groups to shape and implement their own programs on local history and community issues, fall woefully short of the requests made. The invaluable work that councils do to support the cultural infrastructure in their states, from support for programs in local libraries to technical assistance to small museums and historical societies, could be vastly expanded with adequate resources. Thousands more teachers and families could benefit from the professional and literacy training that councils have become so skilled at providing.

The state humanities councils are deeply grateful for the support that this subcommittee has shown for their work in the past, but our work in local communities makes us painfully aware of how much remains to be done to deepen citizens' understanding of our history, strengthen their resolve to engage with their fellow citizens in addressing our most pressing problems, and thereby preserve the democracy that we all care about so passionately.

PREPARED STATEMENT OF THE NATIONAL HUMANITIES ALLIANCE

Mr. Chairman and Members of the Subcommittee: The National Humanities Alliance (NHA) writes to register our support for President Bush's request for $162 million for the fiscal year 2005 appropriation for the National Endowment for the Humanities. The Alliance is pleased to submit testimony in support of the National Endowment for the Humanities (NEH) on behalf of the NHA membership of eighty-nine scholarly and professional associations; organizations of museums, libraries, historical societies, higher education, and state humanities councils; university-based and independent humanities research centers and others concerned with national cultural policies.

The humanities are integral to American life and our democratic form of government. Each step in America's journey towards the federal form of democratic government—the Declaration of Independence, the Articles of Confederation, the United States Constitution, and the Bill of Rights—was formed by individuals steeped in political theory and other humanistic learning. Many of our best leaders of today and yesterday to varying degrees think about the government within a humanities framework (i.e., human rights, the concepts of liberty and balance of power, the relationships between federal, state and local government, etc.). It is especially worth noting that a democracy such as ours is dependent upon a citizenry that understands and acts upon the humanities base from which America grew. If the citizenry forgets that background and framework, our democracy will be in peril. An appreciation of the relationship of the humanities to democracy was a key factor in the establishment of the NEH almost forty years ago.

Congress enacted the National Foundation on the Arts and the Humanities Act of 1965 in order "to promote progress and scholarship in the humanities and the arts in the United States." This act established the National Endowment for the Humanities as an independent grant-making agency of the federal government to support research, education, and public programs in the humanities. In that legislation, Congress defines the term humanities as "the study of the following: languages, both modern and classical; linguistics; literature; history; jurisprudence; philosophy; archaeology; comparative religion; ethics; the history, criticism, and theory of the arts; and those aspects of the social sciences which have humanistic content and employ humanistic methods."

A mark of the special value of NEH is its ability to respond rapidly and effectively to extraordinary circumstance that require fast action to preserve historical and cultural resources. Most recently, the agency launched "Recovering Iraq's Past," an initiative to support projects to preserve and document Iraq's cultural resources and to develop education and training opportunities for Iraq's librarians, archivists, and preservation specialists. For example, a recent grant to the Massachusetts College of Art is for the conservation assessment of first millennium BC Neo-Assyrian palaces and related structures in Nineveh and Nimrud, Iraq.

But the Iraq initiative is the latest in a series of NEH initiatives in response to devastating hurricanes in Florida, Louisiana, Hawaii, and Guam; floods in the Midwest; and an earthquake in California. "Disaster Relief" grants of up to $30,000 were provided to historical organizations, museums, libraries, and other cultural and educational institutions to help recover and preserve collections that were damaged as a result of these natural disasters. NEH has also been able to rapidly respond to changing circumstances overseas, probably most notably in the early 1990s when a series of grants supported scholarly research in recently opened archives in newly democratized countries, such as the former Warsaw Pact countries of Eastern Europe and the republics formerly part of the Soviet Union.

The President's request for fiscal year 2005 is $162 million with $33 million of the proposed request for continuation of the *We the People* special initiative. As noted above, we support the President's request. We recognize that Congress faces unusually difficult choices this year in the face of rising deficits and the war on terrorism. But the work of NEH is critical for the American people not only to preserve and provide access to our history and culture but also more specifically to understand our place in the international community and to understand the heritage we are fighting to retain. While the nation must spend hundreds of billions of dollars in defense of our way of life, a $162 million appropriation through NEH can be seen as a small, but very important, investment in assuring a citizenry that understands the issues underlying this struggle.

On a practical note, we welcome the administration's recognition of the critical role that NEH plays in preserving our historic and cultural record, improving education at all levels, and helping Americans to understand their lives and the life of their nation. While we are not asking the committee to recommend more at this time than the $162 million proposed for the agency, we want to make clear that the sum does not provide enough for the agency to play the role for which it was created. Basically, the NEH is trying to carry out its important mandate with less than half of the funding in constant dollars that it commanded 25 years ago.

TABLE.—NEH APPROPRIATIONS, FISCAL YEAR 1970–2004

[In five-year intervals, millions of dollars]

	Fiscal year							
	1970	1975	1980	1985	1990	1995	2000	2004
Nominal $	8.9	79.1	150.1	139.5	156.9	172.0	115.3	135.3
Constant $ (2004)	42.8	275.9	341.6	243.1	225.2	211.7	125.5	135.3

Note.—"Nominal" values are the amounts appropriated by Congress. "Constant" values (expressed in 2004 dollars) are adjusted for inflation according to the annual CPI-U.

WE THE PEOPLE—A SPECIAL INITIATIVE

Shortly after Bruce Cole, the art historian who became the eighth chairman of NEH, arrived at the endowment in late 2001, he began considering ways that the NEH could increase its effectiveness in assisting Americans to understand more fully their history and appreciate the forces and factors underlying our form of democracy. The We the People (WTP) special initiative grew from his discussions with NEH staff and others. The program was first introduced in the agency's fiscal year 2003 request, but shortly thereafter the White House became interested in WTP and saw it as an activity that promised to strengthen the teaching of American history and culture, while at the same time helping the American public to become more engaged in studying our history. As you may know, the President pledged to provide $100 million for the WTP initiative over four years. In a White House Rose Garden Ceremony in September of 2002, President Bush introduced the expanded We the People initiative with remarks that included the following:

"Our Founders believed that the study of history and citizenship should be at the core of every American's education. Yet today, our children have large and disturbing gaps in their knowledge of history . . . Ignorance of American history and civics weakens our sense of citizenship."

