STATEMENT OF KEN SALAZAR, SECRETARY OF THE INTERIOR BEFORE THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE ON THE 2011 PRESIDENT'S BUDGET REQUEST

March 3, 2010

Mr. Chairman and members of the Committee, I am pleased to be here today to present the details of the 2011 budget request for the Department of the Interior. I want to thank the Chairman and the Members of this Committee for your support of our Department and ongoing reforms that are important to the stewardship of the Nation's natural and cultural resources and to fulfilling our trust responsibilities to American Indians and Alaska Natives. Your support for Interior's programs is helping us to build a strong foundation to achieve a clean energy future, tackle climate change impacts, conserve our treasured landscapes, and empower tribal communities. I look forward to working closely with you to continue to advance these priorities.

Introduction

I am honored to serve as the 50th Secretary of the Interior and to oversee this Department and its vast domain. Our mission is as simple as it is profound. We protect America's natural resources and cultural heritage. Our land and community-based programs touch the lives of most Americans, including 1.7 million American Indians and Alaska Natives.

Interior manages 500 million acres or about one in every five acres in the United States, including 392 national park units, 551 wildlife refuges, the 27 million-acre National Landscape Conservation System, and other public lands. These places are treasured landscapes. They provide us with scenic landscapes, recreational opportunities and they tell our history and our varied culture. They serve as economic engines for tourism and growth opportunities for recreation, drawing visitors and supporting jobs and businesses in surrounding communities.

The Department's public lands and 1.7 billion acres on the Outer Continental Shelf supply nearly one-third of the nation's domestic energy production. These resources are vital to the Nation's energy security and provide economic returns to the Nation. In addition, the mineral and timber resources that are from the public lands support industry, help to pave our roads, and build our homes.

The Department of the Interior's people, programs, and information have an impact on all Americans. Interior recently analyzed the economic impacts of its programs and activities, and estimates that the Department generates the following in economic benefits: The Department supports over 1.3 million jobs and over $370 billion in economic activity. Parks, refuges, and monuments generate over $24 billion from recreation and tourism. Conventional and renewable energy produced on Interior lands and waters results in $292 billion in economic benefits and the water managed by Interior supports over $25 billion in agriculture.

The Department fulfills its special responsibilities to American Indians and Alaska Natives, managing one of the largest land trusts in the world including over 55 million surface acres and 57 million acres of subsurface mineral estates held in trust for Indian Tribes and Individual Indians, over $3.6 billion of funds held in over 2,700 trust accounts for approximately 250 Indian Tribes, and over 380,000 open Individual Indian Money accounts. The Bureau of Indian Education school system provides services to approximately 42,000 students in 23 States attending 183 elementary and secondary schools and supports 30 tribally controlled community colleges, universities, and post-secondary schools.

The Department of the Interior is truly the Department of America. We are uniquely positioned to provide enduring benefits to the American people. We will invest the resources included in the 2011 budget and make wise and prudent investments that will allow us to maximize opportunities to realize the potential of our lands and waters, resources, and people.

The First Year

In January 2010, I celebrated my first anniversary as Secretary of the Interior by recognizing the achievements of Interior's 70,000 employees, including:

- Restoring the Everglades – beginning construction of the one-mile bridge on the Tamiami Trail and breaking ground on the Picayune Strand Restoration project in the Everglades in Florida – to restore water flows and revive 55,000 acres of wetlands for wildlife habitat;
- Negotiating a settlement of the long-running and highly contentious *Cobell v. Salazar* class-action lawsuit – resolving trust accounting and management issues after 14 years;
- Advancing renewable energy development – establishing renewable energy coordination offices in four States and teams in six States to facilitate renewable energy production on public lands and issuing four exploratory leases for renewable wind energy production on the OCS;
- Moving forward to invest $3.0 billion available from the American Reinvestment and Recovery Act in facility renovation and energy efficiencies, habitat restoration, increasing water supplies and water conservation, supporting renewable energy development, and reducing human hazards;
- Restoring confidence and accountability in our energy programs by beginning an orderly termination of the Royalty-in-Kind program and reforming the management of onshore oil and gas resources;
- Coming to the aid of drought-stricken California with emergency aid and infrastructure investments;
- Expanding opportunities for youth – employing 8,200 young adults in 2009;
- Opening the crown of the Statue of Liberty for public access – the crown has been closed to the public since 9/11;