Now, in its first year with special funding, We the People is stimulating a wide variety of new projects that advance our knowledge of the events, ideas, and principles that define the American nation. The initiative has drawn scholars, teachers, filmmakers, museum professionals, librarians, state humanities council leaders and other individuals engaged in humanities work to develop projects on the most significant events and themes in the nation's history and culture. Another feature of WTP is that it builds upon almost 40 years of significant projects funded by NEH.

Research and Fellowships.—Research is the engine that provides content and sometimes structure for other humanities activities. Documentary editing projects make accessible collections of papers of U.S. leaders in politics, history, literature and other areas. Past grants have supported work on papers of many presidents from Washington to Eisenhower. WTP has been able to fund a number of important projects including the papers of Frederick Douglass (Indiana University) and James K. Polk (University of Tennessee, Knoxville), and the *Documentary History of the Ratification of the Constitution* (University of Wisconsin, Madison).

Much of the research being carried out under WTP is through fellowships to individual scholars. Three examples of the wide range of topics are: *Gershwin: A Critical Biography* (Howard Pollack, University of Houston); *Northern Sierra Miwok Oral Literature and History* (Suzanne Wash, Independent Scholar, Davis, CA); and *The Republicanism of James Madison: the Authority of Public Opinion* (Colleen Sheehan, Villanova University).

Education.—Education is, of course, at the center of the WTP initiative. One example of this is a new NEH teacher training/professional development program called "Landmarks of American History," which offers a series of workshops for school teachers held at sites of historical distinction in the United States. "Landmarks of American History" seminars include: *The Mark Twain House Teacher Workshop,* focusing on Twain's work, cultural legacy, and his era in American history; *Crossroads and Conquest: People, Place, and Power on the Vancouver National Historic Reserve—History and cultures of Vancouver and the historic Northwest;* and Planned and Preserved: Savannah's Three-Century History.

Public Programs.—It is through NEH-funded public humanities programming that the endowment works most directly with the American public. From travelling exhibits in local museums and libraries to film, television and radio productions, NEH media projects reach literally millions of citizens in communities throughout the United States. WTP documentary films focus on such key figures in American history as Andrew Jackson, Benjamin Henry Latrobe, and John and Abigail Adams. Other national public projects supported through WTP include:

—*When Women Went to WW II*.—The University of North Carolina, Greensboro is developing a traveling exhibition for libraries that provides interpretive programs about women in military service during World War II;

—*Transitions in the Apache World: The Fort Apache Legacy*.—With this grant, the White Mountain Apache (Fort Apache, Arizona) will develop a permanent exhibit including both traditional culture and the changes that took place after establishment of Fort Apache.

State Humanities Councils.—The network of 56 state humanities councils has proven to be very effective in delivering humanities programming to small towns and rural areas that might not otherwise have access to such programs. WTP funding, which will be distributed in the summer, will permit each council to increase activities significantly. Examples of SHC plans include:

—North Carolina will expand its "Let's Talk About It" reading and discussion program in libraries. A new series to be developed jointly with the North Carolina Center for the Book is *The South: Recapturing Our Identity Through History*;

—Pennsylvania will expand the history section of its speakers bureau. Pennsylvanians will be able to participate in lecture/discussions on such topics as: *The Scots Irish in Pennsylvania*; *Pittsburgh Melting Pot: The Faces of Western Pennsylvania;* and *Betsy Ross and the Making of an American Legend*;

—Virginia is undertaking four projects on "We the People and 2007" (2007 being the 400th anniversary of Jamestown, "the germ of the American Republic"). Activities include an oral history project entitled Virginia's Stories, a speakers bureau involving Virginia writers, and radio programs on Historic Jamestowne.

Preservation and Access.—The WTP initiative is supporting an impressive array of activities, from the digitization of 19th century U.S. newspapers to the preservation of state archives. Examples of current projects include:

—*Pennsylvania Newspaper Project*.—Microfilming (Pennsylvania State University, Main Campus, University Park)—The preservation microfilming of approximately 222,210 pages of newspapers, as part of Pennsylvania's participation in the U.S. Newspaper Program.

—*Preserving the Past and Ensuring the Future* (Alaska State Library and Archives, Juneau).—The preservation assessment of 19th-c. territorial and 20th-c. statehood records of Alaska.

—*Preservation Assessment of Architectural Drawings Collections* (University of Washington Libraries, Seattle).—The preservation assessment of a collection of architectural drawings that document the history of building in the Puget Sound area from the 1870s to the present.

Challenge Grants.—Challenge grants have also thrived under We the People, with awards going to such institutions as the Georgia Historical Society, Massachusetts Historical Society, Mississippi Department of Archives and History, Northwest Museum of Arts and Culture (Spokane), University of California, Berkeley (library), and University of Washington (museum).

Note.—There are other programs with federal funding entitled "We the People". The program at NEH is unique because it is centered upon the agency's past activities and capitalizes on its strengths in terms of staff, first-rate peer review process, and focus on humanities content. Other initiatives, such as the Department of Education's civics education program, may complement NEH's effort but certainly will not duplicate it.

WE THE PEOPLE AND NEH'S CORE PROGRAMS

As you know, the $27 million increase for NEH is almost entirely devoted to the We the People special initiative. The peer review process at NEH, from which all successful applications must emerge with very high ratings, is itself highly respected and often emulated. The impact of the *We the People* initiative has been very positive across the core programs of the NEH. NEH's planning office reports that overall applications are up 8 percent, with significantly greater increases in select areas such as Summer Stipends (up 10 percent and Summer Seminars (up 20 percent.) The WTP funding can broaden the reach of core programs by directly funding select applications submitted to core programs, thereby freeing funds for other highly rated projects.