- Ending a stalemate at the Flight 93 National Memorial – completing the acquisition of land in cooperation with willing sellers and clearing the way for construction of a memorial to honor the Nation's heroes;
- Delisting the brown pelican – a case of complete recovery for a species that was first listed as endangered in 1970;
- Increasing transparency – reversing and withdrawing flawed oil and gas leases with potential impacts to national parks in Utah and oil shale research, development, and demonstration leases that may have shortchanged taxpayers; and
- Helping to negotiate a collaborative solution that would end decades of conflict and potentially allow for the restoration of the Klamath River Basin in California and Oregon.

Overview of the 2011 Budget

Interior's 2011 budget reflects an aggressive agenda in the context of challenging fiscal times. The 2011 Interior budget request for current appropriations is $12.2 billion, $38.7 million or 0.3 percent below the level enacted by Congress for 2010. Permanent funding that becomes available as a result of existing legislation without further action by the Congress will provide an additional $5.8 billion, for budget authority totaling $18.0 billion for Interior in 2011.

Within this amount, the budget proposes investments for high priority goals and initiatives. With the 2011 budget, the Department will:

- Implement a comprehensive **New Energy Frontier** strategy that creates jobs, reduces the Nation's dependence on foreign oil, and reduces environmental impacts. The budget requests an increase of $27.4 million for renewable and conventional energy programs.
- Confront the realities of climate change by launching an integrated strategy for **Climate Change Adaptation**. An increase of $35.4 million is requested to implement the Department's integrated program.
- Develop a 21st Century conservation agenda that protects **Treasured Landscapes**. The 2011 budget includes increases of $106.0 million for Land and Water Conservation Fund programs and $71.4 million for investments in major ecosystem restoration projects in the Chesapeake Bay, California's Bay Delta, the Gulf Coast of Louisiana and Mississippi, and Everglades.
- Tackle the water challenges facing the Country with a new strategy to **Sustain and Manage America's Resources for Tomorrow**. The Department's WaterSMART sustainability agenda includes increases of $36.4 million.
- Engage America's **Youth in Natural Resources**. The budget increases funding for youth programs by $9.3 million.
- Honor trust responsibilities and **Empowering Tribal Nations**. The budget includes targeted increases for contract support and other tribal priorities.

These increases are possible within a level budget as the Department is proposing $750

million in terminations, reductions, and management efficiencies and absorption of $108.7 million in fixed costs.

The 2011 request includes $11.1 billion for programs funded in the Interior, Environment and Related Agencies Appropriations Act. This is $16.7 million, or 0.2 percent, below the level enacted for 2010. The 2011 request for the Bureau of Reclamation and the Central Utah Project Completion Act, funded in the Energy and Water Development Appropriations Act, is $1.1 billion, $22.0 million or 2.0 percent below the level enacted for 2010.

In 2011, Interior will continue an exemplary record of producing revenue for the U.S. Treasury. The estimate for revenue collections by the Department in 2011 is $14.0 billion, more than offsetting the budget request for current appropriations.

New Energy Frontier

The Department of the Interior oversees one-fifth of the Nation's landmass and more than 1.7 billion acres of the OCS. As the steward of the Nation's energy and mineral estate, the Department has a leadership role, promoting clean energy that can reduce climate impacts, and responsibly developing conventional energy sources to reduce reliance on foreign oil.

The New Energy Frontier initiative will create clean sources of energy using the Nation's vast domestic resources. The New Energy Frontier initiative invests $73.3 million in renewable energy programs, an increase of $14.2 million over 2010. The initiative includes $3.0 million for BLM to focus on the environmental elements of renewable energy projects, $3.2 million for MMS region-specific planning needs, $3.0 million for USGS to analyze and document the effects of renewable energy on wildlife populations, $4.0 million for FWS to carry out endangered species consultation and other wildlife conservation efforts and provide timely environmental review of projects, and $1.0 million for BIA to support renewable energy development efforts on tribal lands.