While the *We the People* initiative is serving at present as the most visible of NEH's activities, the core programs of the Endowment, which have developed over four decades, are the backbone of the federal involvement in the humanities. The NEH is the largest single funder of humanities programs in the United States. The leadership provided by NEH is critical for the national effort to:

—develop Americans' knowledge and understanding of the nation's history and traditions, its values and beliefs;
—preserve and provide access to our nation's historical and cultural resources;
—strengthen teaching and learning in history, literature, language and other humanities subjects in schools and colleges;
—facilitate research and original scholarship in the humanities;
—provide opportunities for lifelong learning in the humanities for all Americans;
—strengthen the institutional base of the humanities.

Prepared Statement of Preservation Action

Preservation Action respectfully submits this testimony in support of $50 million for the State Historic Preservation Offices and $12 million for the Tribes as part of the fiscal year 2005 Department of Interior Appropriations Bill.

America's historic resources are as diverse as its citizenry. Rural settlements and their attendant agricultural structures dot the landscape of the far west. Lighthouses stand sentinel on our shorelines, while county courthouses tower above the plain. Small town main streets tell of an earlier era. Dense urban districts and large industrial complexes offer the historic face of our larger cities. The scenic byway and the ubiquitous train station, the tiny house and the multi-story apartment building, all have a story to tell. And now, the relics of a more recent past—cold war military installations, the centers of pioneering air and space development, and the mid-century suburb—are achieving significance as well.

Through the National Historic Preservation Act of 1966, the Federal government has made a commitment to preserve and maintain this patrimony, in all its diversity, for generations to come. But, historic preservation is more than a celebration of the past, it is an economic engine for the future. Historic preservation activities rebuild and reuse existing infrastructure, revitalize main streets, restore the tax base and generate tourism. Preservation has transformed neglected warehouse districts into multi-use residential and entertainment centers, struggling commercial strips into retail destinations, and abandoned houses into thriving neighborhoods. In an age of rapid development it is a way to harness economic energy and put it to work for existing communities. It is the answer to growth's unintended consequences.

Acknowledging the important role that preservation plays in the health and welfare of our communities, Congress has asked each state, through its State Historic Preservation Officer and many Tribes through their Tribal Preservation Officers, to work in partnership to achieve the goals of the Historic Preservation Act. Indeed, in 1976, it created the Historic Preservation Fund (HPF), endowed it with Outer Continental Shelf Oil Lease proceeds, and authorized it at $150 million annually. This funding, matched by the States and Tribes, is to carry out the mandates of the Act including 106 Review of federal actions and their consequences for historic resources; certification of rehabilitation activities eligible for receipt of the Historic Rehabilitation Tax Credit; survey and documentation of historic resources; and technical assistance (architectural, planning, archeological, etc.) to local communities, state and federal agencies and individuals.

Unfortunately, the Historic Preservation Fund as a whole has rarely received even half of its authorized amount and the annual appropriation to States and Tribes in recent years, though level, has essentially represented a cut when adjusted for inflation and cost-of-living considerations, the Historic Preservation Fund appropriation to States and Tribes has declined markedly. For the Tribes, this decline comes at a time when new Tribes are being added every year, making each slice of the pie ever smaller. In the end, year after year the States and Tribes can do little more than meet their base obligations.

At a time of fiscal restraint at both the federal and state level, this under funding is particularly un-productive. It thwarts the stimulative aspects of historic preservation and impedes the ability of private individuals and organizations to contribute in real ways to achieving our nation's heritage protection goals. Unlike so many other federal programs, federal historic preservation activities do not rely on acquisition or federal intervention to achieve the vital objectives of the National Historic Preservation Act. Rather, they give property owners and local citizens the tools they need to restore and protect heritage resources for the benefit of the entire community. Every federal dollar is over matched, and every federal dollar serves as a catalyst for additional private and public investment.

From our perspective, there is no component of the program that better illustrates the economic power of the federal-State partnership than the Historic Rehabilitation Tax Credit. This tax incentive program leveraged more than $2.7 billion in private investment for historic resources in 2003. In that year alone, tax act projects rehabilitated or created 15,374 housing units and created 62,230 jobs. On the ground these numbers translate into comfortable high-quality places for people of average means to live. They mean that boarded up and vacant buildings are restored and re-opened as viable business enterprises and are put back on the tax rolls for the benefit of the entire community. They mean that the federal government, working with its partners, quadrupled its investment, put people to work, and repaired the fabric of our neighborhoods. The tax act program carries out the spirit of the National Historic Preservation Act in concrete ways.

Owners and developers depend on their State Historic Preservation Officers for National Register nominations and advice on project design. The National Park Service depends on them for project analysis and recommendations to expedite their review.

Unfortunately, due to funding restraints State Offices, on average, have just one staff person dedicated to rehab credit review, which slows processing and curtails their ability to partner with developers to save historic resources.

Similarly, only when the Historic Preservation Fund appropriation allows, State offices offer grants to help restore National Register properties. These grants are often the catalyst for additional public and private investment. When restoration grants are not available, historic buildings are allowed to deteriorate. For the first time since the 1970's increased funding in fiscal year 2001 allowed substantial disbursement of restoration grants, it also gave State Offices the opportunity to invest in long overdue infrastructure improvements (e.g., geographic information system upgrades). These investments totaled nearly $11 million in fiscal year 2001. However, the cuts in fiscal year 2002, 2003 and level funding in 2004 reduced that investment. Further reductions could serve to zero out restoration and project grants leaving untold thousands of projects without the seed money they need to ensure there success.

CONCLUSION

The tax act program, 106 review, and indeed preservation activities of all kinds, can not work without the technical support, administrative commitment, time and effort of the State and Tribal Historic Preservation Offices. We are a nation experiencing tremendous growth. We are a nation rallying in the face of terrorist threats. We are a nation which has turned to its heritage as a source of comfort and strength in a new and uncertain era. We must find a way to create a thriving future that does not compromise our natural and historic resources. Historic preservation, as defined and guided by the National Historic Preservation Act, must remain an integral part of how we do business in all our communities. This cannot happen without a renewed commitment from Congress to adequate funding for the Historic Preservation Fund. Please approve funding for the State Historic Preservation Offices at $50 million, and the Tribes at $12 million in fiscal year 2005.