The Department has a High Priority Performance Goal to increase approved capacity for solar, wind, and geothermal energy resources on Interior managed lands, while ensuring full environmental review, by at least 9,000 megawatts by the end of 2011. This is enough energy to power nearly 2 million homes each year.

The 2011 budget continues support for the development of conventional energy, with $460.2 million in BLM, MMS and BIA. This is a net increase of $13.1 million over the 2010 level. Within this requested level, there is an increase of $4.4 million for MMS's 2007-2012 five year program and $10.0 million for audit costs to support the transition from Royalty-in-Kind to Royalty-in-Value. The 2011 budget increases the MMS inspection fee on OCS above-water oil and gas

facilities by $10.0 million. A reduction of $13.0 million is proposed in the net BLM oil and gas program appropriation, which is offset by $10.0 million in new inspection fees in the onshore oil and gas program; the remaining $3 million reduction results from the completion of a legislated energy study. BIA's budget includes an increase of $1.5 million for conventional energy leasing activities on the Fort Berthold Reservation, including support for a "one-stop-shop" to streamline development activities in the area.

Climate Change Adaptation

Resource managers consider climate change to be the single most challenging issue they face. In order to equip them with the tools and strategies they need, Interior's Climate Change Adaptation initiative will investigate the causes and formulate solutions to mitigate climate impacts to lands, waters, natural and cultural resources. As the pre-eminent manager of lands and resources, Interior will leverage its experience and expertise in partnership with other governmental and non-governmental entities. Interior's Climate Science Centers and Landscape Conservation Cooperatives will conduct and communicate research and monitoring to improve understanding and forecasting for those natural and cultural heritage resources that are most vulnerable to climate change impacts.

The Department's High Priority Performance Goal for Climate Change Adaptation is to identify areas and species most vulnerable to climate change and begin implementing comprehensive adaptation strategies by the end of 2011.

The 2011 budget includes $171.3 million for the Climate Change Adaptation Initiative, an increase of $35.4 million over 2010. This includes continued investments in the USGS National Climate Change and Wildlife Science Center ($8.0 million), which will serve as the nexus for eight Climate Change Science Centers; expansion of monitoring in USGS ($1.0 million) and FWS ($8.0 million) that will be integrated, standardized, and accessible to Interior bureaus, partners, and the public; expansion of the USGS carbon sequestration project by $2.0 million; expanded science and planning capacity in FWS ($8.8 million) and BLM ($2.5 million) to support additional Landscape Conservation Cooperatives; and FWS adaptive management activities with private landowners ($2.0 million). Beginning with the 2011 budget, the Bureau of Reclamation and Bureau of Indian Affairs identify dedicated climate change funding, including an increase of $3.5 million for Reclamation basin studies and scientific support and $200,000 for BIA participation in an LCC.

WATERSMART

THE 2011 BUDGET PROPOSES A SUSTAINABLE WATER STRATEGY TO ASSIST LOCAL COMMUNITIES TO STRETCH WATER SUPPLIES AND IMPROVE WATER MANAGEMENT. A HIGH PRIORITY PERFORMANCE GOAL IS ESTABLISHED TO ENABLE CAPACITY TO INCREASE WATER

SUPPLY FOR AGRICULTURAL, MUNICIPAL, INDUSTRIAL, AND ENVIRONMENTAL USES IN THE WESTERN UNITED STATES UP TO 350,000 ACRE-FEET BY THE END OF 2011 THROUGH THE BUREAU OF RECLAMATION'S CONSERVATION PROGRAMS INCLUDING WATER REUSE AND RECYCLING AND WATERSMART (FORMERLY CHALLENGE) GRANTS.

THE BUDGET FOR THE WATERSMART PROGRAM – SUSTAIN AND MANAGE AMERICA'S RESOURCES FOR TOMORROW – INCLUDES $72.9 MILLION, AN INCREASE OF $36.4 MILLION OVER THE 2010 ENACTED LEVEL FOR SUSTAINABILITY PROGRAMS IN RECLAMATION AND USGS. RECLAMATION WILL USE $62.0 MILLION, AN INCREASE OF $27.4 MILLION, TO IMPROVE WATER MANAGEMENT BY ENCOURAGING VOLUNTARY WATER BANKS; REDUCE DEMAND; IMPLEMENT WATER CONSERVATION AND WATER RECLAMATION AND REUSE PROJECTS; AND TAKE ACTION TO IMPROVE ENERGY EFFICIENCY AND REDUCE ENVIRONMENTAL CONFLICTS. THE USGS WILL USE $10.9 MILLION, AN INCREASE OF $9.0 MILLION, FOR A MULTI-YEAR, NATIONWIDE WATER AVAILABILITY AND USE ASSESSMENT PROGRAM.

Youth in Natural Resources

The future of resource conservation depends upon the next generation's understanding of the importance of natural resources and cultural treasures. The 2011 budget continues the Youth in Natural Resources initiative which signals the Secretary's emphasis on youth involvement.

The Department's High Priority Performance Goal for Youth in Natural Resources is, by the end of 2011, to increase by 50 percent from the 2009 level, the employment of youth (ages 15 to 25) in the conservation mission of the Department.

The budget includes an additional $9.3 million for programs at the parks, refuges and other public lands. This includes $5.8 million for youth employment and education programs in the national park system and $2.0 million for youth programs at national wildlife refuges. The budget also includes $2.0 million for FWS and BLM to partner with the National Fish and Wildlife Foundation in public-private partnerships to engage youth through conservation projects on public and private lands. The total for youth programs includes an elimination of a $500,000 earmark in the FWS Migratory Bird program. In addition, NPS has committed to dedicate a total of $6.4 million, $2.0 million more than last year, of recreation fee revenue collected at parks to youth projects that benefit the visitor experience.

Treasured Landscapes

The 2011 budget reflects the President's agenda to protect America's treasured landscapes and demonstrates a sustained commitment to a 21st Century conservation agenda. The budget will allow Interior to intensify efforts to protect treasured landscapes;

to participate in major restoration efforts to restore, protect, and preserve key ecosystems; and to operate and maintain landscapes.

Interior's 2011 budget includes $445.4 million, an increase of $106.0 million for Interior Land and Water Conservation Fund programs including Federal acquisition and State grants. The budget also includes $288.2 million, an increase of $71.4 million targeted to key ecosystems for restoration and renewal—the Everglades, California's Bay-Delta ecosystem, the Gulf Coast of Louisiana and Mississippi, and the Chesapeake Bay.

President Obama's 2011 budget protects open spaces, forests, and wildlife habitat by funding $619.2 million in Land and Water Conservation Fund programs in the Department of the Interior and USDA Forest Service. This is a 29 percent increase over the 2010 enacted and a 104 percent increase over the 2009 level. With these consecutive increases, appropriations from the Land and Water Conservation Fund are on track to reach the full funding level of $900.0 million annually by 2014.

The 2011 budget also includes $288.2 million for high-priority ecosystem restoration, an increase of $71.4 million from the 2010 level. This includes $148.0 million that is requested as part of the Interior, Environment and Related Agencies appropriation, an increase of $25.9 million. The balance is requested in the Bureau of Reclamation budget. These ecosystem restoration efforts build on existing programs and efforts and feature the following efforts targeted for 2011 funding increases.

The Department of the Interior, through the National Park Service, Fish and Wildlife Service, U.S. Geological Survey, and the Bureau of Indian Affairs, is a key player in restoring the Everglades ecosystem. In 2011, the budget includes $74.5 million, an increase of $6.0 million over the 2010 enacted level for restoration of the Everglades. This request includes $8.0 million for the Tamiami Trail one-mile bridge, a component of the Modified Waters Delivery project that is being managed by the Corps of Engineers.

The 2011 budget includes an increase of $50.6 million for increased efforts by the Bureau of Reclamation, FWS, and USGS to conduct studies, projects, and other efforts in the California Bay-Delta. These activities will support the December 22, 2009 Bay-Delta Interim Action Plan, investing in short and long-term actions for sustainable water and ecosystem restoration. This request will fund habitat restoration efforts, the development of fish screens and fish ladders, efforts to eradicate or mitigate invasive species, various water quality and quantity studies and assessments, and other efforts. This includes $5.0 million for FWS and $45.6 million in the Bureau of Reclamation budget

The FWS owns and manages ten National Wildlife Refuges totaling 300,000 acres along the coast of Louisiana and Mississippi. For FWS and NPS, there is a net funding increase of $4.8 million in 2011 to support the restoration of key fish and wildlife habitat along the Gulf Coast of Louisiana and Mississippi and enable FWS to provide its expertise to multi-agency projects in the area. This includes a reduction of $192,000 to the NPS Gulf Coast Programs.