PREPARED STATEMENT OF THE SMITHSONIAN INSTITUTION

The 158-year-old Smithsonian Institution, the world's largest museum and research complex, is in the midst of an energetic revitalization to wipe out a $1.5 billion backlog of maintenance expenditures and modernize a huge inventory of outmoded exhibits. New museums and exhibits, such as the National Air and Space Museum's colossal Steven F. Udvar-Hazy Center, adjacent to Dulles Airport, the National Museum of Natural History's spectacular Kenneth E. Behring Family Hall of Mammals, and the National Museum of American History's largest exhibit ever, America on the Move, have all opened to rave reviews and overwhelmingly positive public response. In less than three cold winter months, the new air and space center at Dulles welcomed more than half a million visitors and became the Smithsonian's fourth best-attended facility!

In 2004, momentum will be maintained with the openings of the stunning new National Museum of the American Indian on the Mall in September and the first comprehensive exhibit covering the country's military history, *The Price of Freedom*, in November at the National Museum of American History. In 2006, we will reopen the Patent Office Building, home to the National Portrait Gallery and the Smithsonian American Art Museum. The Smithsonian has recently inaugurated two major new, state-of-the art scientific research facilities: the Smithsonian Tropical Research Institute's new marine biology research station in northwest Panama and the Smithsonian Astrophysical Observatory's Submillimeter Array telescope on the top of Mount Mauna Kea in Hawaii. We're moving forward because of a powerful public/private partnership. The value of these initiatives totals $867 million, with 47 percent coming from the American taxpayer and 53 percent from the private sector. Maintaining this partnership is vital to the Smithsonian's continued revitalization.

The Smithsonian depends on direct congressional appropriations for roughly two-thirds of its funding. That consistent, strong support is key to leveraging the backing the Institution receives from other public and private sources for the other one-third of its funding. The Smithsonian is committed to continuing to work closely with both the Congress and OMB to justify continued support. The Institution is also improving its performance on the President's Management Agenda to advance financial management, utilize e-government, improve human capital planning and management, and integrate budgeting and long-term performance goals.

Key to the Smithsonian's recent revitalization success has been a significant change in its management. Since the start of the new decade, approximately two-thirds of the incumbents in the Institution's top 75 positions have been replaced. The Smithsonian has never had a stronger group of museum, research center or administrative department directors.

Science at the Smithsonian is progressing. Of the 76 recommendations made in "The Report of the Smithsonian Institution Science Commission" submitted to the Board of Regents in January, 2003, 60 are completed, eight are under way, and the remaining eight will be addressed as additional resources become available. Among priority recommendations made by the Science Commission were those related to more funds for fellowships and scholarly study awards and for care of the collections at the National Museum of Natural History. Increases for these have been included in the Smithsonian's fiscal year 2005 budget request.

On March 17 the American Zoo and Aquarium Association (AZA) granted the standard five-year accreditation to the Zoo, clearly reflecting that we have resolved their concerns related to accreditation. During 2003, the Zoo made substantial progress on improving its facilities; raising more private and public sector money than ever before; hiring new talent; expanding staff training; increasing the animal collections; and providing supporters with a better understanding of longstanding problems, its plan for the future, and the resources required to realize the plan. Nonetheless, we realize a great deal still remains to be done and that it is crucial that we accelerate the rate of our progress.

Given budget realities, Smithsonian priorities fall into four major categories. The first is funding to keep the Institution's museums operating, collections safe, and research programs intact. These include requirements for staff salaries and benefits, legislated pay raises, utilities, postage, communications, and rent—in other words, what can be referred to as non-discretionary costs.

The second priority is funding for security-related items, including all programs and activities for security for staff, visitors, collections, and facilities and to protect against terrorist actions. This includes funds for additional staff for visitor screening at Mall museums and for integrating the National Postal Museum guard force into the Smithsonian security force. Facilities Capital funds are included to continue construction of the new Pod 5 at the Museum Support Center for the storage of the National Museum of Natural History's collections stored in alcohol.

The third priority is funding increases for recommendations made by the National Academy of Public Administration (NAPA) in a congressionally-mandated report published in 2001, such as critical facilities revitalization and information technology needs. This request includes funding to continue to repair some of our oldest and most heavily-visited museums. NAPA recommended that facilities revitalization be funded at $150 million per year for ten years. This past year, an outside engineering firm recommended that the Arts and Industries Building be closed because of its deteriorating roof. This request contains funds to cover most of the costs to close the Arts and Industries Building and relocate its staff, collections and data. As for Zoo facilities, Congress added funds in fiscal year 2004 to complete Asia Trail I, and $14.5 million is requested to begin Asia Trail II, which will provide safer and better facilities for our elephants. Funds are requested to develop a master plan for revitalization of Zoo facilities. The Smithsonian is also continuing information technology initiatives such as implementation of the Enterprise Resource Planning system, infrastructure modernization, and meeting information technology security requirements.

The fourth priority is securing the financial resources necessary to operate three new museums: the National Air and Space Museum's new Steven F. Udvar-Hazy Center in Northern Virginia, which opened in December 2003; the National Museum of the American Indian (NMAI) which opens on the National Mall in September 2004; and the National Museum of African American History and Culture (NMAAHC), which was just created by an Act of Congress. The Smithsonian is honored that NMAAHC will become part of the Institution. A working-group has been convened to begin discussions on site selection and initial staff hiring, and $5 million is requested in fiscal year 2005 to support this effort. NMAI anticipates 4.5 million visitors annually, which will require staff to provide public programs and visitor services. The Udvar-Hazy Center is requesting additional staff for education and Web programs to further address the President's national education goals.

FISCAL YEAR 2005 BUDGET REQUEST

For fiscal year 2005, the Smithsonian requests $628 million, a $31.7 million increase over the fiscal year 2004 appropriation. The increase focuses on Facilities Capital for which $128.9 million is requested in fiscal year 2005. This increase is essential for the Institution's $1.5 billion backlog of overdue revitalization; it will avoid crises like the recent closure of the historic Arts and Industries Building due to the condition of its roof and the facilities deterioration at the Zoo. The Salaries and Expenses request is $499.1 million.