The Department's 2011 budget for USGS, FWS, and NPS includes $31.6 million, an increase of $10.0 million to expand the Department's efforts to conserve and restore the Chesapeake Bay's cultural and natural resources.

Empowering Tribal Nations

The Empowering Tribal Nations initiative includes programs to advance Nation-to-Nation relationships, improve Indian education for students in BIE funded schools, improve the safety of Indian communities, and reform trust land management with an ultimate goal of greater self-determination. In November 2009, the White House held a Tribal Nations Conference, which was attended by over 400 tribal leaders. At the conference, the President pledged to strengthen Nation-to-Nation relationships, improve the tribal consultation process, and empower strong and stable Indian communities.

Overall, the 2011 budget request for Indian Affairs is a reduction of $3.6 million from the 2010 enacted amount, after excluding the $50.0 million in one-time funding to forward-fund tribal colleges in 2010. Maintaining key increases for law enforcement and education programs, the 2011 budget request includes programmatic increases of $70.6 million for the Empowering Tribal Nations initiative. Specifically, the 2011 budget:

- Advances Nation-to-Nation relationships and Indian self-determination by providing additional funding of $21.5 million for contract support costs and the Indian Self Determination Fund, $2.9 million to assist with the unique needs of small and needy Tribes, and $2.0 million for social services.
- Protects Indian Country by providing $19.0 million to increase the number of Federal Bureau of Investigations agents that are on-the-ground and dedicated to Indian Country.
- Advances Indian education with $8.9 million to address environmental and security concerns at BIA schools and strengthen grant support funding for tribally operated BIA schools.
- Improves trust land management with increases of $11.8 million to promote both renewable and conventional development on tribal lands, defend and assert Indian water rights, and assist Tribes with dam safety.

The Department's High Priority Performance Goal for Safe Indian Communities will achieve significant reductions in criminal offenses of at least 5 percent within 24 months on targeted tribal reservations by implementing a comprehensive strategy involving community policing, tactical deployment, and critical interagency and intergovernmental partnerships.

Settlement of the *Cobell* Lawsuit – On December 8, 2009, the parties in *Cobell* v. *Salazar* announced a pending settlement of the 14-year old class-action lawsuit alleging the Federal Government's mismanagement of assets held in trust on behalf of individual Indians. Under the terms of the settlement, approximately $1.4 billion would be distributed to the class members with each member receiving $1,000 for their historical

accounting claims and some receiving additional funds related to trust management claims. The second part of the settlement provides for a $2.0 billion fund for the purchase of fractionated land interests held in trust on behalf of individual Indians. In addition, as an added inducement to facilitate the purchase of fractionated land interests, up to $60.0 million of the $2.0 billion for land acquisition will be contributed to an existing, non-profit organization for the benefit of educating American Indians and Alaska Natives. On February 12, 2010, the President transmitted to Congress a package of budget amendments that includes the Cobell Settlement. Final disposition of the settlement is pending congressional action and approval by the Court.

Management Effectiveness

Wild Horse and Burro Program — The current path of the Wild Horse and Burro program is not sustainable for the animals, the environment, or the taxpayer. On October 7, 2009, I announced a new comprehensive long-term plan to put the wild horse and burro program on a sustainable track. The plan identifies three management strategies to improve the protection and management of wild horses:

- Managing sustainable herds on western rangelands through the aggressive application of fertility control measures.
- Establishing new wild horse preserves, primarily in the Midwest and East for horses that must be removed from western rangelands.
- Providing special designations for selected treasured herds in the West.