SALARIES AND EXPENSES

This appropriation covers the cost of operating 17 Smithsonian museums, the National Zoo, and nine research centers, including such items as salaries of more than 4,000 on-board federal staff, maintenance and repair of more than 400 buildings and structures, conservation and care of the 143 million items in collections, and security of 25 million annual visitors, staff, and artifacts.

Mandatory Items.—An increase of $9.9 million is requested for non-discretionary costs. This eliminates most of the unspecified reductions and across-the-board reductions included in the fiscal year 2004 appropriation and allows for reapplication of savings in the utilities program for increased rent costs. However, no additional funds are provided specifically to cover the 1.5 percent pay raise the Administration proposes for Federal workers, nor allow for the cost of the difference between legislated pay raises and budgeted pay raises in fiscal year 2004 and fiscal year 2003. These unfunded $15.6 million in pay raises will be met by delaying hires, including those vacancies created by the buyout, and other cost savings mechanisms. The Smithsonian's five most-visited venues have reduced staff by 19 percent since 1993, and programs such as traveling children's exhibits, Save Outdoor Sculptures, and museum-based teacher and student education programs have been curtailed or eliminated.

Security.—An increase of $2.0 million for staff for electronic screening devices in the National Air and Space Museum, the National Museum of Natural History and the National Museum of American History.

Information Technology (IT).—An increase of $1.9 million to establish a new IT infrastructure that will provide image, audio, and video digital asset management, web content management, and portal functions necessary for E-commerce. This increase will also strengthen Smithsonian IT security.

Zoo Accreditation.—A $.8 million increase for five new positions at the Zoo: an integrated pest management specialist, a veterinarian, a veterinary care technician, and two animal behavior specialists. All positions respond directly to recommendations of outside, expert advisory bodies.

Science Commission.—An additional $.8 million increase for fellowships. The Science Commission underscored the important synergistic benefits of pre- and post-doctoral fellowships to research programs and strongly recommended an increased budget. The Commission also called for improved collections care at the National Museum of National History, which is made more urgent by the planned move of collections stored in alcohol from the Mall. A $.7 million increase is requested in this budget for collections care at Natural History.

New Museums.—The Udvar-Hazy Center is now open, and the National Museum of the American Indian will be open by fiscal year 2005. Much of the effort to move collections and prepare exhibits will have been completed before fiscal year 2005. This allows a reduction of $7.8 million in the budgets for NMAI and the Udvar-Hazy Center. However, a $5.0 million increase is requested for the National Museum of

African American History and Culture (NMAAHC), the first budget request for this museum; it will provide support for the site selection process, initial fund-raising staff, and the initial management and planning staff. Twenty-seven new positions are requested for NMAAHC.

Other Reductions.—In addition to the $9 million previously mentioned in new museums and utilities, there are three other reductions totaling $2.7 million in this request. As planned, there is a reduction of nine Federal staff and $.7 million for fund raising at NMAI. The fund-raising function, as planned, transfers to private funding when the Museum opens. There is a $1.0 million reduction to Natural History's Repatriation program. This no-year funded program is not using funds as rapidly as expected, and prior year funds are available to fund fiscal year 2005 efforts. Lastly, the Scientific Instrumentation program, which keeps the Smithsonian on the cutting edge of equipment development, will be reduced from $5.0 million to $4.0 million.

FACILITIES CAPITAL

The Facilities Capital request includes $111.9 million for the revitalization/renovation of existing facilities, $9.0 million for the construction of new facilities and $8.0 for planning and design of future projects. In 2001, at the Committee's request, the Smithsonian asked the National Academy of Public Administration (NAPA) to review and evaluate the Institution's facility needs. NAPA said that $1.5 billion would be needed over ten years for the Smithsonian to meet such needs. Because such funding increases, large enough to reach what NAPA has said is necessary, have not been possible due to budget constraints, the Smithsonian has obtained modest annual revitalization increases and carefully set priorities for facility revitalization funding. This budget continues gradual revitalization increases, but remains significantly short of the $150 million per year requirement.

Patent Office Building (POB).—Consistent with our 2001 estimates, the total estimated Federal cost for revitalization of POB remains $166 million. The $44.4 million request in fiscal year 2005 completes the Federal funding to restore POB, the historic, third oldest government building in Washington, DC. In addition to the Federal component, we're also raising $50 million in private funds for building enhancements, the most significant of which will enclose the courtyard to create additional public space. Half of the $50 million has already been committed by private sector donors.

National Zoo.—The request includes $19.5 million for revitalization projects. Of this amount, $14.5 million will begin work on Asia Trail II. Asia Trail I will be completed with the fiscal year 2004 appropriation thanks to the Congressional increase of $15.0 million for this purpose. Asia Trail I revitalizes the area from the Connecticut Avenue entrance to the Panda house. Asia Trail II addresses the elephant area and, when completed, will provide an elephant area consistent with current standards of care for a small multi-generational herd and will allow the Zoo to build a secure facility for its rapidly growing young bull elephant.

Arts and Industries Building (AIB).—The budget includes $25.0 million for closure of AIB and moving most of the staff as well as the Institution's Archives and data center from the building. No funds are included to renovate the building. The move is being done on an emergency basis because two buildings of similar age and roof design experienced roof collapses last year, and an engineering assessment of the AIB roof advised the Smithsonian to vacate the building.

National Museum of American History (NMAH).—The budget requests $10.0 million for infrastructure renovations in NMAH. A private donor has committed $80 million to renew several exhibit areas in the Museum. To complement this work, Federal funds will be needed over several years to renovate the building's obsolete infrastructure such as electrical systems, HVAC systems, bathrooms, stairways, elevators, escalators, etc., that private donors simply will not fund.

National Museum of Natural History (NMNH).—Similar to NMAH, $7.0 million is requested for infrastructure renovation at NMNH. These funds will renovate infrastructure in NMNH and complement $16 million contained in the fiscal year 2004 Omnibus Appropriation for the Commerce Department to renew a hall of NMNH and create an Oceans Natural History Hall.

Museum Support Center (MSC) Pod 5.—The request includes $8.0 million to continue construction of MSC's Pod 5 in Suitland, Maryland. This facility will provide fire code-compliant storage for Natural History specimens stored in alcohol currently housed on the Mall.

Facilities Capital Balance.—The balance of the Facilities Capital request finances the Institution's $1 million share of a $17 million gamma ray telescope facility in Arizona; planning and design of fiscal year 2006 and fiscal year 2007 revitalization projects including a master plan for revitalization of the National Zoo; and $6.0 million for smaller revitalization projects throughout the Smithsonian and project management for the revitalization program.

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

Page

Abraham, Hon. Spencer, Secretary, Office of the Secretary, Department of Energy 1
Prepared statement 7
Summary statement 4
Advocates for Health, Public Parks, and Recreation, prepared statement 484
American:
Association of Museums, prepared statement 493
And the Society for Historical Archaeology, prepared statement 495
Chemistry Council, prepared statement 400
Council for an Energy-Efficient Economy, prepared statement 402
Council on Education, prepared statement 503
Fisheries Society, prepared statement 225
Fly Fishing Trade Association, prepared statement 350
For the Arts, prepared statement 498
Forest and Paper Association, prepared statement 351
Gas Association, prepared statement 404
Geological Institute, prepared statement 406
Hiking Society, prepared statement 227
Indian Higher Education Consortium, prepared statement 292
Institute of Biological Sciences, prepared statement 230
Public Power Association, prepared statement 409
Rivers, prepared statement 350
Sportfishing Association, prepared statements 350, 353
Symphony Orchestra League, prepared statement 501
Appalachian:
Mountain Club, prepared statement 231
Trail Conference, prepared statement 356
Association of:
American Universities, prepared statement 503
Research Libraries and the Council of Library and Information Resources, letter from 505

Battelle Memorial Institute, prepared statement 415
Bennett, Senator Robert F., U.S. Senator from Utah, opening statement 118
Biomass Energy Research Association, prepared statements 418, 472
Bosworth, Dale N., Chief, Forest Service, Department of Agriculture 75
Prepared statement 86
Summary statement 84
Burns, Senator Conrad, U.S. Senator from Montana:
Opening statements 1, 75, 115, 189
Prepared statements 2, 117, 190
Questions submitted by 44, 101, 148, 209
Byrd, Senator Robert C., U.S. Senator from West Virginia:
Opening statement 15
Questions submitted by 66

California Industry and Government Coalition, prepared statement 232
Campbell, Senator Ben Nighthorse, U.S. Senator from Colorado, questions submitted by 178
Caterpillar Inc., prepared statement 422
Center for Advanced Separation Technologies, prepared statement 425
Chippewa Ottawa Resource Authority, prepared statement 295
Chugach Regional Resources Commission, prepared statement 301

Page
Coal Utilization Research Council (CURC), prepared statement 411
Coalition of Northeastern Governors, prepared statement 414
Cochran, Senator Thad, U.S. Senator from Mississippi:
Prepared statement 148
Questions submitted by 177
Colorado River Board of California, prepared statement 234
Confederated Tribes of the:
Siletz Indian Reservation, prepared statement 487
Warm Springs Reservation of Oregon, prepared statement 485
Congressional Sportsmen's Foundation, prepared statement 350
Consortium for Fossil Fuel Science, prepared statement 427
Crownpoint Institute of Technology, prepared statement 305
Cummins Inc., prepared statement 428

Defenders of Wildlife, prepared statement 360
Detroit Diesel Corporation, prepared statement 431
DeWine, Senator Mike, U.S. Senator from Ohio, questions submitted by 187
Domenici, Senator Pete V., U.S. Senator from New Mexico:
Questions submitted by 218
Statement of 204
Dorgan, Senator Byron L., U.S. Senator from North Dakota:
Opening statements 3, 77, 118, 191
Questions submitted by 63, 182, 221
Doris Day Animal League, prepared statement 235

Eastern Forest Partnership, prepared statement 363
Ecological Society of America, prepared statement 236
Enewetak/Ujelang Local Government Council, prepared statements 261, 365

Federation of:
Fly Fishers, prepared statement 350
State Humanities Councils, prepared statement 507
Fond du Lac Band of Lake Superior Chippewa, prepared statement 309
Forest Landowners Association, prepared statement 368
Fort Peck Tribes, prepared statement 307
Fuel Cell Power Association, prepared statement 436

Gas Turbine Association, prepared statement 438
Gasification Technologies Council, prepared statement 441
General Electric Energy, prepared statement 444
Greasewood Springs Community School, prepared statement 341
Great Lakes Indian Fish and Wildlife Commission, prepared statement 311
Grim, Charles W. D.D.S., M.H.S.A., Assistant Surgeon General, Director, Indian Health Service, Department of Health and Human Services 189
Biographical sketch of 197
Prepared statement 195
Summary statement 192

Hartz, Gary J., Assistant Surgeon General, Acting Director, Office of Public Health, Director, Indian Health Service, Department of Health and Human Services 189
High Plains Partnership, prepared statement 370
Highlands Coalition, prepared statement 239

Institute of American Indian and Alaska Native Culture and Arts Development, prepared statement 314
Integrated Building and Construction Solutions, prepared statement 447
International:
Association of Fish & Wildlife Agencies, prepared statement 350
Society of Tropical Foresters, prepared statement 370
Interstate Mining Compact Commission, prepared statement 449
InterTribal Bison Cooperative, prepared statement 317
Intertribal Timber Council, prepared statement 319
Izaak Walton League of America, prepared statement 350

Kashdan, Hank, Director, Program and Budget Analysis, Department of Agriculture 75

Lac du Flambeau Band of Lake Superior Chippewa Indians, prepared statement 322

Page

Leahy, Senator Patrick J., U.S. Senator from Vermont, questions submitted by ... 69

McSwain, Robert G., M.P.A., Director, Office of Management Support, Indian Health Service, Department of Health and Human Services ... 189
Metlakatla Indian Community, prepared statement ... 303
Mother Lode Chapter, Sierra Club, prepared statement ... 371