The 2011 BLM budget includes $75.7 million, a program increase of $12.0 million, for the Wild Horse and Burro Management program. The BLM LWCF budget includes an increase of $42.5 million to acquire land for a wild horse preserve. Initial costs for implementing the proposals would be significant as the BLM acquires preserves and works to achieve sustainable herd levels on public rangelands, but overall program costs should decline in the future. The plan will enable BLM to achieve appropriate management population levels on the range in the near future.

Responsibly Budgeting for Wildfire – The budget responsibly budgets for wildfires and includes $933.9 million for Wildland Fire Management, an increase of $78 million. The 10-year average of suppression costs is fully funded. The budget proposes continuation of a regular suppression account and the FLAME Wildfire Suppression Reserve Fund, and includes a new Presidential Wildfire Contingency Reserve account. Regular suppression will support initial attack and predictable firefighting costs; the FLAME funds will be used in cases of severe, complex, and threatening fires and be used as a contingency reserve. The Presidential Contingency Reserve would require the issuance of a Presidential Finding when the suppression and FLAME appropriations are soon to be exhausted. There is a proposed program reduction of $42.6 million in the hazardous fuels reduction program. Fire management resources would be used in a cost-effective manner in high priority areas, such as the Wildland Urban Interface to more effectively reduce the risk of wildfire to communities.

Program Reductions – Consistent with the President's directive to freeze spending on non-security discretionary spending, we took a hard look at all of our programs across the Department. We found over $750 million in program reductions for ineffective or low priority programs, including the elimination of one-time funding. Included within these reductions is $50.0 million for a one-time payment to forward-fund tribal colleges. This was a one-time increase in the 2010 budget to provide funding in advance of the academic year, and the $50.0 million is not needed in 2011. The budget also contains a $163.9 million reduction, or 34 percent, for Interior construction accounts. These reductions take into consideration the $3.0 billion Interior received through the American Recovery and Reinvestment Act. The 2011 budget proposes reductions of $38.4 million to terminate the Save America's Treasures and Preserve America programs managed by the National Park Service and reduces the Heritage Partnership Program grants for National Heritage Areas by 50 percent.

Management Efficiency Savings – The 2011 budget assumes management efficiency savings throughout the Department totaling $82.1 million. All bureaus and program offices, including the Working Capital Fund, assume reductions from efficiency savings that are either bureau specific or are part of a Department-wide reform. The budget assumes $20.1 million in bureau specific management efficiency savings which includes $3.4 million from property consolidation.

The Department's 2011 budget assumes $62.0 million in savings from three specific Department-wide management initiatives launched in 2010 – travel, information technology consolidation, and strategic sourcing. All of these improvements were identified from the Administration's SAVE Award effort, where Federal employees across the country put forward their best ideas to improve government operations. Each of these initiatives targets unnecessary redundancy. Implementing management policies will reinforce these initiatives to ensure efficiencies are achieved. Savings from these reforms are assumed in each bureau and program office budget request commensurate with established criteria.

Legislative and Administrative Proposals

The budget assumes enactment of a number of legislative proposals, including:

- ..... Termination of mandatory payments from the General Treasury to States and Tribes that have been certified as completing reclamation of abandoned coal mine sites and, consequently, no longer need funds for that purpose.
- ..... A $4 per acre fee on non-producing Federal oil and gas leases on Federal lands and waters to provide a financial incentive for oil and gas companies to either get their leases into production or relinquish them so that the tracts can be re-leased to and developed by new parties.
- ..... The budget proposes to make permanent the current arrangement for sharing the cost of administering energy and minerals receipts. Under current law, States

receiving significant payments from mineral revenue development on Federal lands also share in the costs of administering the Federal mineral leases from which the revenue is generated through a 2 percent deduction from their payments.