National:
- American Indian Court Judges Association, prepared statement ... 298
- Association for State Community Services Programs, prepared statement ... 454
- Association of:
  - Abandoned Mine Land Programs, prepared statement ... 452
  - Conservation Districts, prepared statement ... 244
  - State Energy Officials, prepared statement ... 456
  - State Foresters, prepared statement ... 373
  - State Universities and Land-Grant Colleges, prepared statement ... 503
  - University Fisheries and Wildlife Programs, prepared statement ... 246
- Conference of State Historic Preservation Officers, prepared statement ... 248
- Congress of American Indians, prepared statement ... 489
- Council for Science and the Environment, prepared statement ... 250
- Humanities Alliance, prepared statement ... 510
- Hydrogen Association, prepared statement ... 459
- Institutes for Water Resources, prepared statement ... 252
- Mining Association, prepared statement ... 460
- Recreation and Park Association, prepared statement ... 255
- Research Center for Coal and Energy, West Virginia University, prepared statement ... 462
- Wildlife Federation, prepared statement ... 377

Navajo Nation, prepared statements ... 324, 327, 329
Nebraska:
- Boyer Chute National Wildlife Refuge, prepared statement ... 264
- Game and Parks Commission, prepared statement ... 266

New England Forestry Foundation, prepared statement ... 380
Northern Forest Alliance, prepared statement ... 381
Northwest Sportfishing Industry Association, prepared statement ... 350
Norton, Hon. Gale A., Secretary, Office of the Secretary, Department of the Interior ... 115
- Prepared statement ... 124
- Summary statement ... 119

Ornithological Council, prepared statement ... 384

Partnership for the National Trails System, prepared statement ... 269
Pinon Community School, prepared statement ... 341
Plug Power, Inc., prepared statement ... 465
Preservation Action, prepared statement ... 513
Pure Fishing, prepared statement ... 350

Ramah Navajo School Board, Inc., prepared statements ... 332, 334, 491
Red Lake Band of Chippewa Indians, prepared statement ... 336
Reid, Senator Harry, U.S. Senator from Nevada:
- Opening statement ... 16
- Questions submitted by ... 183

Rey, Hon. Mark, Under Secretary for Natural Resources and Environment, Department of Agriculture ... 75
- Prepared statement ... 81
- Summary statement ... 79

Rivers and Trails Coalition, prepared statement ... 278

SAGE Electrochromics, Inc., prepared statement ... 470
San Diego County Water Authority, prepared statement ... 279
Scarlett, Lynn, Assistant Secretary, Policy, Management, and Budget, Department of the Interior ... 115
Seminole Tribe of Florida, prepared statement ... 339
Shiprock Alternative School, prepared statement ... 341
Siemens Westinghouse Power Corporation, prepared statement ... 475
Skokomish Tribe of Washington State, prepared statement ... 344

	Page
Smithsonian Institution, prepared statement	514
Society:	
For Animal Protective Legislation, prepared statement	279
Of American Foresters, prepared statement	387
SOFCo-EFS Holdings LLC, prepared statement	477
Southern Company, prepared statement	467
State of Delaware, Department of Natural Resources & Environmental Control, Division of Fish & Wildlife, prepared statement	390
State of:	
Utah, letter from	283
Wyoming, letters from	284, 285
State Teachers' Retirement System, State of California, prepared statement	479
Stevens, Senator Ted, U.S. Senator from Alaska:	
Opening statements	119, 207
Questions submitted by	62, 111, 175
Teaming With Wildlife Steering Committee, prepared statement	287
Technology Acumentrics, Westwood, MA, prepared statement	396
The:	
Fund for Animals, prepared statement	237
Humane Society of the United States, prepared statement	241
Nature Conservancy, prepared statement	257
Ocean Conservancy, prepared statement	267
Trezise, John, Director, Office of Budget, Department of the Interior	115
Trout Unlimited, prepared statement	350
Tyner-Dawson, Eugenia, Acting Deputy Director, Indian Health Service, Department of Health and Human Services	189
U.S. Fuel Cell Council, prepared statement	482
United South and Eastern Tribes, Inc., prepared statement	345
Upper Mississippi River Basin Association, prepared statement	391
USGS Coalition, prepared statement	288
Vanderwagen, William C. M.D., Acting Chief Medical Officer, Indian Health Service, Department of Health and Human Services	189
Washington Trails Association and the Pacific Crest Trail Association, prepared statement	385
Wildlife Management Institute, prepared statement	290
Wyoming State Engineer's Office, letter from	286

SUBJECT INDEX

DEPARTMENT OF AGRICULTURE

Forest Service

	Page
Additional Committee Questions	101
Categorical Exclusions	99
Clean Audit Opinion	80, 83
Collaborative Processes	86
Conclusion: Entering A New Century of Service	92
Conservation	92
Education Efforts	99
Effects of Fire Borrowing	93
Fire Suppression	95
Firefighting Cost Analysis	94
Forest:	
Legacy Program	90
Management	99
Grazing	96
Hazardous Fuels	84
Healthy Forests:	
Initiative	82
Restoration Act	79, 81
Invasive Species	84
And Noxious Weeds	77
Legislative Proposals	80
Loss of Open Space	85
Overview	81, 87
Performance and Financial Management Accountability	89
Progress Towards Healthy Forests and Grasslands—Protecting Communities	87
Proposed Budget:	
Decreases	76
Increases	75
Recreation	90
Reducing the Threat of Catastrophic Wildfire	88
Research	89
Stewardship Contracting	98
Unmanaged Recreation	86
Wildland Fire	78
Suppression	91

DEPARTMENT OF ENERGY

Office of the Secretary

Additional Committee Questions	44
Alaska:	
Arctic Energy Office	24
Energy Resources	25, 62
Carbon Sequestration	5
Central Asian Production	53
Clean:	
Air Act—New Source Review	39, 41
Coal Power:	
Initiative and FutureGen	9

Page

Clean—Continued
  Coal Power—Continued
    Technology Program ... 27, 37
  Energy Technology Export (CETE) Initiative ... 68
Climate Change Initiative and Energy Conservation Budget Cuts ... 71
Current Crude Import Levels ... 52
Energy:
  And Environmental Research Center ... 3, 33
  Budget ... 5
  Conservation ... 11
  Efficiency Budget Cuts ... 69
  Information Administration ... 6, 14
  Savings Performance Contracts (ESPC) ... 32
Federal Energy Management Program ... 70
Foreign Investment in FutureGen ... 35
Fossil:
  Energy ... 8
    Budget ... 4
      Cuts ... 31
      Request vs. the Energy Bill ... 66
    Distributed Generation—Fuel Cells—Solid State Energy Conversion Alliance (SECA) ... 51
  Domestic Gas Production/Imports ... 58
  Domestic Oil Production/Imports ... 51
    Fuels ... 60
    FutureGen ... 49
FutureGen ... 19, 35, 63
Gas Hydrates ... 25
Gasoline Stocks ... 53
Grid Reliability and Federal Lands ... 59
Hydrogen:
  Fuel Cells ... 33
    Vehicle Program ... 34
  National Research Council Report ... 55
  Technology Validation Program ... 57
Import/Export Authorization Funds ... 53
Investing in America's Energy Future ... 7
Iraqi Production ... 52
Moab Atlas Tailings ... 24
Mountain States Energy (MSE) Contract Extension ... 49
National Energy Technology Laboratory (NETL):
  DOE Office of Energy Assurance ... 66
  Reorganization Plan ... 68
Natural Gas ... 22
  As a Fuel of Choice ... 22
  Savings ... 70
Naval Petroleum and Oil Shale Reserves—Rocky Mountain Oil Technology Center (RMOTC) ... 61
Off-Highway Engine:
  Program ... 36
  R&D ... 61
Oil:
  Research Budget Figures ... 52
  Technology Development ... 10
Other Fossil Energy R&D ... 11
Petroleum Reserves ... 11
President's Coal Research Initiative ... 8
Reasons for Proposed Termination of Off-Highway Engine Programs ... 36
Recent R&D Accomplishments:
  Energy Conservation ... 47
  Fossil Energy ... 44
Solid State Lighting ... 54
Spinning Reserve Demonstration Projects ... 72
Tankless Water Heaters ... 72
Update on World Oil Markets ... 52
Water Heater Standards—Energy Star ... 71
Weatherization ... 6
Yucca Mountain ... 17

	Page
Yucca Mountain—Continued	
Funding	44
Rail Corridor	43
Silicosis Issue	43

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Indian Health Service

Additional Committee Questions	209
Alcoholism	212
Assessments/Reimbursements	209
Base Funding	221
Change In Health Problems	211
CHEF Program	200
Contract Health Services	198, 201, 214, 221
Diabetes	204
Fund	213
Program	218
$18 Million Request	199
EPI Centers	200
Epidemiology Centers	210
Facilities	193
Construction Priority List	216
Funding Disparities	201
Gallup Indian Medical Center	205
Health Care Facilities Construction	193
Decrease	217
Homeland Security/Bioterrorism	217
Indian Health Care Improvement Fund (IHCIF)	223
Into Psychology Program—Montana	214
Injury Prevention Program	215
Joint Venture Construction Program	216
Medical Equipment	217
Mental Health/Suicide Prevention	202
National Budget Priorities/Constraints	194
Overall Departmental Budget	194
Patient Contacts	203
Professional Staff Shortages	219
Recruitment	203
Sanitation Construction	193, 218
Sudden Infant Death Syndrome	222
Telemedicine	211

DEPARTMENT OF THE INTERIOR

Office of the Secretary

Abandoned Mine Lands	120
Reauthorization	159
Additional Committee Questions	148
Addressing Long-Standing Challenges	125
BIA:	
Budget	178
Claim Settlements and Overall Funding Level	157
Detention Center Funding	157
Reorganization	180
School Construction	157
Tribally Controlled Colleges	156
Budget Overview	124
Bureau of Land Management	175, 183
Cost Recovery and Reductions in Oil and Gas Program	153
Hazardous Fuels Work and Cost Containment	154
Litigation Costs	139
Range Monitoring	154
Wild Horse and Burro Program	151
Cooperative Conservation	123
Cost Containment	155

	Page
Eastern Nevada Landscape Coalition	185
Endangered Species Listings	147
Program	179
Enemy Swim Day School Replacement	182
Energy Policy Act—MMS	168
Financial Management System	172
Fire Fighting Budgeting	179
Fish and Wildlife Service	176
Consultation	163
Hazardous Fuels Reduction	178
Healthy Forests:	
Consultations	146
New ESA Consultation Procedures	167
Improving Law Enforcement and Security	132
Indian:	
Land Consolidation	181
Trust	121
Management	122
Information on:	
Landowner Incentives Program to Support $20 Million Increase	137
Litigation Costs for BLM	141
Natural Gas Reserves on Public Lands	142
Park Police Chief	139
The Cost of the Wolf Recovery Program	144
Internet Shutdown	121, 146, 164
Investing in Conservation	127
Land Management Challenges	130
Landowner Incentives Grant Program	136
Landsat	143
Litigation Costs	143
Management Excellence	124, 133
Managing Resources	131
Midnight Rider Removed	180
Monitoring and Science—Keys to Performance	131
National Parks	119
Funding:	
Operations	171
Project Funding	171
Service	186
Security Costs	175
Natural Gas:	
Production in Gulf of Mexico	162
Reserves	141
Office of:	
The Special Trustee—Overall Funding	158
Self Governance	159
Tribal Consultation	181
OSM—State Regulatory Grants	167
Park:	
Maintenance Backlog	120
Police Chief	138
Service Backlog	179
Partnerships	173
Payments in Lieu of Taxes	133
Preserve America	174
Heritage	129
Range Monitoring	145
Royalty-in-Kind/Strategic Petroleum Reserve	162
Snowmobiles in Yellowstone	174
Status of Other School Construction Projects	183
Tribal:	
Controlled Community Colleges	135
Detention Center	147
School Construction	147, 182
Self Governance	181
U.S. Geological Survey	185
Landsat Failure	169
Program Mission	170

Page

U.S. Geological Survey—Continued
    Status of Reports 170
United Tribes Technical College 134, 182
Wild Horse and Burro 137
Wildland Fire 122
Wolf Recovery 144
Wolves 148

○