- ..... The Administration will submit legislation to repeal portions of Section 365 of the Energy Policy Act. Section 365 diverted mineral leasing receipts from the Treasury to a BLM Permit Processing Improvement Fund and also prohibited BLM from establishing cost recovery fees for processing applications for oil and gas permits to drill.
- ..... The Administration will submit legislation to repeal Section 224(b) of the Energy Policy Act of 2005. The repeal of Section 224(b) will permanently discontinue payments to counties and restore the disposition of the geothermal revenue to the historical formula of 50 percent to the States and 50 percent to the Treasury.
- ..... The budget proposes to repeal Sections 344 and 345 of the Energy Policy Act of 2005. Section 344 extended existing deep gas incentives and Section 345 provided additional mandatory royalty relief for certain deepwater oil and gas production. These changes will help ensure that Americans receive fair value for Federally-owned mineral resources.
- ..... The Administration proposes to reauthorize FLTFA, eliminating the 2010 sunset date and allowing lands identified as suitable for disposal in recent land use plans to be sold using the FLTFA authority. FLTFA sales revenues would continue to be used to fund the acquisition of environmentally sensitive lands and the administrative costs associated with conducting sales.
- ..... Federal Migratory Bird Hunting and Conservation Stamps, commonly known as Duck Stamps, were originally created in 1934 as the Federal licenses required for hunting migratory waterfowl. The Administration proposes to increase these fees to $25 per stamp per year, beginning in 2011. Increasing the cost of Duck Stamps will bring the estimate for the Migratory Bird Conservation Account to $58.0 million.
- ..... The Office of Insular Affairs is currently engaged with the State Department, the Defense Department, and other agencies in a review of the Compact of Free Association with the Republic of Palau. Permanent and indefinite funding for the compact expires at the end of 2010. The 2011 budget seeks to authorize permanent funding for the Compact as it strengthens the foundations for economic development by developing public infrastructure, and improving health care and education.

Through appropriations language, the Administration proposes to implement the following changes:

- ..... Create an inspection fee in 2011 for onshore oil and gas drilling activities that are subject to inspection by BLM. The proposed inspection fee is expected to generate an estimated $10.0 million in 2011, offsetting about 25 percent of the cost of onshore inspections.
- ..... Continue a fee for processing drilling permits through appropriations language, an approach taken by Congress in the 2009 and 2010 Appropriations Acts. A fee of $6,500 per drilling permit was established in 2010, and if continued, would generate an estimated $45.5 million in offsetting collections.

- ..... Increase the inspection fees in 2011 for offshore oil and gas drilling activities that are subject to inspection by MMS. The increased fees are expected to generate an estimated $20.0 million in 2011, offsetting about half of the cost of inspections.

Sam Hamilton, Director, Fish and Wildlife Service

Before I conclude my statement, I want to pay tribute to a great conservation leader that died last week. Sam Hamilton was a visionary and a professional whose years of service and passionate dedication to his work have left an indelible mark on the lands and wildlife we cherish. His forward-thinking approach to conservation - including his view that we must think beyond boundaries at the landscape-scale- will continue to shape our nation's stewardship for years to come. He as a remarkable leader and a compassionate, wise, and eternally optimistic man

When Sam become the Director of the Fish and Wildlife Service on September 1, 2009, he brought over 30 years of experience with the Service, beginning when he was 15 years old working as a Youth Conservation Corps member on the Noxubee National Wildlife Refuge in Mississippi. Throughout his career, Sam exhibited outstanding leadership and fostered creative and innovative solutions to the challenges facing wildlife conservation. In the Southeast Region, he supported efforts leading to the establishment of a carbon sequestration program that has helped biologists to restore roughly 80,000 acres of wildlife habitat. His emphasis on partnership activities bolstered the Service's fisheries program and helped establish the Southeast Aquatic Resources Partnership to restore vital aquatic habitats across the region.

Sam provided key leadership and oversight to restoration work in the Everglades and oversaw the extensive recovery and restoration efforts following Hurricanes Katrina and Rita, which devastated coastal wetlands, wildlife refuges, and other wildlife habitat areas along the Gulf of Mexico.
Sam believed that the sustainability of the nation's fish and wildlife resources require our cooperative efforts and he worked tirelessly toward building collaborative partnerships for conservation of resources for this and future generations. We will miss Sam.

Conclusion

Thank you for the opportunity to testify on behalf of the President's 2011 budget request for the Department of the Interior. I want to reiterate my appreciation for the long-standing support of your Committee. We have a tremendous opportunity to improve the future for our children and grandchildren with wise investments in clean energy, addressing climate impacts, treasured landscapes, our youth, and the empowerment of tribal nations. I look forward to working with you to implement this budget. This concludes my written statement. I am happy to answer any questions that you may have